



## THE DANIEL GROUP

### **The Daniel Financial Group, LLC**

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This brochure provides information about the qualifications and business practices of The Daniel Financial Group, LLC. If you have any questions about the contents, please contact The Daniel Financial Group at 678.672.1490 or [gsloan@danieladv.com](mailto:gsloan@danieladv.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 The Daniel Financial Group is available on the SEC website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 143592. Gregory S. Sloan's CRD number is 2657584.

### **Material changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. The Daniel Financial Group prepared this disclosure document – dated March 30, 2012 – according to these new requirements and rules. This narrative differs in form and content from the previous Form ADV; including information the SEC did not previously require registered investment advisors to disclose.

After filing this brochure, The Daniel Financial Group will provide its clients with a summary of new and/or updated information. The Daniel Financial Group will also inform clients of the revision(s) based on the nature of the updated information.

Consistent with the new rules, The Daniel Financial Group will ensure that clients receive a summary of any material changes to this brochure and subsequent brochures in a timely manner. The Daniel Financial Group will also provide other interim disclosures about material changes as necessary.

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## **Item 4**

### **Advisory business**

The Daniel Financial Group, LLC (The Daniel Group), founded in 2007, is a state-registered investment adviser headquartered in Duluth, Georgia. The Principal of The Daniel Group (TDG) is Gregory S. Sloan, CFP®. We are currently registered in the states of GA, NC, TN, FL, & TX. We also serve clients in MA, IL, CA, and DC. As of 3/30/2012, we were actively managing \$49,533,775 of clients' assets on a discretionary basis.

The investment advice provided by TDG focuses solely on the individual needs of the client. Through conversations, collection of financial information and assessment questionnaires, TDG documents a client's personal circumstances, individual objectives, risk tolerance, time horizons, liquidity needs, growth and income expectations, as well as income and estate tax considerations. When appropriate, we also review a client's prior investment history, along with family composition and background.

After establishing written investment policy guidelines and implementing the investment recommendations approved by the client, TDG investment team consistently reviews the portfolio using both manual and automated methods. The portfolio is rebalanced on an ongoing basis to consistently reflect the client's established guidelines.

Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Exchange-listed securities, Exchange-traded funds & Mutual fund shares
- Foreign issued securities
- Corporate debt securities [other than commercial paper]
- Municipal bonds & United States governmental securities

The Daniel Group does not manage or sponsor a wrap fee program.

### **Financial planning**

The Daniel Group may prepare and provide clients with written financial documents designed to help them achieve their financial goals and investment objectives in accordance with their financial and risk objectives. The preparation of such documents necessitate that the client provide TDG with personal data such as family records, budgeting, personal liability, estate information and additional financial goals. The overall financial planning process may include any or all of the following as appropriate or as requested and/or directed by the client: asset protection, tax preparation, tax planning, business succession, strategies for exercising employer issued stock options, cash flow, education planning, estate planning and wealth transfer, charitable gifting, long-term care and disability planning, retirement planning, insurance planning, asset allocation comparisons, and risk management. The financial planning process may include, as applicable, development of income, cash flow and net worth statements, estate analysis,

income tax planning and projections, asset allocation review, risk management analysis, and the preparation of a formal financial plan.

## **Item 5**

### **Fees and compensation**

#### *Financial Planning fees*

The Daniel Group's calculates a financial planning retainer fee based on the nature of the services and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a written agreement.

The financial planning retainer fee ranges from \$3,000 to \$20,000 annually. Hourly financial planning or investment consulting fees are \$275.

#### *Portfolio management services fees*

The annualized fee for investment advisory services is charged as a percentage of assets under management. TDG determines the fee quarterly, according to the following schedule:

<b>Assets under management</b>	<b>Annual fee</b>
First \$1,000,000	1.00% per year
Next \$2,000,000	.80% per year
Next \$2,000,000	.60% per year
Over \$5,000,000	.40% per year

If a client chooses to custody their investments other than at Fidelity, they are subject to an additional .10% fee. The minimum annual investment advisory fee is \$3,000, subject to the caveats in the grandfathering of minimum account requirements noted below.

#### *General information*

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason, upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be calculated and refunded at the end of the quarter of termination. The amount to be refunded will be the fee actually paid less the portion of that fee earned to the date of termination. Any work performed after the termination date will be calculated on an hourly basis and either deducted from the refund or invoiced directly to the client.

**Mutual Funds, Exchange Traded Funds and Separately Managed Account Fees:** All fees paid to TDG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETF's and separate account managers. These fees and expenses are described in each fund's prospectus and will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual

fund or exchange traded fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

*Additional Fees and Expenses:* In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s).

*Grandfathering of Minimum Account and Retainer Fee Requirements:* Pre-existing advisory clients are subject to TDG's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

*ERISA Accounts:* TDG is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

*Advisory Fees in General:* Clients should note that similar advisory services may be available from other registered investment advisers for similar or lower fees. Advisory fees are billed quarterly, in advance.

## **Item 6**

### **Performance-based fees and side-by-side management**

The Daniel Group does not charge performance-based fees nor does it receive any fees from any parties except our clients.

## **Item 7**

### **Types of clients**

The Daniel Group provides advisory services to the following types of clients:

- High-net-worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations

TDG has a minimum account requirement of \$250,000 per client relationship. TDG reserves the right to grandfather pre-existing advisory relationships that are below this minimum.

## **Item 8**

### **Methods of analysis, investment strategies and risk of loss**

#### *Methods of analysis*

The Daniel Group employs a top down investment approach based on Modern Portfolio Theory. A central tenet of MPT is that it is possible to increase risk-adjusted returns by constructing portfolios to contain a diversified basket of non-correlated asset classes. If the asset classes remain non-correlated, then it is likely that a decline in one asset class will be offset by a gain in another. By combining various classes of non-correlated assets into a well-diversified portfolio, it has been possible to achieve higher risk-adjusted returns over long holding periods.

Over shorter holding periods, and especially during times of financial stress, the correlations between various asset classes can converge. This convergence of correlations can diminish the benefits of diversification on which MPT relies. TDG utilizes a tactical overlay strategy to attempt to mitigate the impact of converging correlations among the various asset classes used to construct strategic, long-term portfolios.

TDG uses both fundamental and quantitative analysis techniques to develop an opinion on the prevailing risk/reward climate present in the capital markets. Although markets are largely efficient, TDG believes there are circumstances where tactical adjustments to long-term strategic allocations can add value over a more passive buy and hold strategy. Based on its assessment of the prevailing risk/reward climate, TDG may allocate up to 50% of assets to the tactical overlay. The tactical overlay can be more actively managed in an attempt to mitigate risk or capitalize on short-term pricing anomalies that may be identified from time to time in the capital markets.

#### *Strategic Portfolio Construction Process:*

The first step in designing a strategic client portfolio is to assess the client's individual goals and objectives, time horizon, and risk tolerance. TDG works with client's to achieve a comprehensive understanding of their unique financial situation.

The second step is to address the capital allocation question. Based on the client's unique financial situation as discovered above, TDG determines the appropriate amount of capital to maintain in relatively "risk-free" assets such as cash or Treasury Inflation Protected Securities. TDG also determines the appropriate amount of capital to be invested or put "at-risk" in the capital markets.

The third step in the process is to address the asset allocation question. This is the most important step in determining the long-term risk/reward characteristics of the portfolio.

Based on the client's unique financial situation and risk tolerance, TDG will determine the appropriate strategic mix of risky asset classes. TDG will use MPT tools and methods to determine, for example, the appropriate proportions to allocate among fixed income securities, domestic, foreign, and emerging market equities, commodities, real estate, and absolute return strategies.

The next step in the process is to address the security selection question. Here, TDG will determine the appropriate managers or securities to select in order to gain the proper exposure to the asset classes determined in the previous step. The selection process begins with a universe of more than 10,000 mutual funds, ETFs, and Separate Account Managers. The universe is then screened to include funds and managers with an attractive historical performance record.

Many investment advisors screen for performance based on arbitrary time frames such as 1, 3, or 5 year trailing returns. Using these arbitrary time frames can lead to misleading results. TDG goes beyond these arbitrary time intervals to analyze performance across full market cycles. The scope of analysis includes performance from one market peak to another or from one market trough to another. Full cycle analysis helps develop a better understanding of the long-term risk/reward profile of the fund or manager.

TDG then subjects the remaining funds or managers to a more rigorous fundamental analysis. The object of this analysis is to develop an understanding of why the funds have performed as they have in the past and to determine the likelihood that the funds will perform as expected in the future. This stage of the process includes both quantitative and qualitative analyses, and focuses on answering the following questions: What is the underlying strategy of the fund or manager? How is the strategy expected to perform in the current investment environment? Has the manager and strategy been consistent throughout the analysis period? What type of risk management process is utilized? To what extent is management invested in the strategy? Etc.

At this stage of the process, the number of funds and managers remaining to be analyzed has been reduced to a relatively small number. The next step in the strategic portfolio construction process is to analyze how this select group of funds and managers are likely to complement each other when combined into a diversified portfolio.

The final step in the process involves on-going monitoring and due diligence on the selected managers. TDG maintains a list of approved funds and managers. It monitors the performance of these managers both in absolute terms and relative to TDG expectations. TDG periodically updates the list to reflect the addition of new managers and the deletion or probation of existing approved managers.

Clients should understand that investing in securities involves risk including the loss of some or all of the value of a security or account. Clients should understand this risk and be prepared to bear this risk prior to investing. Clients should recognize that past performance is not indicative of future performance with respect to any security or account.

## **Item 9**

### **Disciplinary information**

The Daniel Group has no disciplinary events to disclose.

## **Item 10**

### **Other financial industry activities and affiliations**

The owner of The Daniel Group, Gregory S. Sloan, also owns Daniel Consulting, a business consulting firm created to serve business clients with strategic planning and other related business advice other than personal financial planning or investment advisory services.

Daniel Consulting currently only provides its services to advisory clients that are the principal or majority shareholders of their respective companies. Because TDG's advisory clients are the primary owners of these businesses, we believe this greatly reduces any conflict of interest in providing both advisory and business consulting services, due to the common ownership and common personal goals and objectives.

In the event that Daniel Consulting provides its services to companies where there is a minority shareholder or partner that is also an advisory client, Daniel Consulting will disclose its role and responsibility to such advisory client. Under these circumstances, we believe it will be best for TDG to sever the advisory relationship with such client or sever the business consulting services with such consulting client.

## **Item 11**

### **Code of ethics, participation or interest in client transactions**

The Code of Ethics adopted by The Daniel Group demands high ethical standards of business conduct by our employees and careful compliance with applicable federal securities laws. TDG believes we have a duty to our clients to be loyal, fair, and act in good faith. We accept the obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that form its foundation. Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Due to the nature of our client's positions as executives of publically-traded companies, we believe that it is possible to have any access to non-public information. As such, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [gsloan@danieladv.com](mailto:gsloan@danieladv.com), or by calling 678-672-1490.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (1) making decisions in the best interest of advisory clients and (2) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our firm and/or individuals



associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security which may also be recommended to a client.

No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12**

### **Brokerage practices**

The Daniel Group recommends that all clients establish brokerage accounts with Fidelity Investments, a FINRA registered broker-dealer, and SIPC member, to maintain custody of the client's assets and to effect trades for their accounts. Although we recommend Fidelity for operational efficiencies, it is the client's decision to choose their custodian. If a client chooses to custody their assets with another broker-dealer, the client is subject to additional fees from TDG. TDG is independently owned and operated and not affiliated with Fidelity Investments.

Fidelity does provide TDG with access to their institutional trading and custody services, which are typically not available to Fidelity retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. These services are not contingent upon our firm committing to Fidelity any specific amount of business (such as assets in custody or trading commissions.) Some of the services provided by Fidelity are beneficial to both the client and TDG in managing and administering a client's account. Examples of these services include:

- trade executions
- trade confirmations and account statements
- custody
- research, pricing and other market data
- access to certain mutual funds and other investments normally only available to institutional investors
- facilitation of the payment of TDG fees from a client's account

For our client accounts maintained in its custody, Fidelity generally does not charge separately for custody services but are compensated by account holders through commissions and other transaction-related fees for securities trades that are executed through Fidelity. TDG does not aggregate the purchase or sale of securities for multiple

client accounts. Each client's accounts are managed independently and for the unique needs of that client.

Fidelity also makes available to our firm other products and services intended to assist TDG in managing and developing our business enterprise. These products and services may not directly benefit any specific client accounts, but generally may be used to service all or a substantial number of our client accounts, including accounts not maintained at Fidelity. These services may include:

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers
- educational events

In evaluating whether to recommend clients custody their assets at Fidelity, we may take into account the availability of some of the previously listed products and services and other arrangements as part of the total mix of factors we consider. This could create a conflict of interest. TDG believes the receipt of additional services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

## **Item 13**

### **Review of accounts**

#### *Portfolio management services*

Reviews: These are performed quarterly and on an as-needed basis in response to client requests. Accounts are reviewed quarterly, at a minimum, by Greg Sloan, President. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Reports: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, TDG will normally provide portfolio performance reports four times per year summarizing account portfolio performance, asset allocation and portfolio balances.

#### *Financial planning services*

Reviews: While reviews may occur at different stages depending on the nature and particulars of each client, we typically review in detail and update each client's financial plan once per year.

Reports: TDG will typically create a comprehensive financial plan for each client in their first year with The Daniel Group. The content of the each client's financial plan will vary

according to the individual client's needs. Subsequent updates to the plan will be reported to the client in various formats and methods, as dictated by each client's individual circumstances.

## **Item 14**

### **Client referrals and other compensation**

The Daniel Group does not engage solicitors or pay related or non-related persons for referring potential clients to our firm. TDG does not accept or allow our employees or related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in connection with the advisory services we provide to our clients.

## **Item 15**

### **Custody**

The Daniel Group previously disclosed in the "Fees and Compensation" section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from the client's account. On at least a quarterly basis, but typically monthly, the custodian is required to send the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, TDG strongly recommends clients carefully review their custodial statements to verify the accuracy of the fee calculation and any other transactions. Clients should contact us directly if they believe there may be an error in their statement. In addition to the periodic statements that clients receive directly from their custodians, TDG may send portfolio statements directly to our clients throughout the year. TDG urges our clients to carefully compare the information provided on these statements to insure portfolio values are correct and current.

## **Item 16**

### **Investment discretion**

With a few exceptions, The Daniel Group clients are required to provide discretionary asset management authorization allowing us to place trades in a client's account without contacting the client prior to each trade to obtain permission. TDGp's discretionary authority includes the ability, without contacting the client, to determine the security to buy or sell; and determine the amount of the security to buy or sell. This discretion is limited to the guidelines set forth in each client's investment policy guidelines which are signed by the client and TDG.

## **Item 17**

### **Voting client securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

## **Item 18**

### **Financial information**

The Daniel Group collects financial planning and investment advisory fees quarterly. TDG does not require payment of fees more than six months in advance of services rendered. Therefore, TDG is not required to include a financial statement with this brochure.

TDG has not been the subject of a bankruptcy petition at any time. TDG has no additional financial condition to report that may cause a reasonable likelihood to impair our ability to meet our contractual obligations.

## **Item 19**

### **Personnel providing investment advice**

Gregory S. Sloan, CFP® received a Bachelor of Arts Degree in Finance, from Georgia State University in 1997 and a Masters of Business Administration from Georgia State University in 2002. He founded The Daniel Financial Group, LLC in 2007 and has served continually as President. He has also served as Chief Compliance Officer and Chief Investment Officer since the firm's inception.