

Firm Brochure ADV Part 2A

The financial advisors of Masus Financial Group are registered representatives with securities offered through LPL Financial, member FINRA/SIPC.

Item 1 Cover Page



Doing Business As:
Masus Financial Group

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March 29, 2016

NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of Masus Financial Group. If you have any questions about the contents of this Brochure, please contact us at (630) 879-8464. In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Registration of a registered investment adviser does not imply any level of skill or training. Additional information about Masus Financial Group is also available on the SEC's website at www.adviserinfo.sec.gov. CRD No. 174339

Item 2 – Material Changes

In the future, this Item number will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (630) 879-8464 or at john.masus@lpl.com.

Additional information about Masus Financial Group is also available via the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Masus Financial Group who are registered, or are required to be registered, as investment adviser representatives of Masus Financial Group.

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Item 4 – Advisory Business

Masus Financial Group initially registered as an SEC registered investment advisor and then converted to a state level registered investment advisor in 2015.

John J. Masus, CLU, ChFC, CFP®

John J. Masus is the Chief Executive Officer, President and Chief Compliance Officer of the Masus Financial Group, Ltd. He is also an LPL Registered Representative, a Chartered Life Underwriter (CLU), holds the Chartered Financial Consultant designation (ChFC) from the American College in Bryn Mawr, Pennsylvania, and is a CERTIFIED FINANCIAL PLANNER™ (CFP®).

Mr. Masus is a member of The Institute of Certified Financial Planners. Mr. Masus has over 30 years of experience in the financial services industry. He has implemented successful financial planning strategies for an extensive clientele including those new to investing for their future and those who need to consolidate their investments as they reach retirement. Mr. Masus has provided objective educational seminars and workshops both in the public sector, at Waubensee Community College, and for many businesses in the Fox River area. He is committed to education and believes financial literacy that inspires, educates and motivates is the key to financial freedom.

Todd J. Masus, CFP®

Todd J. Masus is the Vice President and Secretary/Treasurer of the Masus Financial Group, Ltd. He received his undergraduate degree from Northern Illinois University after serving a three-year commitment in the United States Navy.

Mr. Masus joined the Masus Financial Group, Ltd. in August of 1998 after completing the Certified Financial Planner coursework from the College of Financial Planning located in Denver, Colorado. He is an LPL Registered Representative and a member of The Institute of Certified Financial Planners.

He enjoys coaching his two boys, Nick and Nathan's, baseball and football teams and is also an active member of Immanuel Lutheran Church in Batavia and a member of the Batavia VFW Post 1197.

The Firm

Masus Financial Group is an independent wealth management firm providing comprehensive financial planning and investment advice. From its beginning, the Masus Financial Group has been dedicated to developing ongoing partnerships with their clients by thoroughly understanding and objectively representing their unique investment and financial needs. The cornerstone of our business philosophy is objectivity. Advice and services from the Masus Financial Group are centered solely around helping meet client investment objectives, not on selling company-owned investment products. Because we do not represent a single company's product or service, we preserve the flexibility and objectivity to fulfill our pledge to be your partner for financial success.

Investment professionals with the Masus Financial Group are Registered Representatives of LPL Financial, member FINRA/SIPC, which is a unaffiliated separate legal entity.

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Any and all material conflicts of interest are disclosed herein.

Asset Management

Masus Financial Group, through its investment advisor representatives, provides ongoing investment advice and management on assets in the client's custodial accounts. Advice may be discretionary or non-discretionary as indicated in the client account agreement and is tailored to the individual needs of each client. Clients may impose investment restrictions. More specific account information and acknowledgements are further detailed on the account application.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, including but not limited to mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

Masus Financial Group also offers clients the ability to participate in a professionally managed asset allocation programs designed by LPL Financial. Advisor will assist the client in determining the appropriate investment objective and have discretion to choose among the available models designed by LPL Financial and outside strategists.

As of March 29, 2016 the firm has \$97,464,948 of discretionary assets under management.

Financial Planning Services

As part of our financial planning services, Masus Financial Group, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. A particular client's financial plan will include the relevant types of planning specific to their needs and objectives such as:

- **Retirement** – planning an investment strategy with the objective of providing inflation-adjusted income for life.
- **College / Education** – planning to pay the future college / education expenses of a child or grandchild.

- **Major Purchase** – Evaluation of the pros and cons of home ownership verse renting as well as buying or leasing a car, for example.
- **Divorce** – planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations.
- **Insurance Needs** – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care and spousal arrangements as well as education.
- **Final Expenses** – planning to leave assets to cover final expenses such as funeral, debts and potential business continuity.
- **Estate Planning** – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- **Cash Flow/ Budget Planning** – planning to manage expenses against current and projected income.
- **Wealth Accumulation** – planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.
- **Business Succession** – planning for the continuation of a business in a smooth a transition as possible with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.
- **Tax Planning** – planning a tax efficient investment portfolio to maximize deductions and off-setting losses.
- **Investment Planning** – planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.

The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are negotiable and detailed in the client agreement.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through Masus Financial Group and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, Masus Financial Group may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to Masus Financial Group and the IAR.

- A conflict exists between the interests of the investment adviser and the interests of the client.
- The client is under no obligation to act upon the investment adviser's recommendation.
- If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser.

Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees, commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by Masus Financial Group to the IAR. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to Masus Financial Group and the IAR, this presents a conflict of interest. This compensation to IAR and Masus Financial Group may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

Retirement Plan Consulting

Investment advisor representatives of Masus Financial Group may assist clients that are trustees or other fiduciaries to retirement plans (“Plans”) by providing fee-based consulting and/or advisory services. Investment advisor representatives may perform one or more of the following services:

- Assistance in the preparation or review of an investment policy statement (“IPS”) for the Plan based upon consultation with client to ascertain Plan’s investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan’s IPS or other written guidelines provided by the client to IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.

- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Education or training for the members of the Plan investment committee with regard to various matters, including plan features, retirement readiness matters, service on the committee, and fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

If the Plan makes available publicly traded employer stock (“company stock”) as an investment option under the Plan, investment advisor representatives do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, investment advisor representatives do not provide any individualized advice or recommendations to the participants regarding these decisions.

Tax Planning/Consulting

Masus Financial Group works with third party tax / accounting advisor(s) to align financial goals with tax efficiency. Tax consulting would encompass many different aspects e.g. selection of investment options and types of retirement plans, timing of income and capital growth as well as tax lot selection for investment transactions within client’s portfolio. Tax consulting services would include recommendations on tax reduction strategies based on income, expenses, individual needs and goals. Clients can also choose to use their existing tax / accounting advisor(s). Tax consulting can take anywhere between five to twenty hours depending upon the client’s profile and circumstances.

Item 5 – Fees and Compensation

Asset Management

The specific manner in which fees are charged by the firm is established in a client’s written agreement between the client and Masus Financial Group – generally up to 1.5% of assets under management. Clients can determine to engage the services of Masus Financial Group on a discretionary or non-discretionary basis. The firm’s annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the firm’s management to be charged quarterly in advance.

The annual fee for asset management services will generally be between 0.50% and 1.50%.

All fees may be negotiable; this may vary depending on the nature of the client's individual needs, account investment size, complexity and particular management services requested by the client. The asset management fees for an advisory account are comprehensive of all fees paid to Masus Financial Group and any program sponsor.

The client is made aware of the following:

Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us.

In cases where LPL is the custodian, LPL is responsible for calculating and deducting advisory fees from client accounts held at LPL. Client will provide LPL with written authorization to deduct fees and pay the advisory fees to the Masus Financial Group firm. The advisory fee is paid directly by LPL to the Masus Financial Group firm (not the individual). The Masus Financial Group firm will then share the advisory fee with its advisors/associated persons. Masus Financial Group may instead elect to a custom billing method where LPL is provided instructions to pay fees based on the fee calculations of Masus Financial Group.

The Account Fee is based on the value of assets in the account, including cash holdings, and is payable quarterly in advance.

$$[\text{Quarter End Value} \times \text{Advisory Fee}] / 360 \times 90 \text{ Days} = \text{Advance Billing}$$

If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date.

LPL Financial Sponsored Advisory Programs:

Account fees are payable quarterly in advance if processed by LPL Financial. If a custom billing option is elected, fees may be paid in advance or in arrears as agreed. Clients may terminate the agreement without penalty for a full refund of Masus Financial Group's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Fees for customized and participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established. The advisory fee is negotiable between the investment advisor representative and the client, and is payable in advance as described in the client agreement.

As part of our financial planning services, Masus Financial Group, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment

planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through Masus Financial Group and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, Masus Financial Group may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to Masus Financial Group and the IAR.

A conflict exists between the interests of the investment adviser and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees, commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by Masus Financial Group to the IAR. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to Masus Financial Group and the IAR, this presents a conflict of interest. This compensation to IAR and Masus Financial Group may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

Financial Planning Services

We charge on an hourly or flat fee basis for financial planning services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$100 - \$400. Fixed fees generally range from \$100 to \$5,000. Depending on the complexity of a plan fees may exceed \$5,000.

Hourly Consulting Services

We charge on an hourly or flat fee basis for consulting services. The total estimated fee, as well

as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees generally range from \$100 - \$400. Fixed fees generally range from \$100 to \$5,000. Depending on the complexity of a plan fees may exceed \$5,000.

Other Types of Fees & Expenses

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: 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).

If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay Advisor the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of Advisor and by making their own investment decisions.

Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.

Although only no-load and load-waived mutual funds can be purchased in a program account, client should understand that some mutual funds pay asset based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.

If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from the Advisor or from the product sponsor directly.

Other Important Considerations

The advisory fee is an ongoing fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client. The advisory fee also may cost the client more than if assets

were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a fee-based asset management account.

Compensation includes the advisory fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to the Advisor or its associated persons. The amount of this compensation may be more or less than what the Advisor would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor may have a financial incentive to recommend a program account over other programs and services.

The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Advisor.

Termination & Refunds

A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period.

Commissionable Securities Sales

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker/dealers. Clients may direct their brokerage transactions at a firm other than LPL Financial. Advisory fees are generally not reduced to offset commissions or markups.

When dealing with investment advisory clients and services, investment adviser representatives have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Investment adviser representatives should fully disclose all material facts concerning any conflict that does arise with these clients, and should avoid even the appearance of a conflict of interest.

Please note that clients may purchase investment products recommended by our firm through other, non-affiliated broker dealers or agents.

When the firm's representatives sell an investment product on a commission basis, the firm

does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Masus Financial Group representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment management services for an advisory fee and also purchase an investment product from the firm's representatives on a separate commission basis.

In certain cases, LPL may serve as the broker/dealer on transactions in a customized advisory account. In such case, LPL may charge the client transaction charges in connection with trade execution through LPL. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established.

If the custom advisory services apply to variable annuities for which the investment advisor representative receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third party broker dealer will provide trade execution. In such case, the broker-dealer may charge clients commissions, markups, markdowns and/or transaction charges.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

LPL serves as program sponsor, investment advisor and broker/dealer for the LPL advisory programs. Masus Financial Group and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL. Lower fees for comparable services may be available from other sources.

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

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

Item 7 – Types of Clients

The advisory services offered by Masus Financial Group are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities. There is no minimum account value required to open an account.

The firm generally provides investment advice to Individuals, Trust, Estates, Charitable

Organizations and other business entities.

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

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, it is subject to review and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of multiple forms of analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

Fundamental Analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. 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 involves the analysis of past market data; primarily price and volume. 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 take into account new patterns that emerge over time.

Cyclical Analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Charting Analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

Long-Term Purchases are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short-Term Purchases are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Analysis of Pending Litigation and Liabilities

The Adviser will review pending or anticipated litigation, injunctions, consent decrees, settlements or judgments, labor disputes, grievance procedures, complaints or warranty claims, and regulatory proceedings which can have an adverse impact on the performance of a company both short and long term. In addition, any guaranty to which the company is a party creates potential liability.

Debt Analysis

Fundamental analysis of debt may also involve analyzing the current yield, yield to maturity, yield to call, call and default risks, and interest coverage because of the characteristics of the investment and greater expectations of safety.

Debt is issued by federal, state and foreign governments and corporations to finance their operations. (Public corporations can also issue equity securities.) Debt represents a promise to repay the principal a firm receives and interest until repayment according to the terms and conditions of the debt instrument. Debt obligations offer limited participation in the upside of a business. In exchange holders receive interest and a position that is generally senior to equity in a bankruptcy.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results. The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Small and Micro-cap equity securities (shares in companies that have a market capitalization of less than \$500 million)** – Small and micro-cap stocks are stocks in companies that tend to have smaller market capitalization. Share prices can be extremely volatile and are prone to great fluctuations. This is primarily because of their smaller capitalization which can allow stock prices to be more easily influenced by a small number of large trades. This potential volatility presents a material risk for investors who could quickly lose a large part of their investments during a brief market downturn.
- **Municipal securities** – Municipal securities are backed by either the full faith and credit of the issuer or by revenue generated by the specific project (like a toll road or parking garage)

for which the securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.

- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).
- **Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked 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. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange Traded Funds (ETFs)** - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Annuities** - are a retirement product for those who may have the ability to pay a premium

now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

- **Non-U.S. securities** - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **UIT Securities** - designed for investors who can assume the risks associated with equity or fixed-income investments and may not be appropriate for investors seeking capital preservation or high current income. There is no assurance that UIT securities will meet their objective(s). There may be special risks if a portfolio is concentrated within a specific sector of the market. A UIT may contain a limited number of securities, which may make it more susceptible to price volatility than a portfolio diversified among a greater number of holdings. UITs are not actively managed and do not sell securities in response to ordinary market fluctuations. Instead, securities will not usually be sold until termination, which could mean that the sale price of the trust securities may not be the highest price at which these securities traded during the life of the trust.
- **Structured Notes** - also known as market-linked notes, are generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances and/or foreign currencies, and to a lesser extent, swaps. Structured notes are usually issued by investment banks or affiliates thereof. They have a fixed maturity, and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some notes use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other notes use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured notes is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these notes are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured notes involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and other events that are difficult to predict.
- **Hedge Funds and Managed Futures**. Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to

the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Variable Annuities.** If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Margin Accounts.** Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management as applicable.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Investment advisor representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients may choose to engage a registered investment advisor in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a

commission basis.

Representatives of our firm are insurance agents/brokers (licensed in Arizona). They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer and subject to LPL Financial surveillance controls.

Investment Adviser Representatives of Masus Financial Group generally do not spend more than 20% of their time on activities other than advisory services.

Neither Masus Financial Group nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Management and /or related persons do not maintain any other arrangements that are material to the advisory business or clients nor do they recommend or select other investment advisers for clients.

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

Masus Financial Group maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The Code of Ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The Code of Ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. Masus Financial Group addresses this conflict of interest by requiring in its Code of Ethics that employees and investment advisor representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

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.

Neither Masus Financial Group nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

Item 12 – Brokerage Practices

Masus Financial Group will recommend the use of LPL Financial. Masus Financial Group is independently owned and operated and not affiliated with any of the aforementioned broker-dealers.

Masus Financial Group may receive support services and/or products from LPL Financial, many of which may assist Masus Financial Group to better monitor and service program accounts maintained on behalf of Masus Financial Group' clients. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- 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
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

Support services provided by the Custodians to Masus Financial Group are based on the overall relationship between Masus Financial Group and the Custodians. It is not the result of soft dollar arrangements or any other express arrangements with the Custodians that involve the execution of client transactions as a condition to the receipt of services. Masus Financial Group will continue to receive the services regardless of the volume of client transactions executed with the Custodians. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Masus Financial Group to the Custodians or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement. Masus Financial Group has an arrangement with the Custodians. The Custodians offer to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from the Custodians through our participation in the program. The Custodians may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by the Custodians may include research reports on

recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the Custodians to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

As a result of receiving the services Masus Financial Group may have an incentive to continue to use or expand the use of the Custodians services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with the Custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

The Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodians commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodians may be higher or lower than those charged by other custodians and broker/dealers.

Clients may pay a commission to the Custodians that is higher or lower than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. After considering each client's situation, our firm may recommend the use of one or more of the broker-dealers identified above. Each client will be required to establish an account with a Custodian. Please note that not all advisers have this requirement.

Clients may direct their brokerage transactions at a firm other than the Custodians. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices. Likewise, client directed

brokerage accounts may also result in more favorable prices, depending on each client's individual situation.

Advisor may aggregate transactions for clients to improve the quality of execution.

Item 13 – Review of Accounts

For those clients to whom Masus Financial Group provides investment supervisory services, account reviews are conducted on an ongoing basis by John Masus, the Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Masus Financial Group of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

John Masus, the Chief Compliance Officer, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Masus Financial Group may also provide a written periodic report summarizing account activity and performance.

Item 14 – Client Referrals and Other Compensation

LPL Financial, LLC

Masus Financial Group receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

Masus Financial Group and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Masus Financial Group for the costs associated with, education or training events that may be attended by Masus Financial Group employees and investment advisor representatives and for Masus Financial Group sponsored conferences and events.

Masus Financial Group does not pay any third parties for client referrals.

Item 15 - Custody

Masus Financial Group does not have custody of client funds or securities. All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16 - Investment Discretion

The client can determine to engage the Masus Financial Group to provide investment advisory services on a discretionary basis. Prior to the Masus Financial Group assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Masus Financial Group as the client's attorney and agent in fact, granting the Masus Financial Group full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Item 17 – Voting Client Securities

Masus Financial Group does not vote client proxies but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Masus Financial Group at (630) 879-8464 to discuss any questions they may have with a particular solicitation.

Item 18 – Financial Information

Masus Financial Group does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Masus Financial Group been the subject of a bankruptcy petition.

Item 19 – Requirements for State Registered Advisers

The principal Executive Officer of Masus Financial Group is Jon Masus. As indicated previously, John Masus is also a registered representative of LPL Financial and an insurance agent. There are no additional relationships or arrangements not previously disclosed. John Masus also serves as the Chief Compliance Officer.

John Masus has not been involved in an arbitration or material events that requires disclosure, is not compensated for advisory services with performance-based fees and does not have a relationship or other arrangement with an issuer of securities. Any such financial industry activity and affiliation are disclosed in Item 10 above.