

# DISCLOSURE BROCHURE

COVER PAGE  
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3  
FORM ADV PART 2A



*A Socially Responsible Investment Firm*

Firm CRD/IARD #: 132033

**Shelby Financial Group, Inc.**  
REGISTERED INVESTMENT ADVISOR

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## ITEM 1

This Disclosure Brochure provides information about the qualifications and business practices of Shelby Financial Group, Inc., which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Shelby Financial Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

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BROCHURE  
DATED  
1  
JANUARY  
2012

## MATERIAL CHANGES

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ITEM 2

There have been no material changes made to this document since the last revision date indicated on the cover of this Disclosure Brochure.

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## ADVISORY BUSINESS

### Who We Are

Shelby Financial Group, Inc. is a registered investment advisor<sup>1</sup> engaged in the business of offering socially responsible and environmentally conscious investment management services uniquely tailored to you, our client<sup>2</sup>. Investing in corporations sensitive to sustaining our planet's resources aligns your values and vision with the future of all humanity.

### Our History

Shelby Financial Group (hereinafter referred to as "the Company", "we", "us" and "our") was incorporated in July of 2004 as a Florida corporation offering socially responsible investment strategies.

### Owners

The Company is controlled by the following person:

Name	Title	CRD#
Cherie G. DiNoia	President & Chief Compliance Officer	3031506

### Assets Under Management

As of January 1, 2012, our assets under management totaled:

Client Discretionary Managed Accounts..... \$36,292,000

We do not offer non-discretionary investment management services.

### Our Mission

Our mission is to create a future where people have power over their own lives and destinies, all individuals have a chance to contribute; and the values of honoring human beings and nature flourish. We operate in honor of the success of the Human Family.

### What We Do

We manage wealth using socially responsible and sustainable investments while assisting you with making fiscally responsible and informed decisions on the complex financial options available in today's economic environment. We provide this service through:

- ❖ **Capital Appreciation Strategies** - Active investment management designed to yield superior investment returns that perform well in the current economic environment.

<sup>1</sup> The term "registered investment advisor" is not intended to imply that Shelby Financial Group, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are "Registered" as an "Investment Advisor" with the Florida Department of Financial Services, Office of Financial Regulation - and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> A client could be an individual and their family members, a family office, a foundation or endowment, a corporation and/or small business, a trust, a guardianship, an estate, another fiduciary or any other type of entity to which we choose to give investment advice.

- ❖ **Capital Preservation Strategies** - Balanced investment management designed to produce consistent, stable investment returns that do not fluctuate wildly with daily changes in the financial markets.
- ❖ **Retirement Living/Tax Implication Strategies** - Income producing investments designed to capitalize on investment returns that yield either a low tax base income or are tax exempt.
- ❖ **Socially Responsible Focus** - As part of the above investment strategies, we focus on companies and investment vehicles that promote a socially conscious culture, products and systems.

## How We Get to Know You

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As a new client, we will often engage you in a pre-advisory consultation to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience. In addition, we have you complete a profile questionnaire<sup>3</sup> to provide us a picture of your financial needs.

With the complexity of today's marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful portfolio management strategy and tailored asset allocation guideline.

Our meetings with you to discuss your finances will help to eliminate much of the guesswork in achieving the security and independence you desire and simplify your financial alternatives. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing concerns about the future;
- ❖ Cultivated peace of mind; and,
- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare an Investment Policy Statement that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This Investment Policy Statement will direct us in the management of your account(s), and as a standard against which to measure future results and to make modifications where necessary.

## Services We Offer

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### Portfolio Management

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We manage diversified portfolios of primarily equities (stocks) and debt instruments (bonds) that have been screened for their social and environmental impact, to achieve the best return on your investment capital relative to your investment parameters as outlined in your Investment Policy Statement. You will find further description of our management style under Item 8 below, "Methods of Analysis, Investment Strategies & Risk of Loss".

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<sup>3</sup> The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or chooses to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

## FEES & COMPENSATION

### Portfolio Management

Portfolio management is provided on an asset-based fee arrangement. Our management fee is calculated based on the aggregate market value of your account on the first business day of each new calendar quarter multiplied by one-fourth of the corresponding annual percentage rate (i.e.,  $2.00\% \div 4 = 0.50\%$ ).

We retain discretion to negotiate the management fee under 2.00% on a client-to-client basis depending on the size, complexity, and nature of the portfolio managed. Generally, fee breaks occur as assets in your portfolio increase past the following tiers:

Account Balance	Annual Fee Rates
Up to \$250,000 .....	2.00%
\$250,001 to \$500,000 .....	1.75%
\$500,001 to \$750,000 .....	1.50%
\$750,001 to \$1,000,000 .....	1.25%
\$1,000,001 to \$2,000,000 .....	1.00%
Over \$2,000,000 .....	0.90%

We generally require a minimum initial investment of \$100,000.00 to open a managed account; however, we retain the right to waive this minimum if we feel circumstances are warranted.

The portfolio management fee will be fully disclosed to you in an Investment Advisory Agreement prior to conducting any investment management services.

### Protocols for Portfolio Management

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; (iii) deposits and withdrawing funds from your account(s); and (iv) other fees charged to your account(s).

#### Discretion

We will establish discretionary trading authority on all Portfolio Management accounts to execute securities transactions at anytime without your prior consent or advice. However, you may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

#### Billing

Your account will be billed quarterly in advance based on the aggregate fair market portfolio value of the assets in your account on the first day of the new calendar quarter. For the first

billing quarter, if the management account was not opened at the beginning/end of the quarter, the fee will be based upon a pro-rata calculation of the fair market value of your assets to be managed for the period.

Advisory fees will be taken first from free credit balances or from any money market funds or balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balances of the account.

### Deposits and Withdrawals

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Assets deposited by you into your managed portfolio account between billing cycles will not result in additional management fees being billed to you unless such deposits exceed \$50,000. Such deposits of this amount or greater, in most cases, will require extensive modifications and adjustments to your investment strategy. Therefore, a pro-rated fee similar to what is disclosed above under "Billing" for new accounts may be assessed for deposits in excess of \$50,000.

For assets you may withdraw, we do not make partial refunds of your management fees. As with deposits, withdrawals may require modifications and adjustments to be made in the account to correct your allocation of assets.

### Fee Exclusions

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The above fees for all our management services are exclusive of any charges imposed by the custodial firm, such as: (i) any Exchange/SEC fees; (ii) service or account charges, including, debit balances or postage/handling fees; and/or, (iii) transaction fees earned by the custodial firm for securities transactions.

In addition, all fees paid to us for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees, redemption fees, account fees, purchase fees, and other sales load charges. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

### Termination of Portfolio Management Services

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To terminate investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination. Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last/first day of a calendar quarter, you shall be entitled to a pro-rated refund of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into affect. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

## TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in the Item 4, the “Advisory Business” section. Our minimum account size for portfolio management is disclosed above under “Portfolio Management” in Item 5 above in the, “Fees & Compensation” section of this Brochure.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Our Portfolio Management services are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. We combine your financial needs and investment objectives, time horizon, and risk tolerance, as outlined in your Investment Policy Statement, to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using primarily equities (stocks & preferred stocks) and debt instruments (bonds) with occasional mix of derivatives (options), certificates of deposit (CDs), real estate investment trusts (REITs), and exchange-traded funds (ETFs).

In addition, depending on your risk tolerance, we may also recommend using the following investment vehicles to achieve your desired investment objective: hedge funds and private placements. However, these investment vehicles bring on a whole different risk dynamic. If we recommend investment in one of these securities, we will discuss with you the limitations of such security and the potential risk factors to your portfolio.

### Methods of Analysis

In analyzing stocks, bonds, options, CDs, REITs, and ETFs we will use a combination of analysis techniques to gathering information and to guide us in our management decisions.

#### Fundamental Analysis

Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

#### Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.



## Cyclical Analysis

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Market cycles provide historic tried and true timing mechanisms to indicate turning points in future market prices. By tracking historic data through charts and graphs we can improve entry and exit timing strategies. Coupling cyclical analysis with technical analysis helps to ensure the most favorable buy/sell signal.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while technical analysis is short-term focusing on the statistics generated by market activity. Cyclical analysis provides us with historical data on market trends to focus our technical analysis for ideal entry/exit points.

## Investment Strategy

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We are not bound to a specific investment strategy or ideology for the management of your investment portfolio except for how such strategy might affect the risk tolerance levels we pre-defined for you during the getting-to-know-you process as well as in your Investment Policy Statement. However, our investment strategies generally incorporate these methodologies:

### Modern Portfolio Theory

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Modern Portfolio Theory ("MPT")<sup>4</sup> is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine your preferred level of risk then construct a portfolio that maximizes your expected return for that given level of risk. Our investment methodology follows five (5) basic premises, each of which is derived from MPT.

1. You, as with all clients, are inherently risk-averse.
2. The markets are basically efficient.
3. The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
4. For any level of risk that you are willing to accept, there is a rate of return that should be targeted.
5. Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to its correlating asset.

### Asset Allocation

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Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset Allocation derivatives that we may use.

We have developed four model portfolio structures that are used as Asset Allocation guideline models in designing investment portfolios. Each model consists of a different "target" Asset Allocation comprised of different asset classes<sup>5</sup> - spreading money among a variety of investments as opposed to investing in just one - creating a more prudent approach

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<sup>4</sup> Modern Portfolio Theory was developed and introduced by Harry M. Markowitz in his paper "Portfolio Selection" published in 1952 by the *Journal of Finance*.

<sup>5</sup> The different asset classes are: Large-Cap U.S. Value Stocks; Large-Cap U.S. Growth Stocks; Mid-Cap U.S. Value Stocks; Mid-Cap U.S. Growth Stocks; Small-Cap U.S. Value Stocks; Small-Cap U.S. Growth Stocks; International Stocks; Fixed Income, REITS, and Cash.

to managing risk. The investment mix is uniquely designed to achieve the desired investment return. The selected stocks, bonds, and other investment vehicles in your investment portfolio are diversified to reflect their risk profile.

Typical composition mix classifications:

Asset Allocation Model	Percentage of		
	Stocks	Bonds	Cash
Aggressive/Growth	90% - 100%	0% - 10%	0% - 10%
Balanced	40% - 60%	20% - 40%	0% - 10%
Conservative/Preservation of Capital	30% - 50%	20% - 40%	10% - 20%
Fixed/Income	0% - 10%	60% - 80%	10% - 20%

Such allocation guidelines are a representation of a typical account composition but should not be construed as absolute. Ultimately, the exact composition makeup and allocation of securities are determined by the client's investment parameters, which can compose a more detailed and/or complex structure.

## Managing Risk

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the market risk factor, which is made up of four primary risks:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we haven't defined could be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.

## DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report at this time that are material to your evaluation of our advisory business.

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

Certain of our supervised persons are licensed as resident life, health, and fixed annuity insurance agents by the State of Florida and may be licensed as non-resident agents in other states. Each agent is licensed to sell insurance-related products and earn commissions from the sale of these products.

More information about our supervised persons' and their affiliations can be found in their individual "Brochure Supplements".

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

### Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

### Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

### Participation or Interest

It is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Ms. Cherie G. DiNoia, and such investment is not in violation of any SEC and/or State rules and regulations.

## Class Action Policy

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

## Personal Trading

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative (RA), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Ms. DiNoia reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Trading Allocation" above) may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Ms. DiNoia to ensure that such activities do not impact upon your security or create conflicts of interest.

## BROKERAGE PRACTICES

ITEM 12

### Custodial Services

The Company has custodial arrangements with TD Ameritrade, Inc. ("TD Ameritrade"), a licensed broker-dealer (member FINRA/SIPC), through their division TD Ameritrade Institutional for investment advisors. TD Ameritrade offers us services which include custody of securities, trade execution, clearance and settlement of transactions.

Our recommendation for you to custody your assets with TD Ameritrade has no direct correlation to the services we receive from TD Ameritrade and the investment advice we offer you, although we do receive economic benefits through our relationship with TD Ameritrade that are typically not available to TD Ameritrade retail clients. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a dedicated trading desk; access to batch trading (which provides the ability to

aggregate securities transactions for execution and then allocate the appropriate shares to accounts); the ability to have advisory fees deducted directly from accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers.

We are not a subsidiary of, or an affiliated entity of TD Ameritrade. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from TD Ameritrade.

### Direction of Transactions and Commission Rates (Best Execution)

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We have a fiduciary duty to put your interests before our own. TD Ameritrade's advisory support services create an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with TD Ameritrade may have been influenced by these arrangements/services. This is not the case; we have select TD Ameritrade as the custodian of choice based on:

1. TD Ameritrade's competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. TD Ameritrade's general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with TD Ameritrade staff.

Since we do not recommend, suggest, or make available a selection of custodians other than TD Ameritrade, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved**. Therefore, **you do not have to accept our recommendation to use TD Ameritrade as your custodian**. However if you elect to use another custodian, we may not be able to provide you complete institutional services.

### Aggregating Trade Orders

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Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as "best execution") for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

## REVIEW OF ACCOUNTS

ITEM 13

Each account is reviewed on an ongoing basis to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary. In addition, you will receive at least quarterly statements from TD Ameritrade, Inc. where your account(s) are custodied. Each statement will summarize the specific investments currently held, the value of your portfolio and account transactions.

It is recommended that we review your account with you at least annually. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

### Referral Compensation

We do not receive any economic benefit from an independent party for managing any of our clients' accounts. In addition, we do not compensate persons/firms for client referrals.

### Other Compensation (Indirect Benefit)

The Company receives an indirect economic benefit from TD Ameritrade (See "Custodial Services" above under Item 12, "Brokerage Practices" for more detailed information on these services and products could be.).

### Insurance Compensation

For those management persons who are commissioned insurance agents, there is an incentive for them to recommend only those insurance products in which they will receive a commission. Consequently, loyalties could be divided and the objectivity of our advice could be subjective and create a disadvantage to you. Therefore, **you are under no obligation to purchase insurance products through us. You are free to choose any outside insurance agent to implement our insurance recommendations.** Keep in mind that regardless of the agent you select to purchase the insurance from, that person will be entitled to earn a commission from the sale.

## CUSTODY

ITEM 15

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with TD Ameritrade as indicated above in Item 12, "Brokerage Practices."

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. To protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ We report to the regulatory authority (the Florida Office of Financial Regulation) having jurisdiction over our advisory practice that we have custody.
- ❖ Your funds and securities will be maintained with a qualified custodian (TD Ameritrade) in a separate account in your name.
- ❖ Authorization to withdrawal our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.
- ❖ At the time we notify TD Ameritrade to withdrawal our quarterly fee from your account, we will send you a quarterly notice itemizing our fee. Itemization includes the formula used to calculate our fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

TD Ameritrade is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from TD Ameritrade to verify the accuracy and correctness of our reporting.

## INVESTMENT DISCRETION

ITEM 16

### Securities and Amount Bought or Sold

We have you complete our Investment Advisory Agreement which sets forth our authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

You may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## VOTING CLIENT SECURITIES

ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However if you have specific questions regarding an action being solicited by the proxy that you do not understand or you want clarification, you may contact us and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

## FINANCIAL INFORMATION

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ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$500.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

## REQUIREMENTS FOR STATE-REGISTERED ADVISERS

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ITEM 19

Information of each of our principal executive officers and supervised persons can be found in the attached Form ADV Part 2B: Brochure Supplements.

END OF DISCLOSURE BROCHURE



## FORM ADV: PART 2B

### BROCHURE SUPPLEMENT



## Shelby Financial Group, Inc.

1990 Main Street, PH 18  
Sarasota, Florida 34236

Tel: 941.925.7544  
Fax: 866.204.0767

### SUPERVISION

**Cherie G. DiNoia**  
Chief Compliance Officer

Phone:  
941.925.7544

e-mail:  
cherie@shelbyfinancialgroup.com

Ms. DiNoia is responsible for the leadership and direction of our advisory practice as well as ensuring the investment activities are being performed to your expectations.

Your account will be reviewed on an ongoing basis by Ms. DiNoia to ensure that your stated investment objectives and guidelines are being met. Any adjustments made to your predefined guidelines are dictated by your Investment Policy Statement.

BROCHURE SUPPLEMENT  
DATED

1

**JANUARY  
2012**

This Brochure Supplement provides information about Cherie G. DiNoia that is an accompaniment to the Disclosure Brochure for our firm, Shelby Financial Group, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Ms. DiNoia, you are welcome to contact us - our contact information is listed to the left.

Additional information about Shelby Financial Group, Inc. and Cherie G. DiNoia are also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Cherie G. DiNoia, CFP®

CRD#: 3031506

Year of Birth: 1973

### EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

#### Education

1995 - St. Louis University: Bachelor of Science in Business and Finance

#### Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)  
Series 63 - Uniform Securities Agent State Law Examination (Retired)  
Series 65 - Uniform Investment Advisor Law Examination (Active)

Insurance: 2-15 License - Florida Life, Health & Annuity Insurance

Designations: CERTIFIED FINANCIAL PLANNER™ (CFP®) Certification<sup>1</sup> - The CFP® designation requires one to meet education, examination, experience, and ethics requirements, and pay an ongoing certification fee. In addition, CFPs are required to meet rigid standards and annual continuing education requirements.

#### Business Background

07/2004 - Present .....Shelby Financial Group, Inc.  
Position: President & Chief Compliance Officer  
07/2000 - 07/2004 .....National Planning Corp.  
Position: Registered Representative  
02/1999 - 03/2000 .....Marine Concepts  
Position: Chief Financial Officer  
08/1988 - 02/1998 .....Aviation Material & Technical Support  
Position: International Sales/Finance

### DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

### OTHER BUSINESS ACTIVITIES

Ms. DiNoia is a licensed independent insurance agent. She will receive the normal commissions associated with insurance sales. This creates an incentive for Ms. DiNoia to recommend, should you inquire, those products in which she will receive a commission. Consequently, the objectivity of the advice rendered could be subjective and create a disadvantage.

To ensure you understand the choices and risks you have in receiving investment advice from Ms. DiNoia along with any recommendation on the purchase of insurance, the following disclosures are provided to assist you with your decisions:

- You are under no obligation to accept Ms. DiNoia's recommendation to purchase any insurance products. You are free to choose any independent insurance agent and insurance company to purchase your insurance. Regardless of the insurance agent from whom you select to purchase your insurance, he/she will earn the normal commission from the sale.
- Since Ms. DiNoia only offers financial products from those insurance companies in which she is appointed, such recommendations are limited to that pool of products. Therefore, it is possible that you might be able to purchase similar insurance products from a higher rated insurance company with equal or better performance at lower costs.

Notwithstanding such potential conflicts of interest, Shelby Financial Group, Inc. strives to act in your best interest and ensure disclosure is properly made to you in compliance with the Investment Advisor Act of 1940, Rule 275.206.

### ADDITIONAL COMPENSATION

Ms. DiNoia does not receive any economic benefit, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

### REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Ms. DiNoia has not been the subject of any bankruptcy petition at any time during the past ten years.

<sup>1</sup> Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.

## FORM ADV: PART 2B

BROCHURE SUPPLEMENT



### Shelby Financial Group, Inc.

1990 Main Street, PH 18  
Sarasota, Florida 34236

Tel: 941.925.7544  
Fax: 866.204.0767

#### SUPERVISION

**Cherie G. DiNoia**  
Chief Compliance Officer

Phone:  
941.925.7544  
e-mail:  
cherie@shelbyfinancialgroup.com

Ms. DiNoia is responsible for the leadership and direction of our advisory practice as well as ensuring the investment activities are being performed to your expectations.

Your account will be reviewed on an ongoing basis by Ms. DiNoia to ensure that your stated investment objectives and guidelines are being met. Any adjustments made to your predefined guidelines are dictated by your Investment Policy Statement.

BROCHURE SUPPLEMENT  
DATED

1

JANUARY  
2012

This Brochure Supplement provides information about Christian W. Spycher that is an accompaniment to the Disclosure Brochure for our firm, Shelby Financial Group, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Spycher, you are welcome to contact us - our contact information is listed to the left.

Additional information about Shelby Financial Group, Inc. and Christian W. Spycher are also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Christian W. Spycher

CRD#: 4724967

Year of Birth: 1955

#### EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

##### Education

1971 - Ecole de Commerce, Lausanne Switzerland: Bachelor of Arts in Accounting and Finance  
1990 - The University of Sarasota (Argosy University): MBA in Financial Management

##### Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)  
Series 65 - Uniform Investment Advisor Law Examination (Active)

##### Business Background

08/2004 - Present .....Shelby Financial Group, Inc.  
Position: Investment Advisor Representative  
10/2003 - 08/2004 .....National Planning Corp.  
Position: Registered Representative  
11/1986 - 06/2003 .....FCCI Insurance Group  
Position: Investment/Cash Manager

#### DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

#### OTHER BUSINESS ACTIVITIES

Mr. Spycher is not involved in any other business activities. Full focus of his attention is directed to meeting your investment needs.

#### ADDITIONAL COMPENSATION

Mr. Spycher does not receive any economic benefit, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

#### REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Mr. Spycher has not been the subject of any bankruptcy petition at any time during the past ten years.