

FORM ADV**Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

OMB Number: 3235-0049
Expires: July 31, 2008
Estimated Average burden
Hours per response.....9.402

Name of Investment Adviser:						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any government authority.**

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.

Applicant:

SEC File Number:

Date:

801-

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | |
|------------------------------|--|---------|
| <input type="checkbox"/> (1) | Provides investment supervisory services | _____ % |
| <input type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services..... | _____ % |
| <input type="checkbox"/> (3) | Furnishes investment advice through consultations not included in either service described above... | _____ % |
| <input type="checkbox"/> (4) | Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> (5) | Issues special reports about securities not included in any service described above..... | _____ % |
| <input type="checkbox"/> (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | _____ % |
| <input type="checkbox"/> (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities... | _____ % |
| <input type="checkbox"/> (8) | Provides a timing service | _____ % |
| <input type="checkbox"/> (9) | Furnishes advice about securities in any manner not described above..... | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- | | | |
|--|------------------------------|-----------------------------|
| B. Does applicant call any of the services it checked above financial planning or some similar term? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
|--|------------------------------|-----------------------------|

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input type="checkbox"/> A. Individuals | <input type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

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3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|---|
| <input type="checkbox"/> A. Equity securities | <input type="checkbox"/> H. United States government securities |
| <input type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> (1) securities |
| <input type="checkbox"/> (3) Foreign issuers | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|--|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|--|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission |
| (4) <input type="checkbox"/> Corporate rating services | (7) <input type="checkbox"/> Company press releases |
| | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No
☐ ☐

(If yes, please describe these standards on Schedule F)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No
☐ ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No
☐ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.
- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Applicant:

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12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|--------------------------|--------------------------|
| | Yes | No |
| (1) securities to be bought or sold? | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ☐ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|--------------------------|--------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No |
| | <input type="checkbox"/> | <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes | No |
| | <input type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... ☐ Yes ☐ No

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Taggart Financial Group, Inc.

IRS Empl. Ident. No.:

74-1743042

Item of Form
(identify)

Answer

1.D

TFGI ADVISORY SERVICES

MUTUAL FUND MANAGEMENT SERVICES AND OTHER SECURITIES

TFGI's advisory services include the purchase and sale of mutual funds and individual stocks and bonds for clients.

Taggart Financial Group, Inc. ("TFGI") will direct, in its sole discretion and without first consulting with Client, the investment and reinvestment of assets in Client's Account. Currently, Lowell Q. Bass and Philip W. Taggart are authorized by TFGI to serve as Investment Advisor Representatives ("IAR's"). IAR will be available to discuss Client's Account during normal business hours. IAR will be available to discuss Client's quarterly investment performance reports, to answer questions about investments and to determine whether there have been any changes in Client's personal or financial situation that would affect how IAR manages Client's Account. Client agrees to supply TFGI with such additional information as TFGI may need from time to time to assist it in managing the Account. In addition to being available for quarterly investment performance reviews, IAR is available to discuss Client's Account at any time Client wishes.

INVESTMENT SUPERVISORY SERVICES BY THIRD PARTY MANAGERS

In addition to its own investment advisory services, TFGI offers the managed account services of Brinker Capital Management ("Brinker") and Lockwood Financial Services ("Lockwood").

These companies have agreements directly with TFGI clients. While TFGI monitors and may recommend a change in managers or rebalancing of assets, Client must sign the letter of instruction to instigate the changes. For these accounts, TFGI serves in the capacity of a solicitor. These agreements provide for payment of a portion of advisory fees to the solicitor as payment for services in procuring execution of a client agreement or a fee agreement, quarterly performance reviews and for other services. A copy of the written disclosure statement describing the material terms of the solicitor's agreement including compensation is provided to Client in connection with Rule 206. Clients are charged a fee which is a percentage of assets under management. Fees received by TFGI typically range from 10 to 100 basis points depending on the program selected and the size and nature of Client's account.

Based on Client's individual circumstances and needs, TFGI assists Client in determining which independent adviser's portfolio management services are appropriate. Factors affecting this determination, including account size, risk tolerance, and Client's investment experience, are discussed during a consultation with TFGI.

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(identify)

Answer

TFGI will be available to discuss its quarterly investment reports quarterly and to review Client's account more frequently as needed. TFGI will, when needed, suggest changes in Client's portfolio, such as rebalancing or asset allocation, to more effectively address Client's goals. Client may then instruct the independent adviser to make any or all of the changes recommended by TFGI. Such recommendations will be reviewed by the independent adviser and, subject to its approval, will be implemented by the independent investment adviser.

FEE SCHEDULE FOR ACCOUNTS MANAGED BY TFGI

Client agrees to pay TFGI a fee for its investment management services. The fee will be a percentage of the market value of all assets in the Account on the last trading day of each prior calendar quarter, or if the Account was not open at the end of the prior calendar quarter, the money under management at the beginning of the Account. The TFGI Fee Schedule is:

Annual Fee Schedule Taxable Accounts		
Managed Assets	Equity/Balanced Accounts	Fixed Income Accounts
*Up to \$500,000	2.50%	1.00%
\$500,001 to \$750,000	2.35%	0.90%
\$750,001 to \$1,000,000	2.20%	0.83%
\$1,000,001 to \$1,500,000	2.05%	0.67%
\$1,500,001 to \$2,000,000	1.90%	0.60%
\$2,000,001 to \$2,500,000	1.75%	0.53%
\$2,500,001 to \$3,000,000	1.60%	0.47%
\$3,000,001 to \$4,000,000	1.50%	0.40%
\$4,000,001 to \$5,000,000	1.40%	0.27%
\$5,000,001 to \$10,000,000	1.30%	0.25%
*Minimum account size varies		
Annual Fee Schedule Tax Deferred Accounts		
Managed Assets	Equity/Balanced Accounts	Fixed Income Accounts
*Up to \$250,000	2.50%	0.85%
\$250,001 to \$500,000	2.25%	0.75%
\$500,001 to \$750,000	2.00%	0.60%

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	\$750,001 to		1.90%	0.50%
	\$1,000,001 to	\$1,500,000	1.80%	0.40%
	\$1,500,001 to	\$2,000,000	1.70%	0.35%
	\$2,000,001 to	\$2,500,000	1.60%	0.25%
	\$2,500,001 to	\$10,000,000	1.50%	0.20%
	*Minimum	size varies		

The annual fees are negotiable. Fees shall generally be paid in quarterly installments in advance equal to one-fourth of the annual fee based on the funds under management initially or at the end of the last quarter. However, once the value of the assets managed in the Account reaches a point at which the Fee Schedule is more advantageous to Client, it shall control and a fee smaller than the negotiated fee shall be charged.

CONSULTING SERVICES

Clients can also receive investment advice on a more limited basis. This may include advice on ancillary areas of concern including but not limited to estate planning, retirement planning, as a merger target or any other specific area of investment concerns. TFGI also provides specific consultation and administrative services regarding investment and financial concerns of Client. Costs on gathering information are passed through to Client. Such costs are estimated and discussed with Client before being incurred. To date no fees have been charged for these services; however, that could change in the future and would be discussed with Client in advance of fees being charged. Any such fees will be disclosed in this Form ADV.

TFGI will assist Client in understanding and evaluating in light of Client's investment objectives and financial situation. TFGI will assist Client in developing a Statement of Investment Policy and selecting an asset allocation strategy based on Client's investment needs.

As background to developing a Statement of Investment Policy, TFGI requests information from Client and, based on what is provided, may review documentation in the following areas:

Personal: Family records, budgeting, personal liability, estate information and financial goals.

Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years.

Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

Retirement: Analysis of current strategies and investment plans to help Client achieve his retirement goals.

Investments: Analysis of investment alternatives and their effect on Client's portfolio.

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(identify)

Answer

TFGI gathers required information through in-depth personal interviews at no additional charge to Client. Information gathered includes Client's current financial status, future goals and attitudes toward risk. This information is necessary to the design of a Statement of Investment Policy. Implementation of TFGI recommendations is entirely at Client's discretion.

No written financial plan documents are prepared. Summary recommendations and their effects are discussed with Client. Illustrations for investment and insurance programs may be prepared and discussed with Client and become a part of Client's file, but there is no financial plan prepared.

REFERRAL SERVICES

TFGI may direct advisory clients to attorneys, insurance agents, CPAs and similar experts in specific financial areas that may be needed in estate planning, insurance, wills, qualified plan administration and tax matters. TFGI does not share in fees for such services and has arms length transactions with such third parties on behalf of the client. These referral activities to other services are ancillary to giving investment advice.

By selecting discretionary management, Client designates IAR as his Attorney-in-Fact to buy and sell securities and mutual funds for Client's Account. TFGI will arrange for the execution of trades for the Account through TD Ameritrade Institutional, a division of TD Ameritrade Institutional, a division of TD Ameritrade Inc., an NASD/SIPC broker/dealer ("broker/dealer"), and its related clearing and custodian firm, National Investor Services Corp., which TFGI reasonably believes provides best execution. Custodian is authorized to follow the instructions of IAR in every respect in Client's Account. Specifically, Client authorizes TFGI and IAR to give instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the Account.

401(k) PLAN ADVISORY SERVICES

TFGI provides service for employees within a 404(c) segment of a 401(k) plan based on advisory fees that will be determined on an individual client basis on active allocation service of assets under management per year. This service advises clients about changes to make in his 401(k) portfolio due to market changes and fund performance. Client is responsible for making the change by calling the appropriate person at the custodian. All reports come from the custodian of the plan. Fees are billed quarterly, based on the initial amount of assets under management or assets on the last day of the prior quarter. Advisory fees are paid directly to TFGI by Client. Fees for this service are negotiated and typically range from 50 to 150 basis points.

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(identify)

Answer

GENERAL INFORMATION ON FEES

Other than for 401(k) services, Clients usually authorize Custodian to deduct all advisory fees from Client's Account.

Client understands that TFGI and its IAR's, in connection with the performance of their respective duties, shall be entitled to and share in the TFGI investment advisory fees.

All fees paid to TFGI for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of TFGI. In that case, the client would not receive the services provided by TFGI which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by TFGI to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Cancellation of a contract with TFGI is effective immediately upon receipt of written notice, with prepaid unearned fees refunded to Client on a prorated basis. A small termination fee may be charged by Custodian if Client elects to terminate a TD Ameritrade account.

Custody of Account assets may be maintained at a custodian selected by Client. TFGI will not have custody of any assets in the Account. Any checks received are to be payable to the custodian. Checks not written to the proper custodian will be returned to Client.

Clients may receive similar services covered by these fees through other registered investment advisers at higher, the same or lesser fees.

Fees may be negotiable depending on the nature and extent of services provided to Client.

METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES

4.A.(5), 4.B.(8), &
4.C.(7)

TFGI is involved in the selection recommendation and analysis of mutual funds and individual securities. Factors considered by TFGI in recommending investments may include such factors as technical market conditions, charting, manager's experience, tax consequences, portfolio turnover, total return, momentum and similar factors. TFGI provides asset allocation services in fulfillment of individual policy guidelines and may

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recommend mutual funds, including no load funds, and actively allocate, reallocate or rebalance such funds. For example, TFGI investment advice is most likely to take the form of a recommendation of diversification of investment assets. The recommendation may be of Government Securities or similar investment intended for greater safety of principal. Other factors that may be considered include leading economic indicators and market conditions that indicate enhanced or diminished economic climates for particular management styles, such as large, mid or small capitalization, growth and value and specific industry sector and country funds. Even though TFGI has discretionary authority to buy and sell any mutual fund or security, it is important for clients to know that they have access to fund or securities' selection and that they have the ability to override TFGI advice at any time if TFGI is notified in advance of transaction being implemented

Investment styles can vary based on market conditions. Target allocations among equities, fixed income and cash can vary within ranges specified in Client's Statement of Investment Policy as IAR reacts to changes in market conditions. Specific types of investments may vary among IAR's and from account to account.

Target allocations are approximations and can vary as the relative performance of the three areas of equities, fixed income and cash vary.

Investment styles and strategies may vary among IAR's. Each IAR will explain his respective style and strategy in Client's Statement of Investment Policy.

Research materials used by TFGI may include such items as mutual fund rating services, like Morningstar; local and national newspapers (such as The Wall Street Journal, Investor's Business Daily, The New York Times, Business Week, Institutional Investor, or other similar periodicals; computer on-line services such as Dow Jones, Vickers, Standard & Poor's, Reuters and Nexis; linear regression charts on money managers' performance; and money manager reports and services; and prospectuses on various investments. TFGI also may use leading economic indicators such as manufacturing capacity, new housing starts, inventory levels, consumer price index, GDP growth rates (domestic and international), consumer confidence, selected foreign countries' indices, interest rates (domestic and international), wage increases, savings rates and sector industry outlooks to provide indications on macro investment selections, such as small, mid and large capitalization stocks, growth and value disciplines, types of fixed income, international and domestic areas and industry sectors which may be favored.

TFGI works with Clients to establish a Statement of Policy that will guide TFGI in managing Clients' Accounts. In doing so, TFGI will consider Client's need for diversification of assets, long-term income needs, investment goals and time horizons.

schedules.)

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(identify)

Answer

5

EDUCATION AND BUSINESS

STANDARDS

TFGI requires a college education and/or experience in related areas (investments, insurance, etc.) of at least 10 years as the minimum standard for its professional staff. TFGI's current advisory staff has at least twenty years experience in investments or insurance or a combination of both.

6 \fl 5

EDUCATION AND BUSINESS BACKGROUND

PHILIP WINSTON TAGGART

YEAR OF BIRTH: 1930

Educational Background:

Attended New Mexico Military Institute from 1945 to 1950. Graduated from University of Tulsa in 1956 with a B.A. in Journalism.

Business Background:

Chief Executive Officer of Taggart Financial Group, Inc. from 4/94 to present. Managing Executive/Registered Representative for Walnut Street Securities from 12/93 to 09/98. Investment Representative/Financial Consultant of The Select Group, Inc. from 03/91 to 12/93.

Investment Representative for Royal Alliance Associates, Inc. from 03/91 to 12/93. Chairman/Investor Relations/Broad Based Financial Services for The Philip Taggart Company from 09/91 to present.

Chairman/Investor Relations/Broad Based Financial Services for Churchill Group, Inc. from 02/73 to 9/91.

Professional Examinations:

NASD Series 7, General Securities Representative Exam, 2/25/91 NASAA
Series 63, Uniform Securities Agent State Law Exam, 3/1/91 NASD
Series 24, General Securities Principal Exam, 12/9/92

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

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Item of Form
(identify)

Answer

LOWELL QUENTIN BASS

YEAR OF BIRTH: 1948

Educational Background:

Attended University of Michigan in 1971.

Graduated from Eastern Michigan University in 1973 with a B.F.A./Fine Arts.

Business Background:

Investment Advisor Representative for Taggart Financial Group, Inc. from 04/94 to present.

Investment Representative for Walnut Street Securities from 3/93 to 10/98.

Investment Representative/Senior Financial Consultant for Royal Alliance Associates, Inc. from 2/92 to 3/93.

Investment Representative for Securities America from 3/90 to 12/92.

Investment Advisor Representative for The Select Group from 1/91 to 3/93.

Professional Examinations:

NASD Series 1, General Securities Exam, 09/76

NASAA Series 63, Uniform Securities Agent State Law Exam, 09/83

7.C & 8.C

Group 1 Life Insurance License,

1973 Variable Contract Agents License, 1981

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Taggart Financial Group, Inc.

IRS Empl. Ident. No.:

74-1743042

Item of Form
(identify)

Answer

7.C & 8.C

Mr. Taggart is a director of AmREIT, Inc., International Expert Systems, Inc. and Salon Group International.

Approximately 5% of Philip Winston Taggart's total time is spent in director activities.

Lowell Quentin Bass is a registered life insurance agent for American General Life Insurance Co. Life insurance sales represent about 15% of his time. Any commissions paid for insurance services are separate from any fees paid for investment advisory services. Lowell Quentin Bass is an independent contractor for TFGI.

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Taggart Financial Group, Inc.

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Item of Form
(identify)

Answer

Philip Winston Taggart and Lowell Quentin Bass are Registered Investment Adviser Representatives ("IAR's") of TFGI. Taggart, and Bass are registered in the State of Texas.

9.E

PARTICIPATION OR PERSONAL INTEREST IN CLIENT TRANSACTIONS

Client understands that TFGI, IAR, and their affiliates will perform advisory services for various clients and that IAR may give advice or take actions for other clients that differ from the advice given or the action taken for a TFGI client. Also, IAR may, but is not obligated to, purchase or sell, or recommend for purchase or sale, any security which IAR, TFGI or any of their affiliates may purchase or sell for their own accounts or the account of any other client.

It is the policy of TFGI that no person with TFGI may purchase or sell any individual security prior to a transaction(s) being implemented by TFGI for an advisory account, thereby preventing such associated persons from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent a conflict of interest, TFGI has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A Director, officer or associated person with of TFGI shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of TFGI shall prefer his or her own interest to that of the advisory client.
- 2) TFGI maintains records of securities holdings for itself and anyone associated with this advisory practice who has access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of TFGI.
- 3) TFGI emphasizes the unrestricted right of the client to select and choose any broker dealer and/or insurance company (s)he wishes.
- 4) TFGI requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Taggart Financial Group, Inc.

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Item of Form
(identify)

Answer

10

CONDITIONS FOR MANAGING

ACCOUNTS

Minimum account sizes for the advisory programs offered through TFGI are: Lockwood \$250,000; and Brinker Capital, \$25,000 for its mutual fund program and \$100,000 for its individual money manager program.

11.A

INVESTMENT REVIEWS AND REVIEWERS OF ACCOUNTS

Client investment reviews may be done any time Client wishes to do so; however, investment reviews are usually done on a quarterly basis. A TFGI investment adviser representative ("IAR") will meet with any advisory client, advisory referral client, or consultation client to review his Account. IAR shall be properly registered, where applicable, in the state of residence of the client whose account he reviews. Client investment reviews shall be included in the quarterly fees. Clients will not be charged extra for them.

The two IARs--Philip Winston Taggart and Lowell Quentin Bass--conduct the reviews for up to 50 clients each. On occasion two IARs conduct a review simultaneously and sometimes two IARs conduct separate reviews at different times in the same quarter.

TFGI reviews include information about the performance of the account relative to the target allocation set forth in Client's Statement Investment Policy. Clients are questioned about possible changes that would affect their policy guidelines in their reviews. Examples of the types of consulting services that may be included in reviews are credit card debt, early payment of mortgages, family limited partnerships, grantor trusts, charitable trusts, business valuation, establishment of defined contribution and defined benefit plans and children's investments and education.

Material market events or changes in Client's personal situation might cause a more frequent review in order for the Client's needs and concerns to be met. When Client signs a Client Agreement he agrees to notify IAR immediately of any change in personal or financial circumstances that could affect how IAR manages Client's account.

REGULAR REPORTS TO CLIENTS

11.B

Custodian will provide Client monthly statements of activity in Client's Account, as well as positions held and values thereof, provided that there is activity in the account in any given month. If not, Custodian will provide client with such a statement at the end of each calendar quarter. Also, TFGI quarterly reports will include a statement of Client's assets, purchase dates, cost basis and current market values for each asset held in Client's Account, and a performance evaluation report.

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Taggart Financial Group, Inc.

IRS Empl. Ident. No.:

74-1743042

Item of Form
(identify)

Answer

12.A.(1) & 12.A.(2)

INVESTMENT DISCRETION

When Client chooses TFGI to directly manage Client's Account, each of the following conditions must be met in order for management fees to be deducted from Client's Account.

1. Client must authorize the Custodian in writing to deduct management fees directly from Client's account in accordance with an agreement signed by Client.
2. TFGI will send to Client an invoice that shows a computation of the amount of the management fee due, the value on which the fee was calculated and any transaction costs for which Client is entitled to be reimbursed.

For discretionary clients, TFGI requires that it be provided with written authority to determine the securities and the amount of the securities to be bought in Client's account. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

BROKERAGE DISCRETION

12.B

All transactions for TFGI's advisory service will be effected by TD Ameritrade Institutional Services, Inc., and its related entities, unless otherwise agreed.

TFGI endeavors to recommend those Brokers or Dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help TFGI in providing efficient investment management services to its clients. TFGI may, therefore, recommend or use a broker who provides useful research and services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all clients, and not all of such research may be useful for the account for which the particular transaction was effected.

TD Ameritrade Institutional Services, Inc. ("AIS") is a diversified financial service company and is a member of NASD & SIPC. National Investor Services Corp. ("NISC") is the custodian and clearing firm for AIS. TFGI generally recommends AIS and NISC for use by its clients. NISC maintains books and records, which detail transactions in accounts, prepares and sends confirmations and statements reflecting purchases and sales of securities and related activity in accounts, including receipt and delivery of monies or securities and the collection and distribution of dividends. If Client purchases products, the Investment Representative receives only the negotiated fees on money under management. Client is under no obligation to purchase products recommended or to purchase products through AIS.

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Taggart Financial Group, Inc.

IRS Empl. Ident. No.:

74-1743042

Item of Form
(identify)

Answer

As TFGI does not have the discretionary authority to determine the broker or dealer to be used in Client transactions, Client must instruct TFGI to execute all transactions through a particular broker. TFGI will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, under these circumstances a disparity in commission or transaction charges may exist between the commissions or transaction charged to other clients.

13.B

All solicitors' agreements are in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by finders, solicitors and sub-solicitors are given the adviser's ADV Part II and a solicitor's disclosure document.

