

**ITEM 1. COVER PAGE FOR PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE  
DATED: SEPTEMBER 13, 2012**

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**RFG ADVISORY GROUP, LLC  
1100 CORPORATE DRIVE, SUITE 100  
BIRMINGHAM, AL 35242  
P: (205) 397-2450**

**FIRM CONTACT: JON B. DIXON, CHIEF COMPLIANCE OFFICER  
FIRM WEBSITE ADDRESS: [WWW.RELIANCE-FINANCIAL.COM](http://WWW.RELIANCE-FINANCIAL.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, Ben Dixon, by telephone at (205) 397-2450 or by email at [bdixon@reliance-financial.com](mailto:bdixon@reliance-financial.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 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 TO PART 2A APPENDIX 1  
(WRAP FEE PROGRAM BROCHURE):**

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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. At this time, there are no material changes to report about our Wrap Brochure.

### ITEM 3 - TABLE OF CONTENTS

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#### ITEM 4 - SERVICES, FEES AND COMPENSATION

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- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fee, or range of fees, paid to portfolio managers.

Comprehensive Portfolio Management Wrap Fee Program:

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 quarterly. 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.

Wrap Fee Program Fee Schedule:

Assets under management

Annual Percentage of assets charge:

All Assets

Up to 2.65%

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.

- B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

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 results 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.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

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.

- D. If someone recommending a wrap fee program to you, receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in another wrap fee program or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

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.

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

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Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

Our firm does not impose any requirements for opening and maintaining accounts or otherwise engaging us.

## ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION

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- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm selects and reviews outside portfolio managers based on the following factors:

- past performance;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- disciplinary, legal and regulatory histories of the firm and its associates;
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

- 1) Standards we use to calculate portfolio manager performance, such as industry standards or standards used solely by our firm.

We do not calculate portfolio manager performance. Instead, we rely upon the performance figures based on client's monthly or quarterly statements or reports provided to us by third party portfolio managers.

- 2) Indication of whether we review, or whether any third-party reviews, performance information to determine or verify its accuracy or its compliance with presentation standards.

We do not review performance information or hire third parties to do so, in order to determine or verify its accuracy or compliance with presentation standards.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side

Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

1. Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory program. 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.

2. Performance-based fees and side-by-side management.

We do not charge performance fees to our clients.

3. Methods of analysis, investment strategies and risk of loss.

Methods of Analysis:

- Charting;
- Fundamental;
- Technical;
- Cyclical.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions.

**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.

4. 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. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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

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We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we 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.

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

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Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

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**ITEM 9 - ADDITIONAL INFORMATION**

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A. We are required to respond to Item 9 (Disciplinary Information) and Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.
2. We have the following financial industry activities and affiliations to disclose:
  - a. Our Investment Adviser Representatives are currently licensed insurance agents with various insurance carriers and may receive the normal commissions for the sale of insurance products. Advisory clients may be solicited, but are never obligated, to purchase these products. This outside business activity collectively takes up to 20% of their time.
  - 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. Our Investment Adviser Representatives are also registered representatives with LPL Financial, registered broker-dealer and 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. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

1. Code of ethics, participation or interest in client transactions and personal trading.

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 system 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.

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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.

2. Review of accounts.

- a. Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a quarterly 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. Only our Financial Advisors or Portfolio Managers will conduct reviews.

- b. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

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.

- c. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients.

3. Client referrals and other compensation.

- a. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

We have nothing to disclose in this regard.

- b. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm.

4. Financial information.

- a. If we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$500 in fees per client, six months or more in advance, therefore we have not included a balance sheet for our most recent fiscal year.

- b. If we are an State-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

#### **ITEM 10: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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In addition to any relationship or arrangement described in response to Item 9.A.2 of Part 2A Appendix 1 of Form ADV, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 9.A.2 of Part 2A Appendix 1 of Form ADV.

We are State registered and have responded to this Item in Item 9.A.2 of this Part 2A Appendix 1 of Form ADV.