
PART 2A OF FORM ADV: FIRM BROCHURE



SPECTRUM MANAGEMENT GROUP, INC.

March 26, 2014

Item 1 – Cover Page

Spectrum Management Group, Inc.
600 East 96th Street, Suite 130
Indianapolis, Indiana 46240
Tel: (317) 663-5600
Fax: (317) 663-5610
spectrum-mgmt.com

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF SPECTRUM MANAGEMENT GROUP, INC., AN INVESTMENT ADVISER REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (317) 663-5600. 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 SPECTRUM MANAGEMENT GROUP, INC. IS ALSO AVAILABLE ON THE SEC'S WEBSITE AT www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC OR NOTICE FILING WITH ANY STATE SECURITIES AUTHORITY DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

Item 2 – Material Changes

Part 2 of Form ADV requires a registered investment adviser to amend its Brochure when information becomes materially inaccurate. If there are any material changes to an adviser's Brochure, the adviser is required to notify its clients and provide them with a description of the material changes.

Generally, Spectrum Management Group, Inc. ("**SMG**") will notify its clients of material changes on an annual basis. However, where SMG's management determines that an interim notification is either meaningful or required, the company will notify its clients promptly and provide them with a summary of such changes.

Our Brochure may be requested at any time by contacting Leslie D. Thompson, Chief Compliance Officer ("**CCO**"), at (317) 663-5600 or LThompson@spectrum-mgmt.com. Regardless of the request or delivery mechanism, our Brochure is available free of charge.

Since SMG's last annual update on March 28, 2013, the following changes have occurred which may be considered material:

Updated Assets Under Management

The section of SMG's Brochure entitled "*Item 4 – Advisory Business*" has been revised to update SMG's assets under management as of December 31, 2013.

Participation in Schwab Advisor Network[®]

The section of SMG's Brochure entitled "*Item 14 – Client Referrals and Other Compensation*" has been revised to reflect SMG's participation in Charles Schwab & Co., Inc.'s Schwab Advisor Network[®] service, through which SMG receives client referrals from Charles Schwab & Co., Inc. in exchange for the payment of certain fees. These fees are paid by SMG and not the client.

The updated disclosures can be found under the applicable captions of this Brochure identified above.

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.....	4
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-by-Side Management.....	7
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss...	8
Item 9 – Disciplinary Information.....	14
Item 10 – Other Financial Industry Activities and Affiliations.....	14
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12 – Brokerage Practices.....	16
Item 13 – Review of Accounts.....	18
Item 14 – Client Referrals and Other Compensation.....	18
Item 15 – Custody.....	20
Item 16 – Investment Discretion.....	21
Item 17 – Voting Client Securities.....	21
Item 18 – Financial Information.....	22

Item 4 – Advisory Business

Spectrum Management Group, Inc., (“**SMG**”) has endeavored to provide highly-personalized, comprehensive wealth management strategies for growing, preserving and effectively transferring wealth and values for high net worth individuals and families, as well as providing investment management services to individual and institutional investors. Our mandate is to provide our clients unbiased advice that leads to clarity to achieve their goals by reducing complexity through seamlessly integrating investment management, income and estate tax planning, financial needs forecasting, charitable planning and other considerations unique to a client. We are our clients’ financial advocate, striving to organize and simplify life in such a way that maximizes the family’s enjoyment of their wealth now and in the future.

SMG is an Indiana corporation formed in March 2010, and has conducted business as an SEC-registered investment adviser since October 2010. The principal owners of SMG are Robert C. Phillips, Managing Principal and President of SMG, and Leslie D. Thompson, Managing Principal, Chief Financial Officer, CCO, and Secretary of SMG. Since 1997, Robert and Leslie have worked as a team serving the wealth management needs of their clients.

SMG has a standard minimum account size of \$2,000,000. Smaller accounts may be accepted based upon a number of factors including geographic considerations and related account relationships.

As of December 31, 2013, SMG had \$447,188,594 of discretionary assets under management and \$1,752,537 of non-discretionary assets under management.

Spectrum has segmented its service offering into three broad areas – Wealth Management Services, Investment Management Services and Consulting Services.

Wealth Management Services

SMG believes that financial planning is the keystone of successfully managing wealth. Our wealth management services, which SMG trademarked LifeSpectrum Planning™ is designed to build a framework for financial decision making. LifeSpectrum Planning™ entails an intensive data gathering process of the client’s current financial condition (including review of prior tax returns, investment holdings, insurance policies, estate documents and other relevant information), organizing the data, designing a financial plan to establish pre-defined goals, reporting the results of the plan, providing recommendations to fill any gaps that would prevent a client from reaching goals and assisting a client in implementing the plan. This service is designed to be an ongoing process of continual monitoring and refinement as circumstances dictate. However, it

remains the client's responsibility to promptly notify SMG if there is ever any change in the client's financial situation or objectives.

While SMG has Certified Public Accountants (CPA) on staff, neither SMG, nor any of its representatives, serve as an accountant or attorney when providing recommendations and no portion of SMG's services should be construed as the same.

SMG may recommend the services of other professionals for certain non-investment implementation purposes (e.g., attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from SMG. Please note that if a client engages any such recommended professional and if a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Inherent in SMG's Wealth Management Service offering is investment management. A summary of SMG's investment management services, which is available on a standalone basis, is addressed below.

Investment Management Services

SMG provides discretionary investment management services to clients on a fee-only basis. Those clients that do not wish to engage in the comprehensive nature of SMG's Wealth Management offering may hire SMG to manage their investment assets on a standalone basis.

SMG has developed a proprietary investment strategy called Dynamic Core. This strategy incorporates both a top-down and bottom-up view, utilizing both qualitative and quantitative tools and a variety of investment vehicles such as exchange traded funds (ETFs), individual equities, mutual funds, alternative investments, and private specialist managers, to achieve its goals. In addition to the Dynamic Core strategy, SMG manages an individual equity portfolio called SMG All Cap. A detailed summary of these two strategies as well as SMG's overall investment process can be found in "*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*," of this Brochure.

From time-to-time, a client may designate the desire to purchase a specific security. In such event, SMG will indicate the security as "non-managed" and rely upon the client's further recommendation for the removal or sale of such security from the client's account. SMG is not obligated to provide on-going monitoring or due diligence of such "non-managed" security.

Pension Consulting Services

SMG provides fee-only consulting services to plan trustees of ERISA-based plans. SMG acknowledges it is an ERISA investment fiduciary. As requested by the trustees, SMG will assist in developing an Investment Policy Statement for the plan. SMG assumes the responsibility of the following:

- Providing professionally selected investment alternatives and risk-based models and portfolio alternatives;
- Investment model customization including ongoing active portfolio management, which also includes monitoring, rebalancing and adjustments to model portfolios;
- Ongoing manager due diligence;
- Conducting enrollment and educational meetings for plan participants; and
- Coordination between plan sponsors and third-party administrators.

Other Services

While rare, SMG may provide certain limited-scope consulting engagements, which could include a one-time financial planning engagement, investment portfolio review, facilitate family meetings, business succession planning, and consulting with personal representatives in estate matters that relate to financial assets. The fees for this service are dependent upon the complexity of the service provided.

Item 5 – Fees and Compensation

SMG is compensated by charging its clients fees based upon a percentage of each client's assets under management. SMG is not compensated in any other manner for the advisory services it provides to clients. As a result, SMG is a "fee only" investment adviser. SMG's annual fees for services are based upon a percentage of assets under management according to the schedule below:

Portfolio Value	Annualized Percentage
First \$1,000,000.....	1.25%
Next \$2,000,000.....	1.10%
Next \$2,000,000.....	0.75%
Next \$5,000,000.....	0.60%
Over \$10,000,000.....	0.50%

In order to provide a high level of service to our existing clients, SMG has limited negotiability from the above fee schedule with new advisory relationships. Although SMG has established the aforementioned fee schedule, we retain the discretion to negotiate an alternative fee schedule on a client-by-client basis. The facts, circumstances and needs of each specific client are considered in determining the fee schedule. Such circumstances include the complexity of the client; assets to be placed under management; anticipated future additional assets under management; related accounts; and account composition, among other factors. The specific annual fee schedule is identified in the investment advisory agreement between SMG and each client. It should be noted that while the above fee schedule is our current stated fee schedule, existing clients may have an alternative schedule that was previously negotiated at a rate less than the above schedule.

SMG charges a minimum annual advisory fee of \$10,000 to each client. As such, our services may not be appropriate for clients with less than \$750,000 of assets under management. The above fee schedule does not include fees and expenses that may be charged by the account custodian, including, but not limited to: bid/ask spreads, transaction fees, redemption and short-term trading fees, and other transaction costs. For a discussion of brokerage arrangements that may be entered into by or on behalf of clients, see Item 12 of this Brochure captioned "*Brokerage Practices*." In addition, although unlikely, it is possible that certain alternative investment managers that SMG may recommend to clients charge performance-based fees, which will then be chargeable to the client.

Fees are billed quarterly, in advance, based on the custodial value of the client's account at the end of the previous calendar quarter multiplied by one-quarter of the applicable annual percentage rate. Should a client relationship be terminated during the middle of a calendar quarter, a prorated refund of prepaid advisory fees shall be returned to the client. The amount of any refund is calculated by dividing the most recent advisory fee paid by the total number of days in the current quarter and multiplying that figure by the number of calendar days remaining in the quarter following the date of termination. Typically, SMG deducts advisory fees automatically from a client's custodial account; however, clients may request to be invoiced instead.

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

SMG does not charge performance-based fees (fees that are based on a share of capital gains on or capital appreciation of the assets of the client). Additionally, SMG does not manage side-by-side accounts which charge performance-based fees and non-performance-based fees. Some investment advisers experience conflicts of interest in connection with side-by-side management of accounts with different fee

structures. However, these conflicts of interest are not applicable to SMG. Although unlikely, it is possible that certain alternative investment managers that SMG may recommend to clients charge performance-based fees, which will then be chargeable to the client.

Item 7 – Types of Clients

SMG's clients consist of high net worth individuals and their family members, business entities, qualified retirement plans, foundations, endowments and other charitable organizations.

Prior to engagement of a new client relationship, such relationship is evaluated whereby the fee is compared to the justification for the services provided. SMG charges a minimum annual fee of \$10,000 to each client. In certain situations, this fee may be higher than the general marketplace.

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

Methods of Analysis

SMG uses a variety of resources and methods to conduct its analyses in connection with providing its advisory services. Following is a description of these resources and methods.

Macro Analysis – SMG takes a “top-down” view on the global economy and allocates capital across multiple asset classes, based on a number of factors including valuation, risk and future opportunity.

Fundamental Analysis – SMG attempts to measure the intrinsic value of a security by looking at economic and financial factors including the overall economy, industry conditions and the financial condition and management of the company itself to determine if the relevant security is underpriced or overpriced. SMG evaluates many financial metrics focusing on a company's free cash flow and overall earnings growth.

Technical Analysis – SMG uses various technical indicators analyzing past price movements and applies analysis in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. SMG uses technical analysis and a quantitative system as the basis for transacting (either on the buy or sell side) in individual securities (ETFs, individual stocks, no-load or load-waived mutual funds). Utilizing a quantitative system creates the potential for sudden losses if the anticipated price swing does not materialize. Quantitative strategies often involve more frequent trading than a buy and hold strategy, which leads to an increase in brokerage

costs as well as the potential for less favorable tax treatment of short-term gains. If possible, SMG attempts to allocate purchases that have a high probability of being short-term in nature (less than one year) to tax-favored accounts.

Risks of All Forms of Analysis – SMG’s securities analysis methods rely on the assumption that the companies in whose securities we invest, the rating agencies that review these securities and other publicly-available sources of information about these securities are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investment Strategies

Investment Strategy – Dynamic Core

SMG has developed a proprietary investment strategy called Dynamic Core. This strategy incorporates both a top-down and bottom-up view, utilizing both qualitative and quantitative tools and a variety of investment vehicles to achieve its goals. This strategy dynamically manages the investment exposure to various asset classes. The strategy is designed to add exposure to risk assets (equities, fixed income, commodities, etc.) during periods of high probability of growth potential, which we term “Advance Mode” and reduce risk during periods of high probability of decline potential, which we term “Protect Mode”. The strategy actively uses cash as a hedge when in Protect Mode. During various points in time, the strategy may hold a large percentage of its assets in cash. Similarly, the strategy may not be diversified across various assets classes and could be concentrated in specific asset classes.

The strategy consists of a four-step investment process as reflected below:

1. Identify investment themes believed to be in a long-term positive price trend.
2. Determine the best method to invest and capitalize on the trend.
3. Use multiple analytical tools to assist in decision making and determine portfolio weightings.
4. Monitor investment behavior trends to enhance the investment decision process.

SMG primarily allocates client investment assets among various exchange traded funds (ETFs), individual equities, mutual funds, alternative investments and private specialist managers on a discretionary basis in accordance with the client’s objectives. Recommendations to certain alternative investment structures require the written consent of the client to engage in such structures. These types of structures typically

require an investor meet certain criteria to invest and require the investor to affirm that such criteria have been met and that they understand any restrictions for investing in such structures.

Implementation of Strategy in Client Portfolios. The Dynamic Core strategy is the central strategy of all client portfolios. The strategy is consistent in approach and underlying investment holdings across client accounts with few deviations as to a client's risk and return requirement and income tax considerations as addressed below.

Risk and Return Requirement. From the onset of a client engagement, a portfolio standard is established as to the percentage maximum exposure to the "equity sleeve" with the reciprocal exposed to the "fixed income sleeve". The percentage allocation is based upon a client's risk and return requirement and discussion. The "sleeves" are invested in various asset class and investment methodologies as determined through our four-step investment process addressed above. A dynamic overlay strategy is employed around the sleeves adding exposure to risk assets during periods of high probability of growth potential and reducing risk during high probability of decline potential. As such, our process is dynamic or tactical not strategic or static. While a maximum equity exposure is defined at the onset of a client engagement, the exposure could deviate up to a maximum of 5 percentage points above the stated goal should market conditions warrant such action.

Income Tax Considerations. SMG uses technical analysis and a quantitative system as an overlay strategy to our fundamental top-down and bottom-up research process. Quantitative strategies often involve more frequent trading than a buy and hold strategy, which leads to an increase in brokerage costs as well as the potential for less favorable tax treatment of short-term gains. If possible, we attempt to allocate purchases that have a high probability of being short-term in nature (less than one year) to tax-favored accounts.

We also consider a client's individual tax situation in making investment decisions. We attempt to maximize a client's after-tax return through selection of investments and/or asset classes that when considered against similar alternatives (e.g., taxable verses municipal bonds) could provide for a greater after-tax return.

Investment Strategy – SMG All Cap

SMG All Cap is an individual equity strategy managed exclusively by SMG. Our research process begins with a fundamental view of our focus universe, which are stocks traded on a U.S. exchange with a market capitalization greater than \$1 billion. Our screening process is designed to identify companies that have been experiencing relatively strong sales and earnings growth while placing a strong emphasis on a company's free cash flow and return on capital. We also may focus on companies in

industries that we believe have near-term favorable macro factors. The end objective of our screening process is to select approximately 30 stocks for potential investment. We incorporate a technical analysis overlay in determining entry and exit points for investment. Technical analysis and quantitative strategies often involve more frequent trading than a buy and hold strategy, which leads to an increase in brokerage costs as well as the potential for less favorable tax treatment of short-term gains.

Specialist Managers (Third-Party Money Managers)

SMG may recommend specialist managers in certain cases. When recommended, the use of specialist managers generally is focused in the fixed-income area (bonds). In analyzing a specialist manager, we examine the experience, expertise, investment philosophies, and past performance in an attempt to determine whether the manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions. We monitor the manager's performance against relevant benchmarks and universe taking into account risk-adjusted performance.

Risk Factors

All investment strategies, including the strategies of SMG described above, involve risk. Some strategies may be suitable only for certain clients who can bear the risk of loss of their entire investment. Clients should carefully consider the following risks and uncertainties regarding SMG's investment strategies. Clients should be cautioned that the following is only a summary of some, but not all, of the material risks associated with investing in securities.

Risk of Loss – General. Investing in securities involves risk of loss that clients should be prepared to bear. The profitability of recommendations made by SMG is dependent to a great extent upon correctly assessing the future course of price movements among investments. There can be no assurance that SMG will be able to predict those price movements accurately. Recommendations made by SMG are subject to certain risks, and loss of principal may occur. Past performance is not indicative of future results. SMG will manage client assets in a prudent manner; however, SMG cannot guarantee any level of performance or that clients will not experience a loss of account assets.

Stock Market Risk. Stock market risk involves the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. Investing in the stocks of small- and medium-sized companies involves greater risk than is customarily associated with companies with large market capitalizations. Stock of such companies may be subject to more volatility in price than large-cap company securities.

Foreign Securities Risk. Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investments in the securities of foreign business or governments.

Interest Rate Risk. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds (including bond mutual funds and bond ETFs) become less attractive relative to newly issued bonds, causing the market values of the existing bonds to decline. Alternatively, when interest rates fall, yields on newly issued bonds become less attractive relative to existing bonds, causing the market values of the existing bonds to rise. A bond with a longer maturity (or a bond fund with a longer average maturity) typically will fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

Credit Risk. Bonds (including bond mutual funds and bond ETFs) also are exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal to the bondholder. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. government, have limited credit risk, while securities issued or guaranteed by U.S. government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Bonds with lower credit ratings generally have higher yields associated with them.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, U.S. Treasury Bills are highly liquid, while real estate properties are not. Liquidity risk exists when a particular security is difficult to trade. A mutual fund's or ETF's investment in illiquid securities may reduce the returns of the mutual fund and ETF because the fund may not be able to sell the securities at the desired time for an acceptable price, or might not be able to sell the securities at all.

Call Risk. Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund

typically reinvests the proceeds at current interest rates, which would likely be lower than those paid on the security that was called.

Specialist Third-Party Manager Risk. To the extent SMG uses specialist third-party managers for a client's account, SMG will not have a role in the management of the client's third-party managed accounts and it will likely not have the opportunity to evaluate in advance the specific investments made by such third-party managers. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of the specialist third-party managers, and returns could be adversely affected by unfavorable performance by such managers. Further, SMG has no direct control over these specialist third-party managers to determine if they have developed appropriate systems and procedures to control operational risks.

ETFs and Mutual Funds. An investment in an ETF or mutual fund involves risk, including the loss of principal. ETF and mutual fund shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains as ETFs and mutual funds are required by law to distribute capital gains in the event they sell securities for a profit.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to the fund's stated daily per share net asset value ("**NAV**"), plus a shareholders' fee (e.g., transaction costs or early redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Alternative Investments Risk. Alternative investments, including, but not limited to, investment partnerships, alternative mutual funds, managed futures, and other private investment funds, may present unique risks. These risks may include decreased liquidity, limited transparency, and increased complexity, among others. Investing in alternatives, such as private investment funds, is intended primarily for experienced and sophisticated clients only who are willing to bear the high economic risks of the investment. Alternative investments typically use derivative instruments in their investment and trading strategies, such as options, futures, or index-based instruments. The use of derivative instruments involves multiple risks, including counterparty risk (i.e., the risk that the institution on the other side of the trade will default), as well as the risk that the instrument may not work as intended due to unanticipated developments in

market conditions. In addition, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment and trading strategies, the investment return may also vary as a result of fluctuations in the supply and demand of the underlying commodities. Further, alternative investments, and particularly hedge funds, typically employ leveraging, short-selling, or other speculative practices. These investments also typically involve a lack of liquidity because of redemption terms and conditions, the risk there may be not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the investment, a potential lack of diversification, higher fees than mutual funds, and lack of information regarding valuations and pricing. Each prospective client investor will be required to complete a subscription agreement with the private investment fund itself, pursuant to which the client investor will be required to represent that he, she, or it is eligible to invest in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. In particular, private investment funds have liquidity risk and client investors may not be able to redeem their investments per the offering documents' disclosures. In addition, SMG may recommend a particular fund to many clients, and a subsequent recommendation to terminate that fund from client portfolios may result in liquidity constraints impacting the redemptions of the fund. Each client should carefully review the alternative investment's offering document to understand the applicable risks.

Item 9 – Disciplinary Information

Registered investment advisers, including SMG, are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel. Neither SMG nor any of its associated persons has any reportable legal or disciplinary actions or events that must be disclosed in response to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither SMG nor any of its management persons are registered or have a pending application for registration as a broker-dealer. In addition, neither SMG nor any of its management persons are registered as, and do not have any application pending to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities.

Further, neither SMG nor any of its management persons have a relationship that is material to its advisory business with a related person that is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or

thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships.

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

As an SEC-registered investment adviser, SMG has adopted a Code of Ethics pursuant to SEC Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). The Code of Ethics applies to all members, principals, managers, officers, employees, and supervised persons of SMG. The Code of Ethics includes SMG’s policies as they relate to standards of ethical and business conduct expected of personnel and addresses various reporting, disclosure, and approval requirements, as well as conflicts that may arise from personal trading by personnel, as summarized below.

The Code of Ethics, among other things, requires compliance with the federal securities laws, reflects the fiduciary responsibilities of SMG and its advisory personnel, prohibits certain personal securities transactions, requires personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions, and addresses the prevention and misuse of material nonpublic information. SMG designed these requirements to prevent or mitigate actual or potential conflicts of interest with clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person or the person’s spouse, minor children or other dependents residing in the same household have an interest. Compliance with the Code of Ethics is a condition of employment.

In accordance with SEC rules relating to recordkeeping by investment advisers, SMG requires prompt reports of all securities transactions identified in the Code of Ethics as “Reportable Securities” transactions. SMG further requires that all brokerage account relationships be disclosed, that SMG receive duplicate confirmations of transactions and custodial account statements and annual certifications of compliance with the Code of Ethics from all access persons.

It is likely that employees and officers of SMG, and their family members, have similar investment strategies as SMG’s clients, which often results in the purchase or sale of the same security. In order to avoid any conflict of interest, all such trades are executed in a block trade with the average share price of the aggregate purchase or sale allocated to all participating accounts.

When SMG is purchasing or considering for purchase any security on behalf of a client, no employee may effect a transaction in that security prior to the completion of the

purchase or until a decision has been made not to purchase such security. Similarly, when SMG is selling or considering the sale of any security on behalf of a client, no employee may effect a transaction in that security prior to the completion of the sale or a decision has been made not to sell such security. These requirements are not applicable to (i) purchase or sales included within a block trade as noted above; (ii) direct obligations of the Government of the United States; (iii) money market instruments, bank certificates of deposit, commercial paper and any similar types of cash equivalent securities; (iv) shares issued by mutual funds and money market funds; and (v) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

The responsibilities of SMG's CCO (or designee) include overseeing the regular monitoring and verification of compliance of covered persons with the requirements of the Code of Ethics, and reporting material violations to SMG's senior management. Covered transactions of the CCO will be approved by another officer (or designee) of SMG. In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on Reportable Securities transactions. The CCO may recommend to management the imposition of more severe sanctions, including suspension of personal investing privileges, or termination of employment, in the case of certain types of violations.

SMG and its personnel do not purchase any securities for their own accounts from, or sell any securities for their own accounts to, clients of SMG.

A copy of SMG's Code of Ethics is available to any client or prospective client upon request.

Item 12 – Brokerage Practices

SMG's primary custody relationship is with Charles Schwab & Co., Inc. ("**Schwab**"). In special situations, a client may request an alternative custody and/or broker-dealer relationship, as further described below. Prior to engaging SMG to provide Wealth Management or Investment Management Services, the client will be required to enter into a formal Investment Advisory Agreement with SMG setting forth the terms and conditions under which SMG shall manage the client's assets and the services expected to be performed. A separate custodial/clearing agreement with each designated broker-dealer/custodian will also be required to allow SMG to effectively manage the client's assets.

Factors that SMG considers in recommending Schwab (or any other broker-dealer/custodian to clients) include the financial strength, reputation, execution capabilities, pricing, research, and service. SMG does not consider whether SMG or a related person receives client referrals from Schwab (or any other broker-

dealer/custodian) in selecting or recommending any broker-dealer or custodian. Although the commissions and/or transaction fees paid by SMG's clients shall comply with SMG's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where SMG determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although SMG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SMG's investment management fee.

SMG uses block trading where possible and when advantageous to clients. The blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts and allows SMG to direct trades in a more timely, efficient and equitable manner. The shares are allocated among the predetermined accounts with the specified number of shares. Participating accounts receive an average share price. Transaction costs are shared on a pro-rata basis. At Schwab, the client pays \$8.95 per trade. Certain ETFs carry no commission.

As referenced above, in special circumstances, a client may direct SMG to execute transactions through a particular broker-dealer, which must be identified in writing by the client to SMG (the "**Directed Broker**"). SMG retains all written instruments identifying Directed Brokers in its books and records. If a client directs SMG to use a Directed Broker, the client must represent and warrant to SMG that the client has separately arranged with the Directed Broker to provide the applicable custody, trade execution, clearance, settlement, and other brokerage services to client in exchange for rates of commissions, commission equivalents, mark-ups, markdowns, and other fees that the client has negotiated directly with the Directed Broker. If the client instructs SMG to execute all transactions through a Directed Broker: (i) SMG will not be in a position to freely negotiate rates of commissions, commission equivalents, markups, markdowns, or spreads; (ii) SMG may be unable to achieve the most favorable execution of the client's transactions; (iii) the directed brokerage arrangement may result in higher commissions, commission equivalents, markups, and markdowns, greater spreads, or less favorable net prices than might be the case were SMG empowered to negotiate these freely; (iv) a disparity may exist between the commissions, commission equivalents, markups, markdowns, spreads, or net prices paid by the client and those paid by other clients managed by SMG that have not instructed SMG to execute

through a Directed Broker; and (v) the client's transactions generally will not be aggregated for purposes of execution with orders for the same securities for other accounts managed by SMG.

Currently, SMG does not have any soft dollar arrangements.

Item 13 – Review of Accounts

SMG monitors investment portfolios as part of an ongoing process with formal reviews conducted at least quarterly. The technology that SMG employs to monitor client portfolios allows for the daily review of accounts with focus on deviations of the existing portfolio with the client's model objective. The primary reason for a deviation from the model objective is the contribution or withdrawal of cash from the portfolio. SMG establishes predefined thresholds in determining whether a client's portfolio has deviated from their model objective and requires immediate review.

For Wealth Management clients, SMG typically meets with clients two to four times a year. During these meetings, any updates to a client's financial plan are addressed and the investment portfolio is discussed. Because the planning system that SMG employs to maintain financial plans allows for data aggregation from various custodians outside of SMG's advisory scope, SMG often is in possession of current data allowing SMG to provide timely advice.

For Investment Management only clients, SMG typically meets with clients one to two times a year. During these meetings, SMG reviews the investment portfolio as well as addresses any changes in the client's situation that may impact the management of the portfolio and to determine if the current strategy should be altered.

Regardless of the meeting cycle, clients are welcome to schedule additional meetings as necessary. Clients are required to notify SMG of any changes in their financial situation, which would have an impact on the management of their assets or prior recommendations.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian.

Item 14 – Client Referrals and Other Compensation

SMG is required to disclose any relationship or arrangement where it receives an economic benefit from a third-party for providing advisory services. SMG currently does not receive any such benefits from third parties.

SMG receives client referrals from Schwab through SMG's participation in the Schwab Advisor Network® (the "Service"). The Service is designed to help investors find an

independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with SMG. Schwab does not supervise SMG and has no responsibility for SMG's management of clients' portfolios or SMG's other advice or services. SMG pays Schwab fees to receive client referrals through the Service. SMG's participation in the Service may raise potential conflicts of interest described below.

SMG pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab, and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by SMG is a percentage of the fees the client owes to SMG or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. SMG pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to SMG quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by SMG and not by the client. SMG has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs SMG charges clients with similar portfolios who were not referred through the Service.

SMG generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees SMG generally would pay in a single year. Thus, SMG will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of SMG's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, SMG will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit SMG's fees directly from the accounts.

For accounts of SMG's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from SMG's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, SMG may have an incentive to cause trades to be executed through Schwab rather

than another broker-dealer. SMG, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for SMG's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Item 15 – Custody

Rule 206(4)-2 under the Investment Advisers Act of 1940 (the “**Custody Rule**”) (and certain related rules and regulations under that Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has a beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them. While SMG does not take actual possession of client funds or securities, SMG is deemed to have custody of client funds and securities because it has the ability to deduct fees directly from clients' accounts, if so authorized by the client.

SMG is required to maintain the funds and securities over which it has custody (except for securities that meet the privately offered securities exemption in the Custody Rule) with a “qualified custodian,” which include banks, registered broker-dealers, registered futures commission merchants, and certain foreign financial institutions. The Custody Rule also imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients and surprise verification examinations by an independent registered public accountant relating to such clients' funds or securities. However, an adviser that is deemed to have custody solely as a result of having authority to deduct fees from client accounts is not required to undergo a surprise examination.

Clients are provided with written transaction confirmation notices and regular written summary account statements directly from the custodian. Typically, such communications will occur on a monthly basis; however, certain custodians may provide this information on a quarterly basis. SMG may also provide a written periodic report summarizing account activity and performance. The custodial statements are the official record of the client's account value and clients should carefully review those statements. Clients are urged to compare the account statements they receive from the custodian with any written periodic report provided by SMG summarizing account activity and performance.

Item 16 – Investment Discretion

SMG receives discretionary authority from its clients at the outset of an advisory relationship. This includes the authority to liquidate the previous holdings of the client, and make decisions as to the appropriate allocation of assets among various asset classes and types of investment products. SMG is considered to exercise investment discretion over a client's account if it can effect transactions for the client without having to seek the client's consent. SMG is given this authority through an express grant of discretionary authority to SMG by the client and a power-of-attorney included in the investment advisory agreement between SMG and the client. Clients may make a written request for limitation on this authority (such as certain securities not to be bought or sold). SMG takes discretion over the following activities: the securities to be purchased or sold; the quantity of securities to be purchased or sold; when transactions are made; and the broker-dealer to be utilized.

Specialist third-party investment managers will have full investment discretion with respect to the designated portion of the assets, including the authority to place securities for execution and select brokers, dealers or other agents through which transactions for the client's portfolio will be effected. In all cases, such discretion is to be exercised in a manner consistent with the client's stated investment objectives, investment policies, limitations and restrictions.

Item 17– Voting Client Securities

With the exception of specific accounts invested in the SMG All Cap Strategy or accounts managed by a specialist third-party investment manager, SMG does not have authority to and does not vote proxies or otherwise exercise voting rights with respect to a client's securities. Except as otherwise disclosed herein, 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 types of events pertaining to the client's investment assets. As part of the account opening process, SMG and the client instruct the custodian to forward to the client copies of all proxies and shareholder communications relating to the client's account. As such, clients will receive any proxies or other solicitations directly from their custodian. Client may contact SMG to discuss any questions they may have with a particular solicitation.

SMG All Cap Strategy

SMG may vote proxies for client accounts that are invested pursuant to the SMG All Cap Strategy. However, a client has the right to vote their proxies by instructing SMG in

writing to not vote proxies for securities in their account. SMG has engaged Broadridge for its ProxyEdge service utilizing the voting recommendations of Glass Lewis & Co., LLC ("**Glass Lewis**"). This service researches proxy proposals, provides recommendations and votes proxies on behalf of SMG. SMG has adopted Glass Lewis's Proxy Voting Guidelines, which are hereby incorporated by reference.

SMG's CCO is responsible for monitoring the proxy voting process. The CCO strives to ensure that ProxyEdge is making voting decisions in the best interest of clients and that proxy votes are submitted in a timely manner. If SMG exercises proxy voting rights, it will be guided by general fiduciary principles and such voting rights will be exercised by SMG in a manner believed to be in the best interests of its clients and consistent with efforts to achieve a client's stated objective. When investment advisers have authority to vote proxies with respect to securities in clients' accounts, Rule 206(4)-6 under the Advisers Act addresses the fiduciary obligation of these advisers to their clients to vote proxies in the best interests of clients and to provide clients with information about how their proxies are voted. SMG will follow the principles set forth in Rule 206(4)-6.

If it is determined that a conflict or potential conflict exists between SMG's interests and those of its Clients, SMG may vote proxies notwithstanding the existence of the conflict. If it is determined that a conflict of interest or potential conflict of interest is material, SMG's CCO will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

A client may obtain a copy of SMG's proxy voting policies and procedures, and information about how SMG voted any client's securities invested pursuant to the SMG All Cap Strategy, by making a request in writing to SMG's CCO, 600 E. 96th Street, Suite 130, Indianapolis, Indiana 46240.

Specialist Third-Party Investment Managers

Unless instructed in writing by a client, all proxies solicited by, or with respect to, the issuers of securities in the portfolio by a specialist third-party investment manager will be voted by or in accordance with instructions from such manager.

Item 18 – Financial Information

Under certain circumstances, registered investment advisers are required in this item to provide you with certain financial information or disclosures about the adviser's financial condition. However, SMG does not take physical custody of its clients' assets and it does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, SMG is not required to include a financial statement with this Brochure.

SMG has no financial conditions or impairments that prevent it from meeting its contractual commitments to clients. Additionally, neither SMG nor any person associated with SMG has been the subject of a bankruptcy petition at any time during the past ten years.