

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of KFG Wealth Management, LLC ("KFG"). If you have any questions about the contents of this brochure, please contact Matthew Hoke at 800-258-9574 or at mhoke@korhorn.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 KFG 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 name KFG Wealth Management, LLC or our firm CRD number **128606**.

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

Item 2 – Material Changes

Since filing our last annual amendment in March 2013, the following changes have occurred:

- In October 2013, we added language to describe our Retirement Plan Services. See Items 4 – Advisory Business, 5 – Fees and Compensation, Item 7 – Types of Clients and 16 – Investment Discretion.

As of November 2013 we are switching from State to SEC registration due to an increase of Assets Under Management. Please see Item 4 – Advisory Business, for further details.

We will ensure that you receive a summary of any material changes 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 no later than April 30 each year. At that time we will also offer or provide a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	5
General Description of Primary Advisory Services	5
Limits Advice to Certain Types of Investments	5
Participation in Wrap Fee Programs	6
Tailor Advisory Services to Individual Needs of Clients.....	6
Client Assets Managed by KFG	6
Item 5 – Fees and Compensation.....	6
FINANCIAL PLANNING SERVICES.....	6
Fee Schedule	7
eMoney Advisor	8
ESTATE PLANNING SERVICES	8
RETIREMENT PLAN SERVICES	9
ASSET MANAGEMENT SERVICES	14
SEI Asset Management Program	14
Financial Advisors Program	14
Fidelity Institutional Wealth Services	15
GENERAL	18
Item 6 – Performance-Based Fees and Side-By-Side Management.....	18
Item 7 – Types of Clients	18
Minimum Investment Amounts Required.....	18
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	19
Methods of Analysis	19
Fundamental	19
Technical	19
Investment Strategies	19
Use of Primary Method of Analysis or Strategy	20
Risk of Loss.....	20
Item 9 – Disciplinary Information.....	21
Item 10 – Other Financial Industry Activities and Affiliations	21
Other Business Activities	22
Third-Party Money Managers.....	23
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	23
Code of Ethics Summary	23
Code of Ethics for CFP	23
Affiliate and Employee Personal Securities Transactions Disclosure.....	24
Item 12 – Brokerage Practices.....	24
Handling Trade Errors.....	25
Block Trading Policy.....	26
Item 13 – Review of Accounts	26
Account Reviews and Reviewers.....	26
Statements and Reports	26

Item 14 – Client Referrals and Other Compensation	27
Item 15 – Custody	27
Item 16 – Investment Discretion	27
Item 17 – Voting Client Securities	29
Item 18 – Financial Information	29
CUSTOMER PRIVACY POLICY NOTICE	29

Item 4 – Advisory Business

KFG is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Indiana.

- KFG Wealth Management, LLC is owned by Korhorn Financial Group, Inc. Korhorn Financial Group, Inc. is owned by Kevin Korhorn.
- KFG Wealth Management, LLC has been registered as an investment advisor since April 2007.

General Description of Primary Advisory Services

KFG Wealth Management, LLC (KFG) offers advisory services in the form of financial planning, estate planning, retirement plan services, asset management and referrals to third party money managers. Clients should carefully examine the various programs available and the fee structures of those programs. The investment advisor representatives of KFG are referred to herein as associated persons. A detailed description of KFG’s advisory services is 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.

Limits Advice to Certain Types of Investments

KFG 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)
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate and oil and gas interests
- Real Estate Investment Trusts (REITs)

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

When providing asset management services, KFG typically constructs each client's account holdings using mutual funds and exchange traded funds (ETFs) to build diversified portfolios. KFG also believes in diversification of investment philosophy. We use three distinct portfolio strategies for our clients. We employ a Strategic model, using fundamental analysis and asset allocation that is rebalanced quarterly. We also have a dynamic strategy that utilizes fundamental and technical analysis and which also utilizes

Virtual Portfolio Management to provide trend and momentum analysis to take a defensive cash position if deemed necessary. We also have a tactical approach that uses similar fundamental and technical analysis.

It is not KFG's typical investment strategy to attempt to time the market but we may increase cash holdings, as prescribed through Virtual Portfolio Management, 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. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

Participation in Wrap Fee Programs

KFG offer services through both wrap fee programs and non wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. There is no difference in how KFG manages wrap fee and non wrap fee accounts. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non wrap fee), we will receive all or a portion of the fee charged.

Tailor Advisory Services to Individual Needs of Clients

KFG'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 KFG

The amount of clients assets managed by KFG totaled \$ **\$105,488,981.45** as of November 6, 2013. All of these assets are managed on a discretionary basis and no assets 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.

FINANCIAL PLANNING SERVICES

KFG offers financial planning services in the form of a comprehensive financial plan or a single-needs analysis plan focusing on a specific area of concern to you. Financial planning services may include a general analysis of your estate, tax, retirement, and college planning needs and may include asset allocation services. KFG will gather financial information and history from you including, but not limited to retirement and financial goals, investment objectives, investment horizon, financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies and other applicable financial

information required by KFG in order to provide the requested financial planning services. Based upon the information you have provided, KFG will prepare a written financial plan, analysis and/or recommendations targeted at addressing your needs. In addition to preparing a written financial plan, KFG will provide ongoing financial planning services for 12 months if you contract for a comprehensive plan. During your 12 month engagement that included a comprehensive financial plan, KFG will provide you with ongoing consultations, reviews, and monitoring of your investment accounts. In addition, you will be able to contact KFG's associated persons if you believe an update to your financial plan is needed due to life or financial changes.

Financial plans are based on your financial situation at the time the financial plans are prepared and are based on financial information disclosed by you to KFG. You are advised that certain assumptions may be made with respect to interest and inflation rates and we may use information based upon past trends and performance of the market and economy. However, past performance is not indicative of future performance. KFG cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review any plan and update the plan based upon changes in your financial situation, goals, objectives or changes in the economy. If your financial situation or investment goals or objectives should change, you must notify KFG promptly. You are advised that advice or guidance on your insurance needs may be limited.

You are advised that fees for financial planning are strictly for financial planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management services or the purchase of securities or insurance products.

Fee Schedule

KFG offers comprehensive financial planning services for a fixed fee and offers single-needs analysis for an hourly fee. Fees are negotiable based on the services requested by you, the complexity of your situation, the amount of research required, staff time required to complete the requested services, and number of meetings held with you.

Fixed fee:

A fixed fee of up to \$35,000 will be charged if you contract for comprehensive financial planning services. No additional fees will be charged for ongoing financial planning when you contract for comprehensive financial planning services. All fees for financial planning services are negotiable and will be payable in arrears upon completion and presentation of the financial planning document. Based on your financial circumstances and the amount of the advisory fee, you can choose to pay the entire fee at the time the plan is presented to you or KFG may offer you the option to pay the advisory fee on a monthly or quarterly basis. The agreed upon fee will be due and payable to KFG as negotiated and agreed upon. If you pay on a monthly or quarterly basis, KFG will invoice you for the portion of the fee due for the monthly or quarterly billing period.

Hourly Fee:

A fee of \$50 - \$200 per hour will be charged if you contract for a single-needs analysis focusing on a specific area or areas of concern to you. Hourly fees are negotiable and will be billed in arrears upon completion of the services provided.

Termination:

Comprehensive and ongoing planning services remain in effect for a period of twelve months from the date the client agreement is signed. Single-needs analysis services terminate upon completion of the services. Either party may terminate services at any time by providing written notice to all appropriate

parties, and termination will be effective upon receipt of such notice. If the client agreement is terminated within five business days of being signed, services are terminated without penalty. After the initial five business days, if services are terminated prior to completion and presentation of the single-needs analysis or a comprehensive financial plan, no fees will be due. If you contract for comprehensive financial planning services and have arranged a fee payment schedule with KFG, fees will be due in full upon termination of services.

eMoney Advisor

If you contract for a comprehensive financial plan and receive online financial planning services, you may also elect to utilize the services available through eMoney Advisor, an on-line database repository and application site. You can choose from a variety of programs available on the password protected site, including:

- Repository for scanned documents (e.g., financial plans, deeds, wills, trusts, insurance policies, etc.)
- Account aggregation (multiple custodian statements consolidated in one location with balance statements updated nightly)
- Personalized home page, profile grid and financial snapshots
- Interactive planning tools and simulations
- Multimedia planning tutorials
- Printable reports on financial status

If you are a new client and you elect to utilize this service, you may be charged a one-time \$250 aggregation fee that will be due and payable upon signing the agreement for services. Depending upon the eMoney Advisor programs selected by you, fees can range from \$250 to \$1,500 per year, payable semi-annually in advance upon receipt of a billing notice from KFG. All fees are negotiable at the sole discretion of the associated persons. In no event will you be charged more than \$500 more than six months in advance.

Either party may terminate the eMoney Advisor services by submitting written notice to all appropriate parties. If services are terminated within five business days of executing the client agreement, services will be terminated without penalty. As eMoney Advisor services are licensed subscriptions, no fees will be refunded after the initial five business day period if the eMoney Advisor services are terminated.

ESTATE PLANNING SERVICES

If it is determined that you are in need of estate planning services, KFG's associated persons may recommend the assistance of unaffiliated law firms to help you with establishing an estate plan. Upon establishing the estate plan, the law firm will contact KFG to provide instructions on any account updates, reallocation of assets, titling or retitling of assets and changes to beneficiaries, if required. KFG will also assist you with the paperwork needed to implement the estate plan.

Fixed Fee:

A non-negotiable fixed fee of \$75 to \$2500 will be charged to you if you contract for estate planning services. Fees are determined based upon the level and complexity of the services to be provided. Prior to services being provided, you will be given the exact amount of the fee due. Fees for KFG's services are due in arrears. After services have been completed, KFG will invoice you for the fee due. Payment

is due within 30 days after receipt of the invoice. The law firm will bill you directly for legal services provided. No solicitor or referral fees are paid to KFG or the law firm for services rendered.

Termination:

Estate planning services terminate upon completion of the requested services. Either party may terminate services at any time by providing written notice to all appropriate parties, and termination will be effective upon receipt of such notice. If services are terminated within five business days of the client agreement being signed, services will be terminated without penalty. After the initial five business days have passed, a prorated fee may be charged for time and effort expended by KFG.

RETIREMENT PLAN SERVICES

KFG Wealth Management offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

Non-Discretionary Fiduciary Services

KFG Wealth Management offers the following Non-Discretionary Fiduciary Services:

- Investment Policy Statement Preparation and/or Review. KFG Wealth Management will help the retirement plan develop a new investment policy statement or review and revise an existing investment policy statement consistent with the retirement plan's fiduciary obligations under ERISA Section 404(c). The investment policy statement establishes the investment policies and objectives for the retirement plan. The named fiduciary of the retirement plan will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Assessment of Investments. KFG Wealth Management will (i) conduct an initial and/or periodic review of the retirement plan investments and investment options including investment performance, fund expenses and style drift for investments offered by the retirement plan to participants, and (ii) provide suggestions from time to time for other investment options for the retirement plan to make available to its participants;
- Participant Investment Advice. To extent agreed upon by KFG Wealth Management and the retirement plan, KFG Wealth Management will be available to meet one-on-one at least annually with each retirement plan participant to deliver investment advice based upon the retirement plan participant's individual financial situation, investment objectives and tax status. Our investment adviser representative will prepare recommendations regarding the appropriate amount of contributions and choice of investments, which the retirement plan participant may implement at his/her sole discretion.

The exact Non-Discretionary Fiduciary Services that will be provided by KFG Wealth Management will be specified in writing by KFG Wealth Management and the retirement plan.

For Non-Discretionary Fiduciary Services, all investment recommendations by KFG Wealth Management will be submitted to the named fiduciary of the retirement plan (Assessment of Investments) or retirement plan participant (Participant Investment Advice) for his or her ultimate approval or rejection. For these Non-Discretionary Fiduciary Services, the named fiduciary of the retirement plan or the retirement plan

participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Non-Discretionary Fiduciary Services are not management services, and KFG Wealth Management does not serve as administrator or trustee of the plan. KFG Wealth Management does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

KFG Wealth Management acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. KFG Wealth Management will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause KFG Wealth Management to be a fiduciary as a matter of law. However, in providing the Non-Discretionary Fiduciary Services, KFG Wealth Management (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client’s retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client’s retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client’s retirement plan or the interpretation of Client’s retirement plan documents, (b) is not an “investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of Client’s retirement plan as defined in ERISA.

Discretionary Fiduciary Services

KFG Wealth Management offers clients the following Discretionary Fiduciary Services:

- Default Investment Alternative Management. KFG Wealth Management will develop and actively manage qualified default investment alternative(s) (“QDIA”), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for retirement plan participants who are automatically enrolled in the retirement plan or who otherwise fail to make an investment election.
- Investment Manager to Plan. KFG Wealth Management will meet with the named fiduciary of the retirement plan and/or his or her delegate for purposes of discussing approved asset classes for retirement plan assets. The named fiduciary of the retirement plan will select the approved asset classes. Under this service, KFG Wealth Management can provide the following (if selected by the retirement plan):
 - Based upon the asset classes approved by the retirement plan, KFG Wealth Management will provide discretionary management via model portfolios. KFG Wealth Management manages model portfolios which are investment options available to retirement plan participants. If a retirement plan has elected to include KFG Wealth Management’s model portfolios as available options for the qualified retirement plan, then each retirement plan participant will have the option to elect or not elect the model portfolios managed by KFG Wealth Management and will be allowed to impose reasonable restrictions upon the management of each account by written instructions to KFG Wealth Management.
 - Based upon the asset classes approved by the retirement plan, KFG Wealth Management will monitor the investment options of the retirement plan and add or remove investment options for the retirement plan. KFG Wealth Management will have discretionary authority to make decisions regarding the investment options that will be made available to retirement plan participants.

KFG Wealth Management shall exercise this discretionary authority under this service in accordance with objectives set forth by the named fiduciary of the retirement plan as may be amended from time to time and in accordance with additional written guidelines and/or investment policies provided by named fiduciary of the retirement plan.

Unless otherwise directed by the named fiduciary, KFG Wealth Management will arrange for the execution of securities transactions for the retirement plan;

The exact Fiduciary Services that will be provided by KFG Wealth Management will be specified in writing by KFG Wealth Management and the retirement plan.

If the retirement plan elects to utilize any of KFG Wealth Management's Discretionary Fiduciary Services, then KFG Wealth Management will be acting as an investment manager to the retirement plan, as defined by ERISA section 3(38), with respect to our Fiduciary Discretionary Services, and KFG Wealth Management hereby acknowledges that it is a fiduciary with respect to its Discretionary Fiduciary Services.

Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Investment Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the retirement plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Retirement Plan Advisory Agreement.

KFG Wealth Management offers clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Enrollment. KFG Wealth Management will assist retirement plan with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Participant Education. KFG Wealth Management will provide education services to retirement plan participants about general investment principles and the investment alternatives available under the retirement plan. KFG Wealth Management's assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Retirement plan participants are responsible for implementing transactions in their own accounts.
- Plan Development. KFG Wealth Management will assist you with the establishment of a qualified retirement plan by working with the retirement plan sponsor and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the retirement plan. KFG will not provide legal advice to the named fiduciary, and the named fiduciary is encouraged to have legal counsel review all plan documentation. KFG Wealth Management will not render individualized investment advice to the retirement plan for services rendered hereunder.

- Plan Conversion. KFG Wealth Management will assist with retirement plan conversion to alternate vendors. KFG Wealth Management may also assist in the preparation of Request for Proposals ("RFPs") from prospective new vendors and may assist the retirement plan in reviewing and comparing responses to RFPs. KFG Wealth Management will not render individualized investment advice to the retirement plan for services rendered hereunder. The named fiduciary of the retirement plan will retain sole discretion as to whether to replace existing vendors and/or contract with new vendors.
- Plan Fee & Cost Review. KFG Wealth Management will provide benchmarking services and analysis concerning the reasonableness of fees and costs paid by the retirement plan. KFG Wealth Management will not render individualized investment advice to the retirement plan for services rendered hereunder.
- 3rd Party Service Provider Liaison. KFG Wealth Management will act as liaison for the retirement plan and named fiduciary on an as needed basis when dealing with the trustee, custodian, plan actuary, tax, legal, accounting or other third-party service providers to the retirement plan. KFG Wealth Management will not render individualized investment advice to the retirement plan for services rendered hereunder. The named fiduciary of the retirement plan will retain sole discretion as to whether to hire and/or terminate such third-party providers

The exact Non-Fiduciary Services that will be provided by KFG Wealth Management will be specified in writing by KFG Wealth Management and the retirement plan.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, KFG Wealth Management cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

KFG Wealth Management will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case

the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the retirement plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learns of such error or omission.

Fees for Retirement Plan Services

For retirement plan sponsor clients, the annual fee charged by KFG Wealth Management will be an asset based fee and/or a fixed fee. The annual fee charged by KFG Wealth Management is negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested, the representative providing the services and the potential for additional deposits.

If KFG Wealth Management charges an annual fee based upon a percentage of the value of the retirement plan's assets, it will range from 5 basis points (0.05%) to 80 basis points (0.80%) of the retirement plan's assets. The exact percentage will be specified in the retirement plan's agreement with KFG Wealth Management.

If KFG Wealth Management charges a fixed annual fee, it will range from \$2,500 to \$80,000.

KFG Wealth Management has a minimum annual fee of \$2,500 for a retirement plan client. The exact percentage of the asset based fee and/or the particular amount of the fixed fee will be specified in the retirement plan's agreement with KFG Wealth Management.

Fees are billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to KFG Wealth Management. We will provide the custodian with a fee notification statement.

Either party may terminate services by providing the other party with 60 days written notice of termination. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Fees for the final billing period are prorated based upon the number of days services are actually provided and the value of the retirement plan's assets upon the last day of service. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

In their separate capacities as registered representatives of a broker-dealer, investment adviser representatives of KFG Wealth Management may receive 12b-1 fees from certain mutual fund companies for mutual fund purchases made by participants of the retirement plan. Any 12b-1 fees received by KFG Wealth Management or its investment adviser representatives, while providing Retirement Plan Services described in this Form ADV Part 2A, will be forwarded to the retirement plan's third-party administrator for deposit in an ERISA account (also known as a plan expense account) to offset the retirement plan's administrative expenses.

KFG Wealth Management does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

ASSET MANAGEMENT SERVICES

SEI Asset Management Program

The SEI Asset Management Program (SEI Program) is an institutional asset allocation program that KFG uses in the management of your account assets. KFG's associated persons assist you in establishing an SEI Program Account (the Account) at SEI Trust Company (SEI). All transactions in your account will be processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of SEI Family of Institutional Mutual Funds (Mutual Funds) and other securities approved by SEI to be held in an account. The Associated Persons provide SEI with the asset allocation policy (Asset Allocation Policy) that you select for the Account. The associated persons direct SEI to reallocate your investments in accordance with your Asset Allocation Policy. In addition, the associated persons direct SEI to rebalance the investments within your Account at least quarterly so that the market value of the shares of each mutual fund held in your account is the same percentage of the total market value of your Account as required by your Asset Allocation Policy. SEI holds custody of all SEI Program client Account assets.

SEI Program management fees (Management Fees) are payable quarterly, in arrears, based on assets under management at the end of the quarter. Management Fees are automatically deducted from your Account. Each quarter SEI will send you an account statement that will include a Management Fee Notification, which will show the computed fee, any adjustments to the fee, an explanation of any adjustment and the net Management Fee to be deducted later in the period from the Account. Management Fees are paid to KFG or the Associated Persons. Up to 5% of the Management Fees may be paid to Securities America Advisors, Inc. (SAA), a registered investment advisor, for marketing and administrative services SAA provides to KFG. You may terminate the SEI Program Account at any time by notifying KFG. Termination will be effective upon receipt of such notice. If services are terminated within five business days of executing the client agreement, services will be terminated without penalty. After the initial five business days, you may be responsible for payment of fees for the number of days that services were provided by KFG prior to receipt of the notice of termination.

The maximum total Management Fee charged to you will not exceed 1.75% annually of the value of assets under management. KFG's portion of the total fee is typically 1% of the value of the assets under management but may vary based upon the client's total amount of assets under management by KFG and the client's relationship with KFG (for example, KFG's associated persons or employees may pay a reduced management fee to KFG). The exact fee and/or fee schedule for you will be disclosed in SEI's client agreement. SEI may charge a separate custodial fee for the custody services it provides to your account. Mutual funds held in your account pay their own advisory fees and other expenses, which are described in each mutual fund's prospectus. These fees and expenses are separate from the Management Fee.

Financial Advisors Program

KFG offers investment management services, which includes giving continuous advice to you based on your individual needs, through SAA's Financial Advisors Program (FAP). SAA is an investment advisor registered with the Securities and Exchange Commission. SAA's FAP Program is a wrap-fee program providing investment advisory services and execution of your transactions for which the specified fee (or fees) is not based directly upon transactions in your account. Under FAP, KFG will assist you in establishing an FAP Account (the Account) with SAA. Securities America, Inc. (SAI), an affiliated broker/dealer of SAA, will process all brokerage transactions in the Account. The brokerage transactions will then be cleared through National Financial Services, LLC (NFS) pursuant to a clearing arrangement established by SAI with NFS. 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 will maintain custody of all funds and securities. At no time will SAA, SAI, KFG or its associated persons act as custodian of the Account or have direct access to your funds and/or securities.

The annual management fees charged for this service will be negotiated with you, with 3% being the maximum management fee that may be charged to you, unless the Account only has mutual funds and then the maximum will be 2.25 %. SAA retains up to 20 basis points (.20%) of the annual management fee for FAP Accounts. The remainder of the fee charged to you is paid to KFG. KFG's portion of the total fee is typically 1% of the value of the assets under management but may vary based upon the client's total amount of assets under management by KFG and the client's relationship with KFG (for example, KFG's associated persons or employees may pay a reduced management fee to KFG). SAA is responsible for collecting all fees paid by you through FAP and journals KFG's portion of the advisory fee to KFG. This maximum fee is in excess of the industry norm and similar advisory services can be obtained for less.

KFG 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 those securities. Therefore, you may pay two levels of fees for management of those assets: one directly to KFG and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

A complete description of FAP and related fees, charges, and termination procedures are described in SAA's FAP Form ADV Part 2A Disclosure Brochure Appendix (Wrap Fee Program Brochure) that will be given to you prior to or at the time an FAP Account is established.

Fidelity Institutional Wealth Services

KFG offers asset management services, including giving investment advice to you based on your individual needs. KFG's associated persons will assist you in establishing an account with Fidelity Institutional Wealth Services (Fidelity). There is no minimum account value or deposit required to establish an account. Fidelity will maintain custody of all funds and securities. KFG and its associated persons will not at any time act as a custodian for any account and they will not have direct access to your funds and/or securities. The associated persons will also assist you in executing transactions in the account.

Management services for Fidelity accounts are provided on a discretionary basis only. KFG's associated persons will limit their discretionary authority by prohibiting themselves from withdrawing funds and/or securities from client accounts except when written authorization has been provided to have fees automatically deducted from your account and paid directly to KFG. You may place reasonable restrictions and investment guidelines on transactions in certain types of investments or industries.

KFG will manage your assets for an annual fee based on a percentage of the assets under management. Management fees will be charged monthly in arrears and based on the average daily balance of the account assets managed for the previous month. Fees for an account opened mid-month will be prorated from the date the account is opened. The annual management fee charged for this service will be as follows:

<u>Account Value</u>	<u>Annual Fee</u>
Up to \$2,000,000	1.25%
\$2,000,001 to \$5,000,000	0.80%
\$5,000,001 and above	0.60%

The above fee schedule is negotiable based upon the complexity of the management services provided to your account at the sole discretion of the associated persons. At the sole discretion of KFG's associated persons, related accounts may be bundled together to achieve a lower tier level of fees. The exact fee that will be charged to you will be fully disclosed in the client agreement executed between you and KFG.

Management fees will be automatically deducted from the account, and you will be required to provide written authorization to the custodian to have fees automatically deducted and paid to KFG. Shortly before or at the same time KFG notifies the custodian of the advisory fees to be deducted from the account, KFG will also provide you with a fee notification statement. This fee notification statement will show the average daily balance of your account, the amount of fees to be charged, the manner in which the fees were calculated, any adjustment to the fees and explanations of any adjustments. You are responsible for verifying the accuracy of the fee calculations; Fidelity will not determine whether or not the fee is properly calculated.

There are no commissions charged for transactions. However, Fidelity may charge transaction fees to you. Fees and charges will be noted on your statements and confirmations. You may also incur certain charges imposed by other third parties in connection with investments made through the account. These charges can include, but are not limited to, mutual funds sales loads, 12(b)-1 fees and surrender charges, variable annuity commissions and surrender charges, and IRA and Qualified Retirement Plan fees. KFG 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 those securities. Therefore, you may pay two levels of fees for management of those assets: one directly to KFG and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

In their capacities as registered representatives, the associated persons may retain a portion of the mutual fund sales loads and variable annuity commissions. Management fees charged in the account are separate and distinct from the fees and expenses charged by mutual funds and variable annuities which may be recommended to you. A description of these fees and expenses are available in each fund and annuity's prospectus.

Either party may terminate the agreement for management services by providing oral notice (with follow-up written confirmation) to the other party. Termination will be effective immediately upon receipt. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. After the initial five business days, fees will be charged on a prorated basis and KFG will provide you with a statement detailing the prorated charges.

Curian Capital Asset Management Program

KFG acts as a solicitor and refers clients to Curian Capital, LLC, ("Curian Capital") an unaffiliated third-party investment advisor which offers asset management and other investment advisory services. As a result, KFG is paid a portion of the fee charged and collected by Curian Capital in the form of solicitor fees or consulting fees (which fees are also referred to as the "Financial Professional Fees" in the Curian services agreement and disclosure documents). Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

KFG assists each client with identifying the client's risk tolerance and investment objectives. KFG will recommend Curian Capital as a third-party investment advisors in relation to the client's stated investment objectives and risk tolerance. A client may select a recommended third-party investment advisor based upon the client's needs. Clients will enter into an agreement directly with Curian Capital for Curian Capital's provision of asset management services.

KFG will be available to answer questions the client may have regarding the client's account and act as the communication conduit between the client and Curian Capital. Curian Capital will have discretionary authority to determine the securities to be purchased and sold for the client. KFG will not have any trading authority with respect to client's account assets that are managed by Curian Capital.

KFG does not typically provide any reports directly to clients with respect to the client's assets that are managed by Curian Capital. Client reports will be issued to the client according to the procedures of Curian Capital.

While the actual total fee charged to a client receiving asset management services from Curian Capital will vary, the portion retained by KFG in the form of solicitor fees or consulting fees will be an annual fee of up to 1.25%. KFG's fee rate may vary based upon the client's total amount of assets receiving services from KFG and the client's relationship with KFG (for example, KFG's associated persons or employees may pay a reduced fee to KFG). KFG's fee is calculated based upon the value of the client's assets receiving asset management services from Curian Capital and the exact fee will be disclosed to the client in the Curian Capital Asset Management Services Agreement and in the Financial Professional Disclosure Statement. All fees are calculated and collected by Curian Capital and Curian Capital is responsible for delivering KFG's portion of the client fee to KFG.

Clients may incur additional charges including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, and IRA and qualified retirement plan fees. KFG will not receive any portion of such commissions or fees. KFG is only compensated by the solicitor/consulting fee described above. KFG receives no other compensation in connection with a client's account.

A complete description of the Curian Capital asset management services, including the fees, charges, and termination procedures are described in Curian Capital's Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure that will be provided to the client prior to or at the time an account is established to receive the asset management services of Curian Capital.

Clients are advised that investment advisor representatives of KFG have a conflict of interest by only offering those third-party investment advisors that have agreed to pay a portion of their advisory fee to KFG. Clients are advised that there may be other third-party managed programs that may be suitable for the client that may be more or less costly. No guarantees can be made that the client's financial goals or

objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

GENERAL

Advice offered by KFG's associated persons may involve investment in mutual funds. Mutual funds may carry loads (i.e., sales charges) that may be up front or on a contingent deferred basis or be no-loads with no initial or contingent deferred sales charges. You are advised that associated persons are registered representatives of SAI, a registered broker/dealer and member FINRA/SIPC. Therefore, associated persons have a conflict of interest in recommending mutual funds that carry a load if you choose to implement transactions through the associated persons in their separate capacities as registered representatives since such mutual funds will pay the registered representatives a commission.

A conflict of interest may exist between the interests of KFG and/or its associated persons and the interests of you in that KFG and its associated persons offer financial planning and investment advisory services for a fee and also offer various securities products for which the associated persons may be paid a commission in their separate capacities as registered representatives. The securities products available through KFG may be limited to certain products that have been reviewed and made available for offering through the broker/dealer with which associated persons are registered representatives.

Lower fees for comparable services may be available from other sources. Material conflicts of interest have been disclosed to you in writing via this Form ADV Part 2 that could cause KFG or its associated persons to not render unbiased and objective advice. KFG does not maintain custody of your funds or securities.

You are advised that the advisory services, investment recommendations and advice offered by KFG is not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform KFG promptly of any changes in your financial situation or to your investment goals and objectives. Failure to notify KFG of any such changes could result in investment recommendations not meeting your needs.

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 KFG 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

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

- Individuals;
- High-Net Worth Individuals;
- Trusts, estates, or charitable organizations; and
- Retirement Plans.

Minimum Investment Amounts Required

For financial planning services, a minimum fee of \$50 will be charged if you contract for a single-needs analysis at an hourly rate. For retirement plan services, a minimum fee of \$2,500 will be charged.

The minimum investment required for the SEI Program is \$100,000.

SAA's recommended minimum investment amount for establishing and maintaining an FAP Account is \$25,000. Exceptions may be granted to these minimums upon request.

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

Methods of Analysis

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

Fundamental. 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.

Technical. A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Quantitative and Qualitative. A [financial analysis](#) technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Qualitative Analysis is analysis that uses subjective judgment based on non-quantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis is different than quantitative analysis, which focuses on numbers. The two techniques, however, will often be used together.

Investment Strategies

KFG 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.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

KFG Strategic Model Portfolio. This is an asset allocation strategy using analysis tools to construct the portfolio. The portfolio can be built using no-load mutual funds, exchange traded funds, or stocks. These portfolios are re-balanced quarterly.

KFG Dynamic and Tactical Model Portfolio. These are asset allocation strategies that use analysis tools as well as third party software (Virtual Portfolio Management). These portfolios can be built with mutual funds, exchange traded funds, or stocks and is traded on a discretionary basis when signals are received from VPM regarding market trends.

Use of Primary Method of Analysis or Strategy

KFG primarily uses fundamental and technical analysis. Some of the risks involved with using these methods of analysis include market risk, management risk, ETF and Mutual Fund Risk. These risks are described below.

KFG may frequently trade exchange traded funds, in accordance with our analysis. The frequent trading may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

Risk of Loss

KFG does not represent, warranty or imply that the services or methods of analysis used by it can or will predict future results, successfully identify market tops or bottoms or insulate you from losses due to major market corrections or crashes.

No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by KFG will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences. Managed account programs should be considered a long-term investment and thus long-term performance and performance consistency are the major goals.

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.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- 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

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Kevin Korhorn has not been involved in an arbitration award or otherwise found liable in an arbitration claim, civil, self-regulatory organization, or administrative proceeding.

Item 10 – Other Financial Industry Activities and Affiliations

KFG 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) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

Other Business Activities

KFG is affiliated with KFG Tax and Business Services, LLC (KFG Tax). Both KFG Wealth Management, LLC and KFG Tax and Business Services, LLC are wholly owned by Korhorn Financial Group, Inc. Kevin S. Korhorn, is the sole owner of Korhorn Financial Group, Inc. If you need assistance with tax preparation and/or bookkeeping services, you will be referred to KFG Tax but you are not obligated to use its services. If you elect to utilize the services of KFG Tax, fees charged for its services will be separate from the fees charged by KFG for advisory services. There is no fee sharing arrangement between KFG Wealth Management, LLC and KFG Tax for client referrals, although Kevin S. Korhorn may benefit from such referrals due to his ownership of Korhorn Financial Group, Inc.

If you need accounting services, associated persons of KFG Wealth Management, LLC may also refer you to Granger Tax & Accounting, LLC (Granger). You are advised that fees for accounting services are in addition to, and separate from, fees paid for advisory services. You will receive a billing notice from Granger. There is no fee sharing arrangement between KFG and Granger. You are not obligated to use the services of Granger.

KFG is affiliated with KFG Insurance Agency, LLC (KFG Insurance). Both entities are wholly owned by Korhorn Financial Group, Inc. Kevin S. Korhorn is the sole owner of Korhorn Financial Group, Inc. Therefore, Kevin S. Korhorn could benefit if you elect to purchase insurance products through KFG Insurance. You are not obligated to purchase insurance products through KFG Insurance, but may select any insurance agency or broker you wish.

Some of KFG’s associated persons are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may earn commissions on the insurance products sold.

Other Business and Financial Industry Affiliations

Although KFG’s primary activity is providing investment advice to clients, its associated persons are engaged in professions other than providing advisory services. As registered representatives and independently licensed insurance agents they may sell securities and insurance products to any client for commissions. You are under no obligation to purchase or sell securities or insurance products through the associated persons in these separate capacities. However, if you choose to implement the plan, the associated persons may earn commissions in addition to any fees paid for advisory services. Any commissions earned by the associated persons in their separate capacities as registered representatives or insurance agents are in addition to any advisory fees charged to you. You are not obligated to purchase securities or insurance products through the associated persons in these separate capacities. The associated persons spend approximately 50% of their time on securities and insurance matters.

KFG may use the services of SAA, a registered investment advisor, through its FAP when managing assets and, when doing so, SAA will receive a portion of the fees.

If it is determined that you need assistance with preparation of an estate plan, KFG's associated persons may recommend the assistance of unaffiliated law firms for these services. You are not obligated to use the services of recommended law firms. However, if you choose to work with a recommended law firm, you will pay fees for legal services directly to the law firm. Fees for KFG's services will be paid directly to KFG. No solicitor or referral fees are paid to KFG and/or recommended law firms for the referral of a client to a law firm.

Third-Party Money Managers

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

KFG may recommend clients work directly with third-party money managers. When KFG refers clients to a third party money manager, KFG will receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest in that KFG will only recommend third party money managers that will agree to compensate KFG by paying KFG 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. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in your interest. KFG and its associated persons have a fiduciary duty to all clients. KFG has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with KFG's Code of Ethics. The fiduciary duty of KFG and its associated persons to clients is considered the core underlying principle for KFG's Code of Ethics and represents the expected basis for all associated persons' dealings with you. KFG has the responsibility to make sure that your interests are placed ahead of its or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. Associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to you prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to you. This section is only intended to provide you with a summary description of KFG's Code of Ethics. If you wish to review KFG's Code of Ethics in its entirety, a copy may be requested from any of KFG's associated persons. A copy will be provided to you within five business days of KFG's receipt of your request.

Code of Ethics for CFP

In addition to abiding by our Code of Ethics, some of our representatives are Certified Financial Planners[™] (CFP[®]) and also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner[™] Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP[®] designees to not only comply with all applicable laws and regulations but to also act in an ethical and professional

responsible manner in all professional services and activities. The principles guiding CFP® designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from one of our representatives.

Affiliate and Employee Personal Securities Transactions Disclosure

KFG and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, KFG or its associated persons may have an interest or position in certain securities that are also recommended to, bought for or sold to you. KFG is and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Associated persons will not put their interests before your interests. Associated persons may not trade ahead of you or trade in such a way to obtain a better price for their accounts than for you. KFG maintains a list of all securities holdings for its associated persons. Further, associated persons are prohibited from trading on non-public information or sharing such information. You have the right to decline any investment recommendation. KFG and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable federal and state securities regulations.

Item 12 – Brokerage Practices

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

Upon receiving written authorization from you, KFG may manage your assets in the Fidelity, FAP, and SEI Program on a limited discretionary basis. When KFG manages your assets, KFG's discretionary authority is limited in that KFG will not have the authority to withdraw funds and/or securities from your accounts except when written authorization has been provided to have fees automatically deducted from your account and paid directly to KFG. In SEI accounts, discretionary authority will be limited to purchases and sales of no-load mutual funds except when other types of securities are transferred into the SEI Program account in kind, in which case said securities will be sold and the proceeds reinvested into no-load mutual funds.

KFG's associated persons are registered representatives of SAI, a full service broker/dealer, member FINRA/SIPC. When placing securities transactions through SAI in their capacity as registered representatives, they may earn sales commissions.

You are not obligated to use SAI as your broker/dealer and are free to use the broker/dealer of your choice. However, if you wish to have KFG's associated persons implement the advice in their separate capacities as registered representatives, then SAI will be used as the broker/dealer. SAI has a wide range of approved securities products for which it performs due diligence. SAI's registered representatives are required to adhere to these products when implementing securities transactions through SAI. The only exception to using SAI is for those accounts managed through the Fidelity Institutional Wealth Services asset management program.

Commissions charged for these implemented securities transactions may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Additionally, you may be assessed transaction fees charged by custodians and/or product sponsors in addition to commissions paid to registered representatives. These fees and expenses are separate and distinct from financial planning fees charged by KFG's associated persons.

As registered representatives, KFG's associated persons may receive trail commissions (i.e., 12b-1 fees) for a period of time. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. These 12b-1 fees come from fund assets and, therefore, indirectly from your assets. These fees and expenses will be fully explained in the fund's prospectus. The 12b-1 fees may be initially paid to SAI and a portion passed to the registered representatives. Receipt of such fees could represent an incentive for associated persons to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. Associated persons may receive such benefits, such as assistance with conferences and educational meetings by product sponsors assisting with the costs of such events.

KFG 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.

Handling Trade Errors

KFG has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of KFG to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by KFG if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. KFG may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

KFG will never benefit or profit from trade errors.

Block Trading Policy

Transactions implemented by KFG for client accounts are generally effected independently, unless KFG decides 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 KFG when KFG believes such action may prove advantageous to clients. When KFG 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 KFG determines to aggregate client orders for the purchase or sale of securities, including securities in which KFG 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, KFG does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

KFG suggests that financial planning clients have their financial plan reviewed and updated as needed at least annually. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. If you contract for comprehensive financial planning services, you will receive updates for one year with no additional charges. If you have not contracted for comprehensive financial planning services, you may be charged an advisory fee for additional updates. Generally, KFG's associated persons will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

Accounts managed at SEI are rebalanced at least quarterly. FAP and Fidelity Institutional Wealth Services accounts are reviewed at least quarterly. Accounts at third party money managers are reviewed when KFG receives statements from the managers, usually quarterly. You are advised that you should notify the associated persons promptly of any changes to your financial goals, objectives or financial situation as such changes may require the associated persons to review your portfolio and make recommendations for changes.

Statements and Reports

You will receive account statements at least quarterly from the account custodian. You will be provided with confirmations from the account custodian for each securities transaction executed in your individual account.

If you participate in the SEI Program, you will receive monthly or quarterly account statements, transaction ledgers and reports showing the investment performance of your account from SEI.

If you participate in FAP, you receive quarterly reports showing the investment performance of your accounts from SAA.

Item 14 – Client Referrals and Other Compensation

KFG has established relationships with other, non-affiliated investment advisors through which it will act as a solicitor referring clients to the other investment advisors' management programs. When soliciting for money managers, KFG will receive a portion of the fees paid to the money manager.

KFG may use the advisory, administrative and marketing services of SAA and SEI, registered investment advisors, when managing client assets in the SEI Program. When doing so, SAA will receive a portion of the fees charged to the client.

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.

KFG is deemed to have custody of client funds and securities whenever KFG is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody KFG 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 KFG 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 KFG. When clients have questions about their account statements, they should contact KFG or the qualified custodian preparing the statement.

When fees are deducted from an account, KFG is responsible for calculating the fee and delivering instructions to the custodian. At the same time KFG instructs the custodian to deduct fees from your account, KFG will send you an invoice itemizing KFG's advisory fee. Such itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Item 16 – Investment Discretion

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

If you have granted 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, KFG 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, if we are not able to reach you or you are slow to respond to our request, there may be an adverse impact on the timing of trade implementations for your account(s) 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 KFG so long as the limitations are specifically set forth or included as an attachment to the client agreement.

For Retirement Plan Services, KFG Wealth Management offers clients the following Discretionary Fiduciary Services:

- Default Investment Alternative Management. If this service is selected by the retirement plan, KFG Wealth Management will develop and actively manage qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for retirement plan participants who are automatically enrolled in the retirement plan or who otherwise fail to make an investment election.
- Investment Manager to Plan. KFG Wealth Management will meet with the named fiduciary of the retirement plan and/or his or her delegate for purposes of discussing approved asset classes for retirement plan assets. The named fiduciary of the retirement plan will select the approved asset classes. Under this service, KFG Wealth Management can provide the following (if selected by the retirement plan):
 - Based upon the asset classes approved by the retirement plan, KFG Wealth Management will provide discretionary management via model portfolios. KFG Wealth Management manages model portfolios which are investment options available to retirement plan participants. If a retirement plan has elected to include KFG Wealth Management's model portfolios as available options for the qualified retirement plan, then each retirement plan participant will have the option to elect or not elect the model portfolios managed by KFG Wealth Management and will be allowed to impose reasonable restrictions upon the management of each account by written instructions to KFG Wealth Management.
 - Based upon the asset classes approved by the retirement plan, KFG Wealth Management will monitor the investment options of the retirement plan and add or remove investment options for the retirement plan. KFG Wealth Management will have discretionary authority to make decisions regarding the investment options that will be made available to retirement plan participants.

If this service is selected by the retirement plan, KFG Wealth Management will exercise this discretionary authority under this service in accordance with objectives set forth by the named fiduciary of the retirement plan as may be amended from time to time and in accordance with

additional written guidelines and/or investment policies provided by named fiduciary of the retirement plan.

Unless otherwise directed by the named fiduciary, KFG Wealth Management will arrange for the execution of securities transactions for the retirement plan.

Item 17 – Voting Client Securities

KFG will not perform proxy voting services on your behalf. No assistance or guidance will be offered by KFG when it comes to proxy voting for or against a proposed action. You are encouraged to read any recommendation related to a particular proxy vote and come to your own conclusion.

Item 18 – Financial Information

This Item 18 is not applicable to this Disclosure Brochure. KFG 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, KFG has not been the subject of a bankruptcy petition at any time (*Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information*).

CUSTOMER PRIVACY POLICY NOTICE

KFG is committed to safeguarding the confidential information of its clients. KFG holds all personal information provided to it in the strictest confidence. KFG's associated persons may also be registered representatives of SAI, a registered broker/dealer that is not affiliated with KFG. KFG may also have relationships with other non-affiliated registered investment advisors, such as SAA, an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. In some instances, the client may choose to have KFG consult with the client's own attorney, accountant or other outside party for the purpose of preparing necessary accounting or legal paperwork necessary for the implementation of the client's financial plan. In these instances, KFG will provide information to the client's attorney, accountant or other outside party in connection with the advisory services provided only when the client authorizes KFG to consult with such parties. Except as required or permitted by law or when specifically directed by the client, KFG does not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of the client's confidential information, KFG will provide written notice to clients, and clients will be given an opportunity to direct KFG as to whether such disclosure is permissible.

AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY

Customer Information Collected. KFG collects and develops personal information about clients, and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from KFG. The categories of Customer Information collected by KFG depend upon the scope of the engagement with KFG and are generally described below. As an investment advisor, KFG

collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information KFG collects includes:

- Information KFG receives from clients on financial inventories through consultations with KFG's Associated Persons. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning client financial condition 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 KFG.

Data Security. KFG restricts access to Customer Information to those associated persons and employees who need the information to perform their job responsibilities within their scope of employment with KFG. KFG maintains agreements, as well as physical, electronic and procedural securities measures, that comply with federal regulations to safeguard Customer Information about clients.

Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts. To administer, manage and service client accounts, process transactions and provide related services for client accounts, it is necessary for KFG to provide access to Customer Information within KFG and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians, third-party service providers, and insurance companies. KFG may share Customer Information with KFG Insurance and with KFG Tax and Business Services. KFG Wealth Management, LLC (herein referred to as KFG), KFG Insurance, and KFG Tax and Business Services are all business entities wholly owned by Korhorn Financial Group, Inc. Kevin S. Korhorn, is the sole owner of Korhorn Financial Group, Inc. KFG may also provide Customer Information outside of KFG as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

Former Clients. If clients close an account with KFG, it will continue to operate in accordance with the principles stated in the Notice.

Requirements of Federal Law. In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties, other than as permitted or required by law, clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that KFG does not disclose Customer Information to non-affiliated third parties, except as permitted or required by law (e.g., disclosures to service client account or to respond to subpoenas) or when directed by the client to disclose such information.

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