

**FORM ADV PART 2A APPENDIX 1 - WRAP FEE PROGRAM BROCHURE  
ITEM 1 - COVER PAGE  
MARCH 2016**

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**RFG Advisory Group's Wrap Fee Program**

**Sponsored By:**

**RFG ADVISORY GROUP, LLC**

**1400 URBAN CENTER DR., SUITE 475  
VESTAVIA HILLS, AL 35242**

**FIRM CONTACT: VICTORIA A. SCOLES, CHIEF COMPLIANCE OFFICER**

**[WWW.RFGADVISORY.COM](http://WWW.RFGADVISORY.COM)**

**FIRM CRD# 158401**

This wrap fee program brochure provides information about the qualifications and business practices of RFG Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Victoria A. Scoles, by telephone at (314) 699-9241. 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 RFG Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note use of the term "registered investment adviser" and description of RFG Advisory Group, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which advise you for more information on the qualifications of our firm and its employees.

## ITEM 2 - MATERIAL CHANGES

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RFG Advisory Group, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure ("Wrap Brochure") from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Please note we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure.

Annual Amendment Filing Date: 02/27/2015

Since our last annual amendment filing, our firm has the following material changes to disclose:

- Victoria A. Scoles has been named Chief Compliance Officer.

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## ITEM 4 - SERVICES, FEES AND COMPENSATION

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A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This may result in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

### **Our Wrap Advisory Services**

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#### **Wrap Fee Program: Comprehensive Portfolio Management**

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least annually. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Our annual fees for our Wrap Fee Program shall be based on the market value of the assets under management and shall be calculated at up to 2.65% of all assets under management. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. LPL will make quarterly adjustments for deposits and withdrawals in client accounts. All accounts managed by RFG Advisory Group, LLC whereby LPL Financial is the custodian, will be charged a maximum additional fee of 0.20% for administrative fees. This does not apply to accounts held at third party managers.

You may pay charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee

program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded. Advisors are further incentivized to recommend our firm's Focus and RiskPro Models, which are described in Item 6 under Methods of Analysis and Investment Strategies, as they may have lower overhead costs than other portfolios from which advisory representatives benefit. In spite of these conflicts of interest, our investment advisory representatives will always place clients' best interest ahead of their own.

## **ITEM 5 - TYPES OF CLIENTS**

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We service individuals, high net worth individuals, trusts, estates or charitable organizations, pension and profit sharing plans, banking and thrift institutions, corporations, limited liability companies and/or other business types.

Our firm has the following minimum account requirements:

- A minimum account value of \$25,000 is required for Focus Plus Portfolios Program.
- A minimum account value of \$200,000 is required for Focus Plus Enhanced Portfolios Program.
- A minimum account value of \$25,000 is required for Focus 3 Portfolio Program.
- A minimum account value of \$25,000 is required for Focus Select Portfolios Program.
- A minimum account value of \$25,000 is required for all RiskPro models.

All minimums are required, unless prior authorization for an exception has been given by our firm.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

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### **Selection of Portfolio Managers**

Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed investment adviser representatives ("IAR"s) of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

Performance returns of wrap portfolios managed by outside portfolio managers are reviewed at least annually. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately positioned based on market conditions. If these standards fall below the client objectives, our firm will discuss the review with the portfolio manager for proactive action to realign the investment strategy.

**Advisory Business:**

We offer individualized investment advice to our wrap fee program clients. We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

**Performance-Based Fees & Side-By-Side Management:**

We do not charge performance based fees.

**Methods of Analysis, Investment Strategies & Risk of Loss:**Methods of Analysis:

*Charting.* In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

*Fundamental Analysis.* We attempt 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 company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis.* We analyze past market movements and apply that analysis to the present 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. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

*Cyclical Analysis.* In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Investment Strategies we use:

*Long-term purchases.* When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

*Short-term purchases.* When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

*Trading.* We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

*Short sales.* We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

*Margin transactions.* We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

*Option Transactions.* We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires. We will use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors. The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

*RiskPro Super Model Portfolios Program.* RiskPro Super Model Portfolios Program. RiskPro Super Models offer clients an asset allocation program, using mutual funds, exchange-traded funds (ETFs) and stocks which is developed in conjunction with RiskPro and managed by our firm.

The client's advisor will assist the client in setting an appropriate investment objective and will assist the client in determining the suitability of RiskPro Super Models. The client will authorize RFG Advisory on a discretionary basis to purchase and sell securities held in their account. The client will also authorize RFG Advisory to periodically rebalance the asset allocation model portfolio selected from the RiskPro Super Model Portfolios.

RiskPro Super Models may include the RFG Advisory Focus models. RiskPro provides trade signals and other research to assist RFG Advisory in its implementation in the Super Models. RFG advisory will exercise its discretion and determine whether such trade signals will be executed in client accounts.

RiskPro is conflicted in that they receive compensation from the securities they make available in the models. It is our responsibility to ensure that such trade instructions serve our clients' best interest.

A minimum account value of \$25,000 is required for RiskPro Super Models unless advisor receives prior authorization for an exception by RFG Advisory.

### **RFG Advisory Focus Models**

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Our firm may place client accounts in one of the following proprietary investment strategies managed by our firm:

#### **Focus Plus Portfolios Program (FP)**

Focus Plus Portfolios offers clients an asset allocation program using mutual funds and exchange-traded funds (ETFs) managed by RFG Advisory. The client's advisor will assist the client in setting an appropriate investment objective and will assist the client in determining the suitability of Focus Plus. The advisor will have discretion in selecting the appropriate asset allocation model portfolio from the Focus Plus Portfolios consistent with the client's stated investment objective.

The client will authorize RFG Advisory on a discretionary basis to purchase and sell mutual funds and ETFs. The client will also authorize RFG Advisory to effect rebalancing for the asset allocation model portfolio selected from the Focus Plus Portfolios.

RFG Advisory is responsible for selecting the mutual funds and ETFs within a model portfolio and for making changes to the mutual funds and/or ETFs selected. A minimum account value of \$25,000 is required for Focus Plus unless advisor receives prior authorization for an exception by RFG Advisory.

#### **Focus Plus Enhanced Portfolios Program (FPE)**

Focus Plus Enhanced offers clients an asset allocation program using mutual funds, exchange-traded funds (ETFs) and stocks managed by RFG Advisory. The client's advisor will assist the client in setting an appropriate investment objective and will assist the client in determining the suitability of Focus Plus Enhanced. The advisor will have discretion in selecting the appropriate asset allocation model portfolio from the Focus Plus Enhanced Portfolios consistent with the client's stated investment objective.

The client will authorize RFG Advisory on a discretionary basis to purchase and sell mutual funds, ETFs and stocks. The client will also authorize RFG Advisory to effect rebalancing for the asset allocation model portfolio selected from the Focus Plus Enhanced Portfolios.

RFG Advisory is responsible for selecting the mutual funds, ETFs and stocks within a model portfolio and for making changes to the funds and/or stocks selected. A minimum account value of \$200,000 is required for Focus Plus Enhanced unless advisor receives prior authorization for an exception by RFG Advisory.



### **Focus 3 Portfolio Program (F3)**

Focus 3 offers clients a tactical asset class rotation program using exchange-traded funds (ETFs) managed by RFG Advisory. The client's advisor will assist the client in setting an appropriate investment objective and will assist the client in determining the suitability of Focus 3.

The client will authorize RFG Advisory on a discretionary basis to purchase and sell ETFs. The client will also authorize RFG Advisory to effect rebalancing for Focus 3.

RFG Advisory is responsible for selecting the ETFs within the portfolio and for making changes to the ETFs selected. A minimum account value of \$25,000 is required for Focus 3 unless advisor receives prior authorization for an exception by RFG Advisory.

### **Focus Select Portfolios Program (FS)**

Focus Select offers clients a mutual fund asset allocation program managed by RFG Advisory. The client's advisor will assist the client in setting an appropriate investment objective and will assist the client in determining the suitability of Focus Select.

The client will authorize RFG Advisory on a discretionary basis to purchase and sell mutual funds. The client will also authorize RFG Advisory to effect rebalancing for the Focus Select Portfolios.

RFG Advisory is responsible for selecting the mutual funds and for making changes to the funds and/or stocks selected. A minimum account value of \$25,000 is required for Focus Select unless advisor receives prior authorization for an exception by RFG Advisory.

### **Please note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Voting Client Securities:**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future.

### **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER(S)**

Our investment adviser representatives (IARs) work with you directly to understand your current financial situation, existing resources, financial goals, and tolerance for risk. Our firm urges you to communicate to us any significant changes to your financial or personal circumstances, so that we can consider such information in managing your investments.

Our IARs also communicate with your portfolio manager(s) on a regular basis as needed to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, our IARs will communicate such information as part of their regular investment management duties. Nevertheless, our IARs will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGER(S)**

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Our firm does not place restrictions on the client's ability to contact and consult their investment advisor representative.

#### **ITEM 9 - ADDITIONAL INFORMATION**

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We have determined that our firm and management have no disciplinary information to disclose.

Our firm offers many services through its network of investment advisory representatives. IARs may conduct advisory services under a trade name (i.e. "Doing Business As" or "DBA ") or other corporate structure that is held out to the public for marketing purposes. RFG Advisory Group, LLC does not have any ownership interest in the IAR's trade name or other corporate structure.

We have the following financial industry activities and affiliations to disclose:

- a. Our Investment Adviser Representatives are also registered representatives with LPL Financial, Member FINRA/SIPC. They may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn and may not necessarily be in the best interests of the client. Clients are not required to purchase any commissionable products from our firm's representatives.
- b. Our firm will maintain tri-party relationships with financial institutions in order for clients of those institutions to be introduced and advised by our firm through service provided by LPL Financial. All three parties will share advisory fees. The financial institutions will not have any affiliation with our firm or our associated persons.
- c. Some of our firm's supervised persons are licensed insurance agents. As such, they may have an incentive to sell and recommend insurance products to clients. When such recommendations or sales are made, a conflict of interest exists as our supervised persons may earn insurance commissions for the sale of those products, which may create an incentive to recommend such products and may not be in the best interest of the client. Clients are under no obligation to purchase insurance products from our supervised persons.

#### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting process for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Review of Accounts**

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Our management personnel and Investment Adviser Representatives ("IARs") review accounts on at least an annual basis for our clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We provide written reports to clients, upon request. Verbal reports to clients take place on at least an annual basis when we contact clients. LPL Financial will provide clients quarterly performance reports to clients.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

### **Client Referrals & Other Compensation**

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We shall recommend LPL Financial. LPL is the broker-dealer and investment adviser with which our representatives are also associated. As a result of the individual association of our representatives with LPL, we are generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. We may receive from LPL, without cost and/or at a discount support services and/or products, assistance to better monitor and service client accounts. We may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

In order to help facilitate the transition of clients to LPL Financial's custodial platform, some of our IARs received transition support from LPL Financial in the form of a forgivable loan. The amount of the upfront loan represents a substantial payment and forgiveness of the loan and accrued interest is contingent upon the IARs' continued association with LPL Financial as a registered representative for the duration of the loan. Although the loan does not require that our IARs maintain a certain level of client assets with LPL Financial, this presents a conflict of interest in that our IARs have a financial incentive to maintain a relationship with LPL Financial in order to benefit by having the loan forgiven. However, to the extent that our IARs recommend that clients use LPL Financial, it is because the IARs believe that it is in the clients' best interests to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

## **Financial Information**

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We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.