

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Equitrust Financial Group, Ltd. ("Equitrust"). If you have any questions about the contents of this brochure, please contact Steve Hyman at 847-317-0200 or at slhyman@equitrustfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Equitrust is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for our firm name Equitrust Financial Group, Ltd. or our firm CRD number **113941**.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last annual update was filed in April 2011, the only material change to our disclosure brochure is a change in the amount of our firm's reported assets under management. As of our last annual update filed in April 2011, we reported assets under management of \$139,875,433. The amount of assets under our management as of the fiscal year-end of December 31, 2011 is \$135,023,701. Please refer to Item 4 – Advisory Business for more details.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Equitrust is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a corporation formed under the laws of the State of Illinois.

- Steven Hyman is the President and Charles Noparstak is the Vice President and Chief Compliance Officer of Equitrust Financial Group, Ltd.
- Equitrust has been registered as an investment advisor since March 2004.

General Description of Primary Advisory Services

Following are brief descriptions of Equitrust's primary advisory services. More detailed descriptions of our advisory services are provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

Financial Planning Services - Equitrust provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

Investment Management Services - Equitrust provides advisory services in the form of investment management services. Investment management services involve providing clients with continuous and on-going supervision over client accounts. This means that Equitrust will continuously monitor a client's accounts and make trades in the client's accounts when necessary.

Outside Money Managers - Equitrust provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Limits Advice to Certain Types of Investments

Equitrust provides investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities

- Variable life insurance
- Variable annuities
- United States government securities
- Interests in partnerships investing in real estate and oil and gas interests

Equitrust does not provide advice on options contracts on securities or commodities, futures contracts on tangibles or intangibles, or hedge funds and other types of private (i.e. non-registered) securities.

When providing investment management services, Equitrust typically constructs each client's account holdings using mutual funds to build diversified portfolios. It is not our typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

Participation in Wrap Fee Programs

Asset management services can be offered through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are offered for a bundled fee. Equitrust offers asset management services through the Financial Advisors Program and the Loring Ward Program (described in *Item 5, Fees and Compensation*), which are wrap-fee programs. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction services are paid.

Tailor Advisory Services to Individual Needs of Clients

Equitrust's services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

Client Assets Managed by Equitrust

The amount of clients assets managed by Equitrust totaled \$135,023,701 as of December 31, 2011. \$133,290,602 of these assets are managed on a discretionary basis and \$1,733,099 are managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's advisory services along with descriptions of each service's fees and compensation arrangements.

As referenced above, Equitrust offers investment advisory services to clients in the form of financial planning services, asset management services and referrals to third party money managers. These services are described in more detail below. Fees for advisory services are disclosed to you prior to any services being provided. Equitrust does not require payment of more than \$500 in fees more than six months in advance.

FINANCIAL PLANNING SERVICES

Written Plans

Equitrust, its officers and associated persons offer financial planning services in the form of written comprehensive or segmented plans. Equitrust may use prepackaged software programs purchased through various vendors to assist in preparing a plan. A comprehensive plan can include, but may not be limited to the areas of beneficiary planning, risk management, budget and cash flow analysis, investment analysis, retirement planning, college funding, tax planning and estate planning. A segmented plan may cover any one or more of the areas as agreed upon by you and Equitrust.

Fees are established on an individual client basis based upon the complexity of your situation and the services to be provided. The exact services and fees are fully disclosed to you before the plan is prepared. The fees for a written financial plan are negotiable and usually range from \$250 to \$1,500. The agreed upon fee is usually payable in full after the plan has been completed and presented to you. However, depending upon the complexity of your financial situation and the services being provided, Equitrust's officers or associated persons may require that one-half of the fees be paid at the time the financial planning agreement is signed. In this case, the remaining one-half of the fee is due and payable upon completion and presentation of the plan. Equitrust's officers or associated persons agree to rewrite the financial plan to your satisfaction if you are unhappy with the plan as presented.

Financial Consultations

Equitrust, its officers and associated persons also offer financial planning consultations that are based upon your specific needs and future financial objectives. Financial consultations can include, but may not be limited to the areas of beneficiary planning, risk management, budget and cash flow analysis, investment analysis, retirement planning, college funding, tax planning and estate planning. There is a charge of up to \$100 per hour for these consultations, which charge is based upon the complexity of your situation and the services to be provided. The charge is fully disclosed prior to the consultation(s) and payable upon completion of the consultation(s).

Seminars

On occasion, Equitrust's officers and associated persons may hold seminars on investment and financial planning topics. Equitrust's officers and associated persons receive no fees for these seminars, but they may receive reimbursement from products sponsors for the cost of the supplies provided to participants. Seminar participants are entitled to receive a free written financial plan from Equitrust's officers and associated persons.

Commission and Fee Offset

If you choose to implement the advice of Equitrust's officers and associated persons, you may do so through the officers and associated persons in their separate capacities as registered representatives and/or independent insurance agents. When the officers and associated persons act in these separate

capacities, commissions may be earned. If commissions are earned as a result of implementing financial planning advice, Equitrust's officers and associated persons may waive or reduce the amount of the financial planning fee by the amount of the commissions received. In addition, if you elect to implement the officers' and associated persons' advice through one or more of Equitrust's other investment advisory services (as described in this document), the officers and associated persons may waive or reduce the amount of the financial planning fee as a result of additional advisory fees earned for the other investment advisory services. Any adjustment to the financial planning fee is wholly at the discretion of Equitrust's officers and associated persons and will be fully disclosed to you prior to implementation of any transactions.

Termination of Services

Services terminate upon presentation of the financial plan and/or completion of the consultation(s). Either party may terminate the client agreement at any time by submitting notice to the other party and termination will be effective upon the receipt of such notice. If services are terminated within five business days after you sign the client agreement, then services will be terminated without penalty. After the initial five business days, Equitrust's officers and associated persons may bill for time and costs expended to the date of cancellation. Any prepaid fees will be refunded on a prorated basis based upon the time and costs expended to the date of cancellation.

ASSET MANAGEMENT SERVICES

Financial Advisors Program

We provide investment management services through the Financial Advisors Program ("FAP") offered and sponsored by Securities America Advisors, Inc. ("SAA"), an investment advisor registered with the Securities and Exchange Commission. FAP is a wrap-fee program providing investment advisory services and execution of client transactions and the specified fees are not based directly on transactions in your account. Under FAP, our representatives assist you in establishing one or more FAP accounts with SAA. All brokerage transactions are processed by Securities America, Inc. ("SAI"), the affiliated broker/dealer of SAA, and cleared through National Financial Services, LLC ("NFS") pursuant to a clearing arrangement established by SAI with NFS. Neither we nor our representatives act as custodian of your account or have direct access to your funds and/or securities.

SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within SAA's FAP. NFS, insurance companies or other custodians maintain physical custody of all funds and securities. Please see *Item 15, Custody*, for additional information. Our representatives implement securities transactions for FAP accounts in their separate capacity as registered representatives of SAI. See, *Additional Compensation*, below.

The annual management fee for FAP accounts is negotiable, with 3.00% being the maximum charged. If the account has only mutual funds, then the maximum fee is 2.25%. Equitrust typically receives an annual fee ranging from .75% to .98% for FAP accounts. The annual fee received by Equitrust may vary depending upon the value of the assets in the client's FAP account. SAA retains up to 20 basis points (0.20%) of the annual management fee for FAP accounts. The remainder of the fee charged to you is paid to us. SAA is responsible for collecting all fees paid by you through FAP and journals our portion of the advisory fee to us. Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

We may invest a portion of your assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for management of your assets: one directly to us and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

A complete description of FAP related fees, charges, and termination procedures is provided in the FAP Disclosure Brochure Appendix (Wrap Fee Program Brochures) prepared by SAA and which is given to you prior to or at the time an FAP account is established.

Loring Ward Synervest Portfolio Services and Loring Ward Synervest Advantage

Equitrust offers investment management services to client accounts through the Loring Ward Synervest Portfolio Services and Loring Ward Synervest Advantage program. These services include giving continuous advice to you based on your individual needs. Loring Ward Advisor Services will be responsible for the execution of transactions in the client account and the total advisory fee (or fees) is not based directly upon transactions in your account. Execution costs, such as transaction charges are included in the total advisory fee charged to the client. Equitrust's associated persons will assist you in the establishment of an account (the account) with Loring Ward Advisor Services (LWAS). When opening a managed account, the associated persons of Equitrust are responsible for obtaining your financial data and investment experience to determine the appropriate suitability and investment objectives for you. By responding to an investment policy statement, you will inform Equitrust of your investment objective, financial situation, risk tolerance, investment time horizon, any reasonable restrictions you wish to impose on the management of your account and other information. An approved broker/dealer of LWI Financial Inc. (LWI), an affiliate of LWAS, will maintain custody of all funds and securities, and neither Equitrust nor its associated persons will have direct access to your funds and securities.

Accounts in the Loring Ward Synervest Portfolio Services and Loring Ward Synervest Advantage program are managed on a non-discretionary basis only.

Typically, for this program Equitrust works with clients with \$500,000 or more in investable assets. Exceptions may be granted to this minimum at the discretion of Equitrust on a client by client basis. Equitrust will manage your assets for an annualized percentage of assets under management. Fees will be payable quarterly in advance. The initial quarter's fees are due upon execution of the account agreement. Subsequent fee payments are due and will be assessed at the beginning of each quarter based on the value of your account assets under management as of the close of business on the last business day of the preceding quarter. For accounts opened mid-quarter, the fees will be prorated based on the number of days remaining in the quarter.

The following is the fee schedule for Loring Ward Synervest Portfolio Services and Loring Ward Synervest Advantage:

<u>Account Value</u>	<u>Annual Fee</u>
First \$249,999	2.0%
Next \$250,000 to \$499,999	1.0%
Next \$500,000 to \$999,999	0.8%
Next \$1,000,000 to \$1,999,999	0.6%
Then \$2,000,000 and above	0.4%

Fees are non-negotiable; however, in some instances household accounts may be combined to allow for a reduced annual rate. You provide authorization for fees to be deducted directly from your account.

Either party may terminate services by submitting a 30-day written notice prior to the date on which the termination is to be effective. If services are terminated within five business days of executing the account agreement, services will be terminated without penalty. You will be entitled to a pro rata refund of any prepaid quarterly advisory or administrative fees, based upon the number of days remaining in the quarter after the date of termination of the account agreement. Termination of the account agreement will not affect the liabilities or obligations of the parties arising from transactions initiated prior to termination.

GENERAL FEE DISCLOSURE INFORMATION

The advisory fees charged to you for our investment advisory services may be higher or lower than the cost of similar services offered through other registered investment advisors. At no time will fees of more than \$500 be charged more than six months in advance. Fees for investment management services may be more than the cost of purchasing the same services separately. You may be able to obtain similar investment management services for a lesser fee from other advisors. The fees charged vary among investment management services. The amount of compensation Equitrust may receive in a particular program may be more than would be received if you participated in other SAA programs or paid separately for investment advice, brokerage and other services. These circumstances may result in Equitrust having a financial incentive to recommend one investment management services program over another. The factors to be considered by you in determining the reasonableness of the fees charged include, but may not be limited to: 1) the fee charged for development of an asset allocation study and/or development of an investment strategy; 2) transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities; 3) the cost of producing a performance report covering the managed assets; 4) the value of the consulting service provided by Equitrust in designing and monitoring your managed assets; 5) the cost of investment advice provided by SAA and Equitrust; and 6) the cost of the additional administrative, marketing, asset management and other support services that may be provided by SAA and, when applicable, by any sub-advisors used in the management of a program account.

Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Equitrust does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

Equitrust generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans

Minimum Investment Amounts Required

Equitrust requires a minimum of \$25,000 to establish and maintain an FAP account. Exceptions may be granted to this minimum upon request.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Equitrust uses the following methods of analysis in formulating investment advice:

Fundamental. This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Investment Strategies

Equitrust uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases -- Investments held at least a year.

Short term purchases -- Investments sold within a year.

Use of Primary Method of Analysis or Strategy

Equitrust's primarily uses fundamental analysis. Some of the risks involved with using fundamental analysis include buying mutual funds when they are out of favor, and selling mutual funds when they are still rising.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Equitrust is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) lawyer or law firm, (7) insurance company or agency, (8) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

Other Business Activities

Although Equitrust's principal business is providing investment advice to clients, its officers and associated persons are also engaged in activities other than giving investment advice. Associated persons may also sell securities and insurance products for sales commissions.

Equitrust's President, Steven L. Hyman, is a Certified Public Accountant and has his own accounting firm, Steven L. Hyman & Associates. Mr. Hyman does not currently spend any time on this activity.

Felix Aisen is a practicing income tax preparer and may have investment advisory clients that also use him for preparation of their income tax returns. Mr. Aisen spends about 40% of his time on accounting matters. He also spends approximately 30% of his workweek on securities activities and 5% on insurance activities.

You are under no obligation to utilize either Mr. Hyman or Mr. Aisen for accounting and/or income tax services. However, if you choose to do so, separate fees will be charged for the accounting and income tax services provided.

Both Mr. Hyman and Charles M. Noparstak spend approximately 50% of their time on securities and 5% on insurance activities.

Equitrust has relationships with non-affiliated investment advisors. Equitrust uses the services of SAA, a registered investment advisor, through FAP when managing assets and, when doing so, SAA receives a portion of the fees.

Third-Party Money Managers

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, Equitrust has relationships with independent, third-party money managers.

Equitrust may recommend clients work directly with third-party money managers. When we refer clients to a third-party money manager, Equitrust receives a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest in that we will only recommend third-party money managers that agree to compensate Equitrust firm by paying us a portion of the fees billed to your account managed by the third-party money manager.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary and has a fiduciary duty to all clients. Equitrust has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Equitrust's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment advisor representatives are classified as supervised persons. Equitrust requires its supervised persons to consistently act in your best interest in all advisory activities. Equitrust imposes certain requirements on its affiliates and supervised persons to

ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of Equitrust's Code of Ethics. If you wish to review the Code of Ethics in its entirety, you should send a written request and upon receipt of your request, a copy of the Code of Ethics will promptly be provided to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Equitrust complies with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. To prevent conflicts of interest, Equitrust has developed policies and procedures that include personal investment and trading policies for its associated persons, employees and their immediate family members, including:

- Associated persons will not prefer their own interests to those of the client
- Associated persons will not purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- Associated persons will not buy or sell securities for their personal accounts when those decision are based on information obtained as a result of their employment or association with Equitrust, unless that information is also available to the investment public upon reasonable inquiry
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider"
- Associated persons are discouraged from frequent personal trading
- Associated persons are generally prohibited from serving as board members of publicly-traded companies unless an exception has been granted by an Equitrust principal officer and/or Equitrust's Chief Compliance Officer

To the extent an associated person or Equitrust maintains an outside account, the associated person must make arrangements to send quarterly statements to Equitrust, complete an annual certification concerning their personal securities activities and provide additional information about personal trading activities as may be required under the Insider Trading Policy and Code of Ethics. Any associated persons not observing Equitrust's policies may be subject to sanctions up to and including termination.

Agency Cross Transactions

Equitrust associated persons are prohibited from engaging in agency cross transactions, which means they cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

Equitrust and its associated persons may buy or sell securities for their own accounts that are recommended to clients. They may also recommend the purchase or sale of different securities for different clients at different times. This could result in contrary advice being given or action taken on behalf of clients and in the personal accounts of Equitrust and its associated persons.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of Equitrust. If Equitrust assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

Clients wishing to implement Equitrust's advice are free to select any broker they wish and are so informed. If you wish to have associated persons of Equitrust implement advice in their capacity as registered representatives, the broker/dealer, SAI, will be used. Equitrust does not allow directed brokerage, which means that you cannot direct the associated persons to use a specific broker/dealer to implement transactions. Because of these limitations, you may pay higher or lower commission rates and transaction costs than if the associated persons implemented transactions through another broker/dealer. SAI has a wide range of approved securities products for which SAI performs due diligence. SAI's registered representatives are required to adhere to these products when implementing securities transactions through SAI. Where possible, when recommending mutual funds for your advisory account, Equitrust will recommend no-load mutual funds or load mutual funds available at net asset value. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer.

Best Execution

Although Equitrust does not allow directed brokerage, Equitrust must still use reasonable diligence to make certain that best execution is obtained for you when implementing any transactions. Best execution does not necessarily mean you receive the lowest possible commission costs but that the qualitative execution is best. In other words, Equitrust must ensure that the conditions surrounding the transaction execution are in your best interests. Associated persons will look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of Equitrust, ease of monitoring investments)
- Products and services offered (e.g. investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

Equitrust will exercise reasonable due diligence to make certain that best execution is obtained for you when implementing any transaction by considering the back office services, technology and pricing of services offered.

Equitrust will perform periodic reviews to determine that the relationships with SAI, FCM and NFS remain in your best interests.

Soft Dollar

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in your accounts. The commissions used to acquire these services and research are known as "soft dollars." Section 28(e) of the *Securities Exchange Act of 1934* provides a "safe harbor" that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although Equitrust does not allow directed brokerage, it may still receive products and services from SAI, SAA (an affiliated investment advisor of SAI) or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows Equitrust to

supplement, at no cost, its own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. Equitrust does not attempt to allocate the relative costs or benefits of research among clients because it believes that, in the aggregate, the research it receives benefits all clients and assists Equitrust in fulfilling its overall duty to you.

These arrangements may be deemed to create a conflict of interest to the extent that Equitrust would have to pay for some or all of the research and/or services with “hard dollars” if it were unable to obtain the research and services in exchange for commissions in connection with client transactions. Your trades will always be implemented based on your goals and objectives and not based on any research, products or other incentives available.

Equitrust’s IARs are registered representative of SAI, a full-service broker/dealer, member FINRA/SIPC. When placing securities transactions through SAI in the capacity as a registered representative, the IAR may earn sales commissions.

Equitrust’s officers and associated persons sell securities products in their separate capacities as registered representatives. They also sell insurance products in their separate capacities as independently licensed insurance agents. They earn sales commissions when selling securities and insurance products. Some of the advice offered by the officers and/or associated persons may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. Officers and/or associated persons may receive a portion of the 12(b)-1 fees from some investment companies in their separate capacities as registered representatives. You should be aware that these 12(b)-1 fees come from fund assets, and thus, indirectly from your assets. Receipt of these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

Equitrust from time to time may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

Equitrust or SAA may invest a portion of your assets in mutual funds, variable annuities or Exchange Traded Funds (ETFs) and charges an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for the management of their assets, one directly to Equitrust or SAA and one indirectly to the managers of the mutual funds, variable annuities or ETFs held in their portfolios.

Equitrust may select and monitor third party money managers to manage your assets, including money managers in SAA's IMAP. When soliciting for money managers, Equitrust receives a portion of the fees paid to the money manager. SAA also receives a portion of the fee or a marketing override for fees paid to IMAP approved money managers.

Handling Trade Errors

If you choose to implement transactions through Equitrust's associated persons, steps are taken to supervise trades and to prevent trade errors. The associated persons will implement trades in their separate capacities as registered representatives of SAI. SAI has execution and clearing arrangements with Fidelity Capital Markets (FCM), a division of NFS.

FCM will be contacted immediately about any trade error except those in mutual fund trades. SAI's Trade Support Department will be contacted to report and correct any error in a mutual fund trade. Trading errors are usually corrected after the trade settles and may take five to seven business days to finalize.

If SAI, FCM, Equitrust or other associated persons are responsible for making a trade error in your account the error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit from the trade correction will be retained by SAI or FCM. Neither you nor Equitrust or its associated persons will retain the profit from a trade correction.

Block Trading Policy

Transactions implemented by Equitrust for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Equitrust believes such action may prove advantageous to clients. When Equitrust aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Equitrust determines to aggregate client orders for the purchase or sale of securities, including securities in which Equitrust may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Equitrust does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Financial planning services terminate upon completion of the consultation and/or presentation of the plan. Equitrust recommends that you have your financial situation reviewed at least annually. Additional fees may be charged and you may be required to execute a new agreement for these services.

Managed accounts will be reviewed at least quarterly, with the calendar being the triggering factor unless changes in your financial situation or market conditions trigger a more frequent review. Accounts may also be reviewed upon your request or if Equitrust's officers or associated persons deem that other situations warrant a review.

Equitrust's officers and associated persons are each responsible for review of their own client accounts.

Statements and Reports

Clients will receive statements at least quarterly from the investment company, broker/dealer, clearing firm or money manager where their account is maintained.

Clients participating in FAP receive quarterly performance reports.

Clients participating in the Loring Ward Synervest Portfolio Services and Loring Ward Synervest Advantage program receive quarterly performance reports.

Item 14 – Client Referrals and Other Compensation

Equitrust enters into agreements with Solicitors (Referring Parties) to refer clients to Equitrust. If a referred client enters into an investment advisory agreement with Equitrust, a cash referral fee is paid to the referring party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and Equitrust will not result in any charges to clients in addition to the normal level of advisory fees charged. The referral agreements between Equitrust and referring parties are in compliance with regulations as set forth in 17 CFR Section 275.206(4)-3.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Equitrust is deemed to have custody of client funds and securities whenever Equitrust is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Equitrust will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Equitrust is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each

client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Equitrust. When clients have questions about their account statements, they should contact Equitrust or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Through its asset management services and upon receiving written authorization from a client, Equitrust will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Equitrust may implement trades on a **discretionary** basis. When discretionary authority is granted, Equitrust will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Equitrust will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Equitrust, its officers and associated persons will not perform proxy-voting services on a client's behalf. Clients are instructed to read through the information provided with the proxy-voting document and to make a determination based on the information provided. In some instances, upon request from the client, Equitrust's officers and/or associated persons may give limited clarifications based on their understanding of issues presented in the proxy-voting materials. In all cases, clients will be solely responsible for making proxy-voting decisions.

Item 18 – Financial Information

Item 18 is not applicable to this Disclosure Brochure. Equitrust does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is

reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Equitrust has not been the subject of a bankruptcy petition at any time.

Item 19 -- Customer Privacy Policy Notice

The information contained in this section will also be disclosed in Equitrust Financial Group, Ltd.'s Privacy Policy Statement. This statement will be provided to all clients in accordance with the rules and regulations of the *Gramm-Leach-Bliley Act of 1999*.

As a registered investment advisor, Equitrust Financial Group, Ltd. and its investment advisor representatives will gather and develop personal information regarding our clients. This information will be gathered and developed by us for the following purposes:

1. To determine the client's financial goals and objectives
2. To determine the level of advisory services needed and desired by the client
3. To provide the client with specific recommendations regarding advisory services
4. To provide the client with specific recommendations regarding financial products
5. To provide on-going support and recommendations regarding financial products held in the client's account

Client information that Equitrust Financial Group, Ltd. will collect may include, but not be limited to the following:

- Information received from clients on financial inventories through consultations with its representatives. This information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the clients' financial conditions and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with Equitrust Financial Group, Ltd.

The investment advisor representatives of Equitrust Financial Group, Ltd. are also registered representatives of SAI. Equitrust Financial Group, Ltd. may also have relationships with other non-affiliated registered investment advisors, such as SAA, insurance companies, trust companies, custodians and other financial institution entities. Except as otherwise agreed in writing or as required or permitted by law, Equitrust Financial Group, Ltd. and its investment advisor representatives will keep confidential all information concerning the client's identity, financial affairs or investments and will not share confidential information with non-affiliated third parties. In the unlikely event that Equitrust Financial Group, Ltd. were to make a change to this fundamental policy to permit additional disclosures of the client's confidential information, Equitrust Financial Group, Ltd. would provide all clients written notice. This written notice would include the ability for the client to permit or deny disclosure.

Access to client information will be restricted to representatives and employees of Equitrust Financial Group, Ltd. who need information to perform their job responsibilities within Equitrust Financial Group, Ltd. Equitrust Financial Group, Ltd. maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard customer information.

In order for Equitrust Financial Group, Ltd. to administer, manage and service client accounts, process transactions and provide related services to client accounts, it is necessary for Equitrust Financial Group, Ltd. to provide access to client information within our firm and to non-affiliated companies such as SAI, SAA and other registered investment advisors, other broker/dealers, trust companies, custodians and insurance companies. Equitrust Financial Group, Ltd. may also provide client information outside of our firm as permitted by law, such as government entities, consumer reporting agencies or other third parties in response to subpoenas. We do not disclose client information to non-affiliated third parties, except as permitted or required by law.

When a client account is closed, Equitrust Financial Group, Ltd. will continue to keep all client information confidential in accordance with the principles stated in its privacy policy.

A copy of the Privacy Policy Notice will be delivered to all clients in writing by at least one of the following methods:

- By hand delivering a copy to the client
- Mailing a copy to the client's address on record with Equitrust Financial Group, Ltd.
- If business is conducted electronically, a notice may be posted on an electronic site as long as the client acknowledges receipt of the Privacy Policy Notice prior to the client obtaining any services or products from Equitrust Financial Group, Ltd.

A copy of the Privacy Policy Notice will be provided to the client no later than the time a client establishes a relationship with Equitrust Financial Group, Ltd., unless this situation would cause a delay in the client obtaining services and the client agrees to accept the notice at a later date. When this situation applies, a copy of the Privacy Policy Statement will be delivered to the client within a reasonable time period following the transaction.

Any time a change is made to the Privacy Policy, the statement to clients will be revised. The revised statement will be given to all affected clients prior to any disclosure of information. In addition, Equitrust Financial Group, Ltd. will provide a copy of its Privacy Policy Statement to all current and existing clients at least annually.