

## Item 1: Cover Page

# SageGuard Financial Group, LLC Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of SageGuard Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at (615) 859-4567 or by email at: [djohnson@sageguardfinancial.com](mailto:djohnson@sageguardfinancial.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 SageGuard Financial Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SageGuard Financial Group, LLC's CRD number is: 160266*

3066 Business Park Circle  
Goodlettsville, TN 37072  
(615) 859-4567  
[www.sageguardfinancial.com](http://www.sageguardfinancial.com)  
[djohnson@sageguardfinancial.com](mailto:djohnson@sageguardfinancial.com)

*Registration does not imply a certain level of skill or training.*

Version Date: 9/13/2016

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of SageGuard Financial Group, LLC on February 9, 2016 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- In May 2016, SageGuard Financial Group, LLC became the successor of Sageguard Investment Advisory Services, LLC.
- SageGuard Financial Group, LLC is a licensed insurance agency. (Item 10.C)
- SageGuard Financial Group, LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business.....	1
A. Description of the Advisory Firm.....	1
B. Types of Advisory Services.....	1
Investment Supervisory Services .....	1
Financial Planning Services:.....	1
Services Limited to Specific Types of Investments .....	2
C. Client Tailored Services and Client Imposed Restrictions .....	2
D. Wrap Fee Programs.....	2
E. Amounts Under Management.....	2
Item 5: Fees and Compensation.....	3
A. Fee Schedule.....	3
Investment Supervisory Services Fees.....	3
Financial Planning Services Fees: .....	3
B. Payment of Fees.....	4
Payment of Investment Supervisory Fees .....	4
Payment of Investment Financial Planning Fees.....	4
C. Clients Are Responsible For Third Party Fees .....	4
D. Prepayment of Fees .....	4
E. Outside Compensation For the Sale of Securities to Clients.....	5
1. This is a Conflict of Interest.....	5
2. Clients Have the Option to Purchase Recommended Products From Other Brokers .....	5
3. Commissions are not the Primary Source of Income for this RIA.....	5
4. Advisory Fees in Addition to Commissions or Markups.....	5
Item 6: Performance-Based Fees and Side-By-Side Management .....	5
Item 7: Types of Clients .....	5
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss .....	6
A. Methods of Analysis and Investment Strategies.....	6
Methods of Analysis .....	6
Investment Strategies.....	6
B. Material Risks Involved .....	6
Methods of Analysis .....	6
Investment Strategies.....	7

C.    Risks of Specific Securities Utilized .....	10
Item 9: Disciplinary Information .....	11
A.    Criminal or Civil Actions .....	11
B.    Administrative Proceedings .....	11
C.    Self-regulatory Organization (SRO) Proceedings .....	11
Item 10: Other Financial Industry Activities and Affiliations .....	12
A.    Registration as a Broker/Dealer or Broker/Dealer Representative .....	12
B.    Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	12
C.    Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	12
D.    Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	13
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	13
A.    Code of Ethics.....	13
B.    Recommendations Involving Material Financial Interests .....	13
C.    Investing Personal Money in the Same Securities as Clients.....	13
D.    Trading Securities At/ Around the Same Time as Clients' Securities .....	13
Item 12: Brokerage Practices.....	14
A.    Factors Used to Select Custodians and/or Broker/Dealers .....	14
1.    Research and Other Soft-Dollar Benefits .....	14
2.    Brokerage for Client Referrals .....	14
3.    Clients Directing Which Broker/Dealer/Custodian to Use .....	14
B.    Aggregating (Block) Trading for Multiple Client Accounts .....	14
Item 13: Reviews of Accounts .....	15
A.    Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	15
B.    Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	15
C.    Content and Frequency of Regular Reports Provided to Clients.....	15
Item 14: Client Referrals and Other Compensation .....	15
A.    Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	15
B.    Compensation to Non – Advisory Personnel for Client Referrals.....	16
Item 15: Custody .....	16
Item 16: Investment Discretion .....	16
Item 17: Voting Client Securities (Proxy Voting).....	16
Item 18: Financial Information.....	17
A.    Balance Sheet .....	17
B.    Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	17
C.    Bankruptcy Petitions in Previous Ten Years .....	17

## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

SageGuard Financial Group, LLC is a Limited Liability Company organized in the state of Tennessee.

This firm was formed in December 2009. In May 2016, SageGuard Financial Group, LLC became the successor of Sageguard Investment Advisory Services, LLC. The principal owners are Darwin D. Johnson and Paula C. Johnson.

### **B. Types of Advisory Services**

SageGuard Financial Group, LLC (hereinafter "SFG") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

SFG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SFG creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SFG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SFG will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction; however, it will also manage accounts on a non-discretionary basis wherein it will secure permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Financial Planning Services:***

SFG also offers comprehensive financial planning services for individual s, families and businesses. Our Financial Planning services include data gathering and analysis, along with creating a financial plan with specific recommendations and implementation advice tailored to client needs. Specific areas of advice include investment planning, insurance needs assessment and advice, retirement planning, cash now management, debt consolidation, capital needs assessments, educational planning, estate planning, and business planning.

### ***Services Limited to Specific Types of Investments***

SFG generally limits its money management to mutual funds, equities, bonds, fixed income and REITs. SFG may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

SFG offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions on investing in certain securities or types of securities; however, if the restrictions prevent SFG from properly servicing the client account, or if the restrictions would require SFG to deviate from its standard suite of services, SFG reserves the right to end the relationship

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. SFG DOES NOT participate in any wrap fee programs.

### **E. Amounts Under Management**

SFG has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$105,300,000.00	\$4,885,706.00	07/31/2016

## Item 5: Fees and Compensation

### A. Fee Schedule

Lower fees for comparable services may be available from other sources.

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Total Quarterly Client Fee	Total Annual Client Fee	Annual RIA* Fee	Annual IAR** Fee
All assets up to \$250,000	0.45%	1.80%	0.80%	1.00%
\$250,001 to \$750,000	0.40%	1.60%	0.60%	1.00%
\$750,001 to \$1,000,000	0.35%	1.40%	0.40%	1.00%
All assets above \$1,000,000	0.30%	1.20%	0.20%	1.00%

\*RIA: Registered Investment Advisor (the firm)

\*\*IAR: Investment Adviser Representative (the representative)

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization. Lower fees for comparable services may be available from other sources.

#### *Financial Planning Services Fees:*

In the majority of cases, the firm charges an hourly fee of \$100 per hour, billed in six minute increments, for financial planning services. A minimum of two hours is payable upon receipt of a signed financial planning agreement, with any additional fee owed payable upon presentation of the financial plan. In certain instances, or for those clients who desire it, the firm may charge a fixed fee for financial planning services. Fixed fees are payable 1/3 upfront with the remainder to be paid upon presentation of the financial plan. Fixed fees can range from \$200 to \$2,000 and are based on the complexity of the work required. All financial planning fees are negotiable. Clients may terminate their accounts without penalty within 5 business days of signing the financial planning agreement.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

### ***Payment of Investment Financial Planning Fees***

Hourly fees are paid both in advance and in arrears. A minimum of two hours is paid upon receipt of a signed advisory contract, with the remainder of the hourly fees paid upon presentation of the financial plan.

Fixed fees are payable 1/3 upfront with the remainder to be paid upon presentation of the financial plan.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.), except that clients are entitled to free trades per new account in the first 30 days after the account with TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA (CRD # 5633), is established. Those fees are separate and distinct from the fees and expenses charged by SFG. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

SFG collects investment supervisory services fees in arrears.

Fixed financial planning fees are payable 1/3 upfront with the remainder to be paid upon presentation of the financial plan. Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination. Refunds for fees paid in advance will be returned within fourteen days to the client via check.

For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.



## **E. Outside Compensation For the Sale of Securities to Clients**

Investment adviser representatives of SFG, in their roles as registered representatives and/or licensed insurance agents, may accept compensation for the sale of securities to SFG clients.

### ***1. This is a Conflict of Interest***

SFG and its supervised persons if any will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and SFG an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which SFG receives compensation, SFG will document the conflict of interest in the client file and inform the client of the conflict of interest.

### ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase SFG recommended products through other brokers or agents that are not affiliated with SFG.

### ***3. Commissions are not the Primary Source of Income for this RIA***

Commissions are not SFG's primary or exclusive source of compensation.

### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

SFG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

SFG generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum.

## Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SFG's methods of analysis include fundamental analysis and technical analysis.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

SFG has several investment models detailed in Item 8.B below. These employ Strategic Asset Allocation and Tactical Asset Allocation, which have certain associated risks (immediately below).

**Strategic Asset Allocation** focuses on long term investments. The rise and fall of certain securities may not react according to predicted trends.

**Tactical Asset Allocation** is based on specific market anomalies that may change or disappear in the future. Other factors such as risk tolerance, market timing, portfolio size, investment expenses, etc. may also affect the portfolio performance.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

##### FUNDAMENTAL ANALYSIS

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

##### TECHNICAL ANALYSIS

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these

patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### ***Investment Strategies***

#### **CONSERVATIVE GROWTH (MODEL 1)**

The primary objective of this strategy is to provide risk-adjusted returns slightly above the yield of a relatively risk-free ten year Treasury Bond, while minimizing the loss of principal. The fixed income portion of the Portfolio provides current income and stability in returns. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities further diversify the equity portion of the Portfolio.

#### **CONSERVATIVE INCOME (MODEL 1A)**

This model is primarily comprised of income-oriented mutual funds that provide income through the use of investment grade bonds, high-yield bonds, preferred stocks, & dividend paying stocks. The primary objective of this strategy is to provide a moderate level of current income & capital appreciation while maintaining a low level of volatility. To generate a moderate level of income, this strategy balances the fixed income allocation between both investment grade & high yield bonds of varying credit quality & maturity.

#### **CONSERVATIVE BALANCED (MODEL 1B)**

This model is primarily comprised of a mix between Domestic Equity & Income focused mutual funds as well as a diversified selection of ETFs. The primary objective of this strategy is to provide a balanced and diversified approach, seeking modest current income & capital appreciation while maintaining a low level of volatility equal to half of the S&P 500.

#### **CONSERVATIVE GROWTH ETF (MODEL 1C)**

This model is made up of 12-15 conservative ETFs in order to create a well-rounded conservative portfolio. The primary objective of this strategy is capital preservation with the secondary focus being modest capital appreciation. The primary holdings within this model invest in U.S. Treasuries of varying maturity & investment grade corporate bonds.

#### **MODERATE CONSERVATIVE GROWTH (MODEL 2)**

The primary objective of this strategy is to provide risk-adjusted returns between the long-term expected return of a diversified high-quality bond Portfolio and that of a broad stock market index Portfolio, with a level of total risk closer to a diversified bond Portfolio. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities, including emerging markets, further diversify the equity

portion of the Portfolio. The fixed income portion of the Portfolio provides current income and may have a moderating effect on the volatility of Portfolio returns.

#### MODERATE GROWTH (MODEL 3)

The primary objective of this strategy is to provide risk-adjusted returns near the expected return for the total U.S. stock market, with the potential for a slightly less downside risk versus the total stock market. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities, including emerging markets, further diversify the equity portion of the Portfolio. The fixed income portion of the Portfolio provides current income and may have a moderating effect on the volatility of Portfolio returns.

#### MODERATE AGGRESSIVE GROWTH (MODEL 4)

The primary objective of this strategy is to provide risk-adjusted returns slightly above the expected return for the total U.S. stock market, with the potential for slightly less volatility than a 100% S&P 500 Index-like Portfolio. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities, including emerging markets, further diversify the equity portion of the Portfolio. The fixed income portion of the Portfolio provides current income and may have a moderating effect on the volatility of Portfolio returns.

#### AGGRESSIVE GROWTH (MODEL 5)

The primary objective of this strategy is to provide risk-adjusted returns above the expected return of the total U.S. stock market, with the potential for equal or slightly higher risk than a 100% diversified U.S. equity Portfolio. Numerous specialist money managers, who employ distinct styles of growth and value Portfolio management, are utilized. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities, including emerging markets, further diversify the equity portion of the Portfolio. The fixed income portion of the Portfolio provides current income and may have a moderating effect on the volatility of Portfolio returns.

#### MUNICIPAL BONDS (MODEL 6)

The investment objective of the Municipal Bonds Portfolio is to provide current income that is exempt from federal personal income taxes and to preserve investor's principal. Only investors with resources comparable to this of a mutual fund can afford to put the control benefits of owning an individual bond portfolio ahead of the benefits of investing in a mutual fund. The advantages of mutual funds over individual bond portfolios include better diversification, generally lower costs, typically higher after-tax returns, and more efficient management of cash flows and portfolio characteristics. The advantages of individual bonds over mutual funds revolve primarily around the control issues that result from direct ownership. An investor must assign a very high value to

those controls aspects to justify the higher cost and additional risk involved in owning individual securities.

#### STOCK DIVIDEND (MODEL 7)

The investment objective of the Stock Dividend Portfolio is to provide current income and stability in returns. The Portfolio invests in dividend-paying stocks that are generally higher-quality in nature, with most boasting durable competitive advantages of some kind, such as, economics of scale, patent protection, or iconic brand names.

#### EXCHANGE TRADED FUNDS (MODEL 8)

The primary objective of this strategy is to provide risk-adjusted returns near the expected return for the total U.S. stock market, with the potential for a slightly less downside risk versus the total stock market. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities, including emerging markets, further diversify the equity portion of the Portfolio.

#### CONSERVATIVE BLENDED AND BALANCED (MODEL 9)

The primary objective of this strategy is to provide risk-adjusted returns between the long-term expected return of a diversified high-quality bond Portfolio and that of a broad stock market index Portfolio, with a level of total risk closer to a diversified bond Portfolio. Since equity styles go in and out of favor over market cycles, diversification across these styles provides broad market exposure and may reduce the volatility of returns. Non-U.S. equities, including emerging markets, further diversify the equity portion of the Portfolio. The fixed income portion of the Portfolio provides current income and may have a moderating effect on the volatility of Portfolio returns.

#### VANGUARD MODERATE GROWTH (MODEL 10)

This model is currently comprised of 11 Vanguard mutual funds that as a whole, create a moderate growth portfolio with highly diversified exposure to the U.S. Equity market. To further increase diversification, this model provides exposure into foreign developed markets such as Japan and developed regions within Europe. In order to reduce the volatility found with investing in the equities market, this model provides moderate level of exposure to the fixed income market through the use of funds of short & moderate term investment grade bonds. The primary objective of this strategy is to provide risk-adjusted returns near the expected return of the total U.S. stock market, while also seeking to reduce the downside volatility versus the total stock market.

#### FIDELITY MODERATE GROWTH (MODEL 11)

This model is currently comprised of 9 Fidelity mutual funds that as a whole, create a moderate growth portfolio with highly diversified exposure to the U.S. Equity market. To further increase diversification, this model provides exposure into foreign developed markets such as Japan and developed regions within Europe. In order to reduce the volatility found with investing in the equities market, this model provides moderate

level of exposure to the fixed income market through the use of funds of short & moderate term bonds. The primary objective of this strategy is to provide risk-adjusted returns near the expected return of the total U.S. stock market, while also seeking to reduce the downside volatility versus the total stock market.

#### BIOTECH STOCK BASKET (MODEL 12)

The investment objective of this sector specific Biotech Stock Basket is aggressive capital appreciation with the idea of holding it for a period of at least 3-5 years. The Portfolio invests in high-growth mid & large cap stocks that have shown to have success in their market or have shown substantial growth potential in their specific market based on analyst expectations, press releases, and various data analysis. This portfolio would generally only be suitable for investors with adequate income and other assets and usually as a small percentage of their overall portfolio.

#### LARGE CAP STOCK BASKET (MODEL 13)

The investment objective of the Large Cap Stock Portfolio is to provide moderate returns over an extended period of time (at least 3-5 years). The Portfolio invests in a selection of Large Cap stocks that have generally been higher-quality in nature, with most boasting durable competitive advantages of some kind, such as, economics of scale, patent protection, or iconic brand names. The portfolio invests in both Large Cap growth & Large Cap value companies.

#### MID CAP STOCK BASKET (MODEL 14)

The investment objective of the Mid Cap Stock Portfolio is similar to that of the above Large Cap Portfolio. The primary difference being that it invests exclusively in Mid Cap stocks. Mid Cap stocks as a whole have been shown over time to have higher long-term growth potential than more mature Large Cap stocks. This does however come with increased volatility and should only be considered for investors with a long time horizon or as a small percentage of the overall portfolio. The Portfolio invests in a selection of Mid Cap stocks that have generally experienced substantial growth over the last 5-10 years and may provide continued growth in future years. The portfolio invests in both Mid Cap growth & Mid Cap value companies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

SFG generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower

investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).

**Equity:** Investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk (the uncertainty that inflation will undermine the performance of the investment), interest rate risk (the risk that the value of an investment will change due to the absolute interest rate level), default risk (the risk associated with a company or individual failing to repay their debt obligations), etc.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SFG nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SFG nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

In addition to being registered as an investment adviser, SFG is also licensed as an insurance agency. Darwin D. Johnson, Charles B. Vance, Jr., David L. Cowee, Randy Packett, Jarrod P. Null, Eric J. Viavattene, Vincent J. Silvestri, Jeffrey P. Atchison, Joseph Wehrly and Quang N. Nguyen are licensed insurance agents. From time to time, SFG and its representative will offer clients advice or products from these activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser.

Mr. Silvestri is a certified public accountant. [Neither Mr. Silvestri nor any CPA firm with which he is affiliated have signatory authority for client accounts in his role as a CPA.] From time to time, he will offer clients advice or products from this activity.

Mr. Viavattene is an accounting consultant with Dobbins Financial and works for Integrated Trust Systems, a trust data gathering firm. From time to time, he will offer clients advice or products from these activities.

Patrick J. Wehrly is the president of and an income tax preparer for The Offices of Patrick J. Wehrly. From time to time, he will offer clients advice or products from this activity.

Clients should be aware that these services may involve a conflict of interest. SFG always acts in the best interest of the client. Clients are in no way required to implement the plan through any representative of SFG in their capacity as a Certified Public Accountant.



#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

SFG does not utilize nor select other advisers or third party managers. All assets are managed by SFG management.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

SFG has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

SFG does not recommend that clients buy or sell any security in which a related person to SFG or SFG has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SFG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SFG to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SFG will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SFG may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SFG to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such

transactions may create a conflict of interest. SFG will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The custodian, TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA (CRD # 5633), was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. SFG will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

#### **1. *Research and Other Soft-Dollar Benefits***

SFG receives research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that SFG must meet in order to receive free research from the custodian or broker/dealer. Furthermore, SFG uses equal research and soft dollar benefits with all clients, regardless of managed account size and at no cost to the clients. All of the soft dollar benefits SFG receives fall within the Safe Harbor in section 28(e) of the Securities Act of 1934. There is no incentive for SFG to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending broker/dealers to clients is best execution. SFG always acts in the best interest of the client.

Additionally, clients are entitled to 15 free trades per new account in the first 30 days after the account is established.

#### **2. *Brokerage for Client Referrals***

SFG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

SFG will not allow clients to direct SFG to use a specific broker-dealer to execute transactions. Clients must use SFG recommended custodian (broker-dealer).

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

SFG maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing SFG the ability to purchase larger blocks

resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Darwin D. Johnson, Managing Member. Darwin D. Johnson is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at SFG are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Other than soft dollar benefits disclosed in Item 12 (above), SFG does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SFG clients.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

SFG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

SFG, with client written authority, has limited custody of client's assets through direct fee deduction of SFG's Fees only. If the client chooses to be billed directly by TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633), SFG would have constructive custody over that account. Because client fees will be withdrawn directly from client accounts, for jurisdictions that require the following safeguards, SFG will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

For those client accounts where SFG will have investment discretion, the client has given SFG written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. By granting SFG discretionary authority, the client may not impose and limitations. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides SFG discretionary authority via a discretionary investment management clause in the Investment Advisory Contract and/or a limited power of attorney clause in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

SFG will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SFG does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SFG nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SFG has not been the subject of a bankruptcy petition in the last ten years.