



INDEPENDENT FINANCIAL GROUP, LLC

ADV PART 2A - APPENDIX 1

WRAP FEE PROGRAM BROCHURE

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Dated March 27, 2018

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ITEM 1 – COVER PAGE

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Independent Financial Group, LLC. Independent Financial Group, LLC is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. If you have any questions about the contents of this brochure, please contact us at 858-436-3180 or email us at compliance@ifgsd.com. Additional information about Independent Financial Group, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

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.

ITEM 2 – MATERIAL CHANGES

Brochure Amendment - This brochure dated March 27, 2018 is an amended disclosure brochure document that has been prepared to replace the previously filed disclosure brochure dated March 30, 2017.

Summary of Material Changes – There are no material changes since the last amended brochure.

Independent Financial Group, LLC will ensure that a summary of any material changes to this and subsequent brochures are delivered to advisory clients within 120 days of the close of our business' fiscal year. We will also provide advisory clients with any interim disclosures about material changes as necessary.

Brochure Availability - We will further provide you with a new brochure at any time, without charge. Currently, our brochure may be requested by contacting Independent Financial Group, LLC at 858-436-3180 or compliance@ifgsd.com or available on our website www.ifgsd.com, also free of charge.

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ITEM 4 – SERVICES, FEES AND COMPENSATION

A. Adviser Background - Independent Financial Group, LLC (Adviser) is a privately owned Registered Investment Adviser (RIA) registered with the Securities and Exchange Commission (SEC) since 2004. Independent Financial Group, LLC (IFG) also operates as a broker-dealer member of the Financial Industry Regulatory Authority (FINRA). Independent Financial Group, Inc., a domestic entity, is the principal owner of the Adviser.

B. Wrap Program Services - Adviser provides a variety of financial planning and advisory services through Investment Adviser Representatives (IARs) who are in most cases also registered representatives of IFG. These services include asset allocation within a portfolio, day-to-day investment decisions, third party adviser programs, financial planning and consulting services. In addition, IFG offers brokerage services to clients that may also participate in the advisory services described herein. Whether an IAR offers a client brokerage or advisory services or a combination of both depends on various factors including investment style and trading preferences of the client. Clients should take time to consider the differences between a brokerage and advisory relationship to determine which type of service best serves the client's needs. Clients should refer to the informational section on ifgsd.com titled "Understanding the Difference between Brokerage and Investment Advisory Services". There is no guarantee that the advisory services offered will result in the client's goals and objectives being met. Nor is there any guarantee of profit or protection from loss. No assumption can be made that any particular advisory service or strategy will provide better returns than other investment strategies.

The various wrap fee programs offered by Adviser are described in this Wrap Fee Program Brochure. These programs are offered through IARs, are available on a discretionary or non-discretionary basis, and are tailored to the needs of the client. The wrap fee is an asset based fee, which includes the advisory fee paid to the Adviser and shared with the IAR, as well as the costs associated with trade execution. In order to establish a program account, the client will be required to sign an investment advisory agreement with Adviser. Clients may impose restrictions on investing in certain securities or types of securities.

Technology: IARs may utilize AccessPoint, IFG's primary asset management platform. The AccessPoint platform is provided by Envestnet. Envestnet is a subsidiary of Envestnet Inc. a publicly held company (NYSE: ENV). Envestnet also provides Adviser with an extensive range of investment advisory services for use by IAR with their clients through its Managed Accounts Network (Private Wealth Management) programs and are available through AccessPoint. These programs include Separately Managed Accounts, Unified Managed Accounts and Third-Party Fund Strategists.

In addition to the Envestnet advisory services offered in the programs, Envestnet also offers IARs many advisory service tools, whereby Envestnet provides only administrative and technology services. IAR determines which services and programs of Envestnet to utilize with its clients and may utilize the services of other third-party service providers in conjunction with the programs. The services offered by Envestnet to Adviser for use by IAR include, but are not limited to: (1) Assessment assistance of the client's investment needs and objectives; (2) Investment policy planning assistance; (3) Development of an asset allocation strategy designed to meet the client's objectives; (4) Recommendations on suitable style allocations; (5) Identification of appropriate managers and investment vehicles suitable to the client's goals; (6) Evaluation of asset managers and investment vehicles meeting style and allocation criteria; (7) Engagement of selected asset managers and investment vehicles on behalf of the client; (8) Review of client accounts to ensure adherence to policy guidelines and asset allocation; (9) Recommendations for account rebalancing, if necessary; (10) Online reporting of client account's performance and progress; and (11) Fully integrated back office support systems to IAR, including interfacing with client's custodian, trade order placement, billing and performance reporting.

Custody: Adviser does not maintain custody of client assets at any time. Pershing LLC, TD Ameritrade Institutional, or Charles Schwab Institutional acts as qualified custodian for program assets as applicable by the specific program. In connection with their duties as custodian each Pershing, TD Ameritrade or Charles Schwab Institutional will provide clients confirmations for each transaction depending on the Program unless instructed to suppress confirmations by the client. In addition, client will receive account statements and quarterly performance reports from the respective Program custodian on behalf of Adviser. IAR may also provide additional reporting services to client. Clients are encouraged to review and compare the account information in the performance reports and additional IAR reports to the custodial statements.

C. Advisory Fees - Clients pay an annual advisory fee based on a percentage of assets under management according to the fee schedules provided below. All advisory fees within Adviser's programs are negotiable. The IAR recommending a wrap program to the client receives compensation as a result of client's participation in the program. The amount of this compensation may be more than what the IAR would receive if the client participated in other programs offered by Adviser or paid separately for investment advice, brokerage and other services. Therefore, the IAR may have a financial incentive to recommend one program over other programs or services.

The advisory fee is payable quarterly, in advance or in arrears as selected on the advisory service agreement, and upon deposit of additional funds or securities. Fee billing is based upon the market value of the assets held in the account as of the last business day of the preceding quarter. If billing in advance - the initial fee is due upon the opening of an account and is based upon the opening value. The first payment will be assessed pro-rata in the event the account is established at any other time other than the first day of the calendar quarter. If billing in arrears, the first advisory fee will be charged after the end of the first quarter based on the value of the account on the last business day of the previous quarter. If account management is terminated mid quarter, the remaining advisory fee becomes immediately due and payable. If assets are deposited in the program account after the inception of the quarter, the advisory fee is pro-rated based on the number of days remaining in the quarter.

Advisory fees will be calculated by the custodian of assets as set forth in the investment advisory agreement and will be due the first day of each calendar quarter. Clients authorize the custodian to deduct all advisory fees from the program account. The fee schedule is in effect for and will continue until thirty (30) days after Adviser notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

The advisory fee is an ongoing fee for advisory services and may cost the client more than if the client maintained a traditional brokerage account. However, in a brokerage account there is no duty to give investment advice. If a client intends to follow a buy-and-hold strategy or does not wish to pay for investment advice, client should consider maintaining a brokerage account rather than establishing an advisory relationship.

D. Additional Fees and Charges - In addition to the advisory fees, client may pay some or all of the following fees and charges:

- Mutual funds and ETFs charge internal management fees which are disclosed in the fund's prospectus. Program advisory fees do not include certain charges paid by mutual funds held in client accounts. Notwithstanding the foregoing, no 12b-1 fees may be received by an IAR with respect to any assets in a program account of a client. The 12b-1 fees are included among normal mutual fund expenses and are reflected in the fund prospectus. Clients should understand that the share class offered for a particular mutual fund for the account in many cases will not be the least expensive share class that the mutual fund makes available.
- If a program account invests in mutual funds, client will pay an advisory fee to the fund manager and other expenses as a shareholder in the mutual fund, as well as the advisory fee paid to Adviser and IAR for account management. Many of the mutual funds available within the program may be purchased directly from the mutual fund sponsor. Therefore, client could avoid the additional layer of fees by not using the services of Adviser and making their own investment decisions.
- It is possible for a client to pay a commission on a mutual fund or insurance product and then move the investment into a managed account. In these cases, the investment may be ineligible for fee billing, with limited exceptions, for a one year period of time from the date of purchase if the IAR received a commission in his/her capacity as a registered representative.
- Advisory accounts where Pershing LLC (Pershing) serves as the custodian provide an automatic daily cash sweep program into client selected money market funds offered by Federated Financial Services Company and Dreyfus Funds. Adviser will receive compensation of up to 0.15% of the assets invest in Dreyfus Insured Deposits and up to 0.35% of assets invested in Federated money market funds for non-retirement accounts. IARs do not receive any portion of these fees.
- Clients may also incur charges posed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, confirmation generation fees, confirmation mailing fees, transfer taxes, wire transfer and electronic fund transfer fees and other fees on brokerage accounts and securities transactions. IARs do not receive any portion of these fees.
- Adviser may receive distribution allowances, due diligence fees, platform expenses and other payments from certain third party money managers of up to 0.15% annually on assets placed with managers and custodians. These fees are retained by Adviser and are not paid to IARs. As a result, IARs do not receive a greater fee for selecting one adviser or program over another.

The fees and expenses in connection with a wrap program may be higher than the cost of similar services offered through other financial firms. They may also be higher than the cost of purchasing such services separately, depending upon the level of anticipated trading activity, type and size of the account, and the amount of additional advisory or client services provided to the client.

E. Program Specific Fees and Information

1. Advisor Portfolios (Rep-Directed Programs) - Clients pay an annualized program fee depending on the advisory program. Brokerage charges and transaction expenses are included in the program fee unless otherwise specified. The fee is negotiable and can be reduced depending on the unique circumstances of each client. The fee is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

a) AP Advisor - The AP Advisor program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. Pershing serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients may authorize IAR to manage the account on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, mutual funds, ETFs, and other securities. Only no load or load-waived mutual funds may be purchased with a program account. Options (specifically conservative option strategies such as covered calls and puts) may be permitted in Program accounts. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - Clients pay an annualized advisory fee as outlined below. There are no additional charges for execution of transactions. The maximum advisory fee is 2.50% per annum. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

b) AP Premier - The AP Premier program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. Pershing serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time.

Eligible assets include stocks, bonds, mutual funds, ETFs, fixed income and other securities. Only no load or load-waived mutual funds may be purchased within a program account. Margin and options (specifically conservative options strategies such as covered calls and puts) may be permitted in program accounts as indicated in the advisory services agreement. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - The maximum advisory fee is 2.50% per annum. The advisory fee is negotiable and can be reduced depending on the unique circumstances of each client. The advisory fee permits a program account to have up to 150 trades per calendar year; buy orders

and sell orders are each considered trades. Any trades beyond 150 per year are subject to a transaction charge. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

c) CAM Adviser (Previously known as I-Design) - The CAM Adviser program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. Pershing serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients may authorize IAR to manage the account on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, mutual funds, ETFs, and other securities. Only no load or load-waived mutual funds may be purchased with a program account. Options (specifically conservative options strategies such as covered calls and puts) may be permitted in Program accounts. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - There are no additional charges for execution of transactions. The maximum advisory fee is 2.50% per annum. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

d) CAM 150 (Previously known as I-Custom) - The CAM 150 program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. Pershing serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time.

Eligible assets include stocks, bonds, mutual funds, ETFs, fixed income and other securities. Only no load or load-waived mutual funds may be purchased within a program account. Margin and options (specifically conservative options strategies such as covered calls and puts) may be permitted in program accounts as indicated in the advisory services agreement. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - The maximum advisory fee is 2.50% per annum. The advisory fee is negotiable and can be reduced depending on the unique circumstances of each client. The advisory fee permits a program account to have up to 150 trades per year; buy orders and sell orders are each considered trades. Any trades beyond 150 per year are subject to a transaction charge. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

e) CAM 100 TD (Previously known as I-Freedom-TD Wrap. (Closed to new business with limited exceptions)) - The CAM 100 TD program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. TD Ameritrade serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients may authorize IAR to make investment decisions on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, ETFs, equity options, index options, margin transactions, mutual funds and other securities. Only no load or load-waived mutual funds may be purchased within Program accounts. Mutual fund systematic investments or withdrawals are not permitted in the Program accounts.

Margin and options (specifically conservative option strategies such as covered calls and puts) will also be permitted in program accounts. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - The maximum advisory fee is 2.50%. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

f) CAM Adviser TD (Previously known as I-Freedom-One TD. (Closed to new business with limited exceptions)) - The CAM Adviser TD program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. TD Ameritrade serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients may authorize IAR to make investment decisions on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, ETFs, equity options, index options, margin transactions, mutual funds and other securities. Only no load or load-waived mutual funds may be purchased within Program accounts. Mutual fund systematic investments or withdrawals are not permitted in the Program accounts.

Margin and options (specifically conservative option strategies such as covered calls and puts) will also be permitted in program accounts. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - The maximum advisory fee is 2.00%. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

g) CAM Advisor Schwab (Previously known as I-Freedom-One Schwab. (Closed to new business with limited exceptions) - The CAM Advisor Schwab program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. Charles Schwab ("Schwab") serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients may authorize IAR to make investment decisions on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, ETFs, equity options, index options, margin transactions, mutual funds and other securities. Only no load or load-waived mutual funds may be purchased within Program accounts. Mutual fund systematic investments or withdrawals are not permitted in the Program accounts.

Margin and options (specifically conservative option strategies such as covered calls and puts) will also be permitted in program accounts. Options transactions require the client to complete and sign an option account approval form. The client will also receive a copy of Characteristics and Risks of Standardized Options published by the Options Clearing Corporation. The client should review this brochure carefully to understand the risks associated with various options strategies.

Fee Schedule - The maximum advisory fee is 2.00%. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

h) Advisor Plus Wrap Program (Closed to new business with limited exceptions) - The Advisor Plus Wrap program offers participants advisory services, asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives under an all-inclusive program fee. Pershing serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients may authorize IAR to manage accounts on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, mutual funds, ETFs, fixed income and other securities. Only no-load or load-waived mutual funds may be purchased within Program accounts. The use of margin, option transactions, mutual fund systematic investments or withdrawals are not permitted in the program.

Fee Schedule - There are no additional charges for execution of transactions. The maximum advisory fee is 2.50% per annum. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

2. AccessPoint Third Party Management Programs - The SMART Portfolios, Third-Party Portfolios, Institutional Portfolios, Unified Managed Portfolios, and Multi-Manager Portfolios program fee includes custody and clearing fees, platform manager fee, account administrative fee, and money manager fees. Depending on the services utilized by the IAR, the program fee also includes investment management services comprised of client profiling assistance, strategic asset allocation assistance, style allocation assistance, research and evaluation of approved investment strategies and Funds, account performance calculations, account rebalancing, account reporting, account billing administration and other operational and administrative services.

Fee Schedule - The maximum advisory fee is 3.00% per annum. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

3. AutoPilot Portfolios - The AutoPilot Portfolio offers participants advisory services, asset allocation, reporting and recommendations based on a stated risk tolerance under an all-inclusive program fee. TD Ameritrade serves as the custodian for program account assets. Adviser does not maintain custody of client assets at any time. Clients authorize IFG to make investment decisions on a discretionary basis. Eligible assets include ETFs and/or mutual funds. Only no load or load-waived mutual funds may be purchased within Program accounts. CLS is the sub-advisor on these accounts and they use diversified asset allocation strategies to construct various models that the client's stated risk tolerance.

Fee Schedule - The maximum Advisory fee is 1.25%. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client. The fee schedule is in effect for and will continue until thirty (30) days after IAR notifies the client in writing of any change in the amount of fees applicable to the client's account. The new fees will be effective unless the client notifies IAR in writing that the account management is to be terminated.

F. Client Assets under Management - As of December 31, 2017, Adviser manages a total of \$2,764,918,695 in assets of which \$2,337,047,641 in assets are managed on a discretionary basis and services \$427,871,054 in non-discretionary assets.

ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Minimum account size requirements range from \$10,000 to \$150,000 depending on the investment program selected; however, IAR may choose to lower this minimum for certain clients in house-holding situations.

Services are provided but not limited to the following types of clients: individuals, corporations, trusts, retirement plans, endowments and foundations.

ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

IARs of Adviser manage client accounts and third party manager selection. The client selects the IAR and the IAR determines the investment strategy to follow when managing program accounts. IARs conduct initial meetings with each potential advisory client to obtain investor profile information and determine financial goals, risk tolerance and overall investment objectives. IARs will assist client to determine appropriate allocation models or investment strategies.

Investment strategies will be selected based on client needs. IARs may utilize strategies such as asset allocation, trend analysis, fundamental analysis, technical analysis or economic indicators. Each IAR may have their own strategies therefore clients should discuss their objectives with their IAR thoroughly. Short term trading strategies may impact performance when transaction costs are incurred. No assumption can be made that any particular strategy will provide better returns than other investment strategies. Investing in securities involves the risk of loss that clients should be prepared to bear.

Before participating in any program or investing in any asset class, clients should discuss their tolerance for risk with their IARs and carefully consider the risks associated with the investment by reviewing the prospectus, offering memorandum or disclosure brochure prepared by the issuing company. Equity securities markets experience varying degrees of volatility. Investing in securities involves risk of loss that clients should be prepared to bear. Short term trading strategies may impact performance when transaction costs are incurred. The following describes common characteristics of risk associated with specific types of investments that may be recommended in client accounts.

- **Mutual Funds:** Each mutual fund has different risks and rewards. Generally the higher the potential return, the higher the risk of loss. Investors may have to pay taxes on capital gains distributions received even if the fund goes on to perform poorly after the investor bought shares.
- **Money Market Funds:** Although Money Market Funds have relatively low risks, the NAV may fall below \$1.00 if the fund performs poorly therefore losses are possible.
- **Fixed Income Securities:** Fixed income investments tend to be more conservative than stocks however, clients should be aware that bonds and bond funds do carry some degree of risk including but not limited to interest rate, credit, inflation, pre-payment and reinvestment risks.
- **ETFs:** Exchange-Traded Funds (ETFs), like stocks and index funds can carry a significant amount of market risk. The appeal of an ETF is that it represents many assets or companies, like an indexed mutual fund, but unlike a mutual fund that prices Net Asset Value on a daily basis, ETFs can be traded at any time during trading hours, like a stock. Investing in ETFs involves volatility and risk of losses that clients should be prepared to withstand.
- **Leveraged ETFs:** Leveraged ETFs, sometimes including labels such as “ultra” or “2x”, seek to deliver multiples of the performance of the index or benchmark they track and to achieve a return that is a multiple of the underlying index. Most leveraged ETFs “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time (over weeks or months or years) can differ significantly from the performance of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets.
- **Leveraged Inverse ETFs:** Leveraged Inverse ETFs, sometimes including labels such as “ultra-short” or “2x”, seek to achieve a return that is a multiple of the inverse performance of the underlying index. An inverse ETF that tracks a particular index, for example, seeks to deliver the inverse of the performance of that index, while a 2x (two times) leveraged inverse ETF seeks to deliver double the opposite of that index’s performance. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time (over weeks or months or years) can differ significantly from the inverse of the performance of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets. In some cases, the longer you hold a Leveraged or Inverse ETF, the greater your potential divergence from the performance of the index, and therefore, the greater the likelihood that the hedge provided by the ETF will not correlate with the fluctuations in the value of the corresponding index. In addition the longer you hold the Leveraged or Inverse ETF the greater your likelihood is of potential losses. Accordingly, Leveraged and Inverse ETFs may not be suitable for investors who plan to hold positions for longer than one trading session. **Conflict of Interest:** There may be an economic disincentive for the IAR to trade these securities frequently or daily in advisory wrap accounts due to the ticket charges incurred which are paid by the IAR.
- **ETNs:** Exchange Traded Notes (ETNs) are senior, unsecured debt securities issued by an underwriting bank. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the issuer. ETNs are designed to provide investors access to the returns of various market benchmarks. The returns of ETNs are usually linked to the performance of a market benchmark or strategy, less fees. When a client buys an ETN, the underwriting bank promises to pay the amount reflected in the index, minus fees upon maturity. Thus ETN has an additional risk compared to an ETF, upon any reduction of credit ratings or if the underwriting bank goes bankrupt, the value of the ETN will be eroded.
- **Structured Products:** Structured products are securities derived from or based on a single security, a basket of securities, an index, a commodity, a debt issuance and/or a foreign currency. Structured products have a fixed maturity, but typically contain two components – a note and a derivative (which may be an option). Structured products are issued by financial institutions, such as investment banks, and are senior, unsecured debt of the issuing institution. As such, structured products are subject to the credit worthiness of the issuer even if they are structured to offer principal protection, and any payments due at maturity are dependent on the issuer’s ability to make payment. There may be little or no secondary market for the securities and information regarding market pricing for the securities may

be limited even if the product has a ticker symbol or has been listed on an exchange. In addition to this credit risk, other risks of investing in structured products include, but are not limited to, liquidity risk, limitations on upside participation, and the tax treatment may be different from other investments in a Program account.

- **Alternative Investments/DPPs/Private Placements:** Direct participation programs typically include limited partnerships, LLCs, and REITS which benefit the investor based on their partial tax shelter. However, these programs also have significant risks associated with them. Direct Participation Programs rely upon the general partner to manage the investment. This type of program is often a blind pool because the investment may not be specifically identified, and as a result you cannot evaluate the risks of, or potential returns from, the investment. DPP's are highly illiquid and there is no guarantee of a secondary market for the investment. All or a substantial portion of the distributions from this type of investment may be a return of capital and not a return on capital, which will not necessarily be indicative of performance. DPPs are speculative investments which could result in the loss of the client's entire investment.
- **Interval Funds:** Interval funds are closed-end funds that may not give investors the right to redeem shares and a secondary market may not exist. While the fund may provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, there is no guarantee that clients will be able to sell all of their shares in any specific repurchase offer. Also, the offer to repurchase shares may be suspended or postponed by the investment sponsor. An investment in an interval fund involves a considerable amount of risk and it is possible to lose the total investment amount.
- **Options:** Certain types of options strategies are allowed in accounts to generate income or hedge existing positions such as selling covered call options or purchasing put options on securities in the account. The use of options involves additional risks including the potential for the market to rise significantly and having a security called away (covered call writing) or the loss of the premium paid for the purchase of a put option if it is not exercised or sold prior to expiration.

Adviser does not charge performance-based fees in any of its program accounts however certain third party managers may charge performance based fees as disclosed in their ADV Wrap Brochures.

Clients retain the right to vote all proxies solicited for securities held in program accounts. Adviser and IARs are precluded from voting proxies on behalf of the client. Clients will receive all proxy solicitation materials from the custodian for program assets or its authorized vendor. Clients should contact the party identified in the proxy material with any questions related to the proxy solicitation.

ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

IARs are responsible for account management and assist the client directly in determining appropriate financial goals, risk tolerance and overall investment objectives. The IAR collects the necessary information about the client during initial meeting and through subsequent meetings with each advisory client. The IAR communicates the information to portfolio managers upon material changes therefore Clients are advised that changes in their financial status, or goals and objectives, should be brought to the attention of the IAR promptly.

ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients are free to contact their IAR at any time. The IAR will contact and consult with the client's portfolio managers on their behalf.

ITEM 9 – ADDITIONAL INFORMATION

A. Disciplinary Information - Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to clients' or prospective clients' evaluation and/or selection of an adviser. Adviser has no disciplinary history applicable to this item.

B. Other Financial Industry Activities and Affiliations - Adviser's principal business is as a full service general securities broker-dealer (IFG), and also engages in business as an insurance broker. The primary business of its executive officers is the day-to-day management of its broker-dealer activities. This principal business and other non-investment advisory services account for the majority of Adviser's time. Executive officers are licensed as registered representatives of IFG if required. IARs are also licensed as registered representatives of IFG.

C. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Adviser has adopted a Code of Ethics that is designed to comply with the Investment Advisers Act of 1940, SEC Rule 204A-1 and federal securities laws. The Code of Ethics requires certain covered persons, including IARs, to adhere to the highest business standards and conduct their affairs with integrity and competence when dealing with the public, clients, prospects and employees. The Code of Ethics outlines acceptable and unacceptable activities for IARs. The Code of Ethics also requires IARs to report personal securities transactions to the Adviser on a quarterly basis and contains guidelines for how client transactions must be given preference over personal transactions by the IAR. A copy of the Code of Ethics is available to clients and prospects upon request.

Adviser and its IARs may invest in or otherwise own an interest in the same securities that are recommended to clients within program accounts. This creates a potential conflict of interest. All IARs are required to place the interests of clients ahead of their own when making personal investments. In addition, Adviser requires that client transactions be placed before IAR personal transactions. Personal trading by IARs is monitored by the Adviser. IARs may also buy or sell a specific security for their own account based on personal investment considerations, which the IAR does not deem appropriate to buy or sell for clients.

Adviser and IAR may perform advisory and brokerage services for other clients and may give advice or take actions for those clients that differ in timing and nature from the advice given to client.

Adviser does not make a market in any securities and does not buy or sell securities for its own account. No principal transactions with Adviser shall be effected in the accounts by Adviser. No agency-cross transactions (as such term is defined in Advisers Act Rule 206(3)-2(b) for client transactions will be executed by Adviser.

D. Review of Accounts - IARs are primarily responsible for reviewing client advisory accounts and do so on an intermittent or periodic (monthly, quarterly, etc.) basis. Triggering events may include responses to client requests, market events or specific target dates.

Clients will receive trade confirmations and periodic account statements from the custodian of program accounts. In addition, clients will receive quarterly portfolio performance reports from the custodian on behalf of the Adviser. IAR may also provide additional reporting services to clients. Clients are encouraged to review and compare the account information (e.g., market values, transactions, and advisory fees) in the performance reports and additional IAR reporting to the account statements received from the custodian.

E. Client Referrals - Adviser does not pay direct or indirect compensation to any persons for client referrals.

F. Other Compensation - IFG may receive commissions or other fees or compensation in relation to securities or insurance products placed through or with them as a broker-dealer or agent outside this account. IARs in their capacity as registered representatives receive a portion of such fees or compensation. The account services offered by the broker-dealer are separate and distinctly different from the advisory services offered even though the values may be shown on the advisory statement.

- Advisory accounts provide automatic daily cash sweep programs into client selected money market funds offered by Federated Financial Services Company and Dreyfus Funds. Adviser will receive compensation of up to 0.15 percent of the assets invested in Dreyfus Insured Deposits and up to 0.35 percent of the assets invested in Federated money market funds for non-retirement accounts. IARs do not receive any portion of these payments.
- It is possible for a client to pay a commission on a security or insurance product and then move the investment into a managed account. In these cases, the investment will be ineligible for fee billing, with limited exceptions, for a minimum of one year, and in some cases, a two year period of time from the date of purchase if the IAR received a commission in his/her capacity as a registered representative.

1. Third Party Arrangements - Adviser may engage in Solicitors' Agreements with third party money managers or investment advisory companies and receive compensation for such services based on deposits or assets placed under management. A portion of these fees are paid to IARs. Adviser may receive distribution allowances, due diligence fees, platform expenses and other payments from certain third party money managers and custodians of up to 15 basis points (0.15%) annually on assets placed with the managers and custodians. These fees are retained by Adviser and are not paid to any of its IARs. As a result, IARs do not receive a greater or lesser fee for selecting one third party manager over another. In all cases, such fees are paid from the money manager's own resources and not from client assets. The following third-party money managers currently participate in this payment arrangement: AssetMark, Beacon Capital, BofI Advisor, Brinker Capital, BTS, Dunham & Associates, Envestnet, Eqs Capital, FlexPlan, Hanlon Investments, Loring Ward, Measured Risk Portfolios, Ocean Park Asset Management, Trademark Financial, and Weatherstone Capital Management.

2. Conference Program - Certain product sponsors contribute additional funds and resources to programs that support Adviser's marketing, education, training, seminars and conferences conducted throughout the year (Conference Program). The amount that product sponsors pay to participate in the Conference Program is based on a tiered platform that ranges from \$10,000 to \$65,000 according to the events and activities the sponsor chooses. This may include conference calls, web-casts, the IFG Top Producer Event, the IFG Investment Symposium, the IFG Technology and Training Symposiums and the IFG National Conference.

These sponsors have greater access to the representatives to provide educational and training opportunities. Not all sponsors participate at the same level and participation is voluntary. For a detailed list of sponsors that are participating in IFG's Conference Program, please consult our website at ifgsd.com.

3. Training, Due Diligence Trips and Marketing Support - Product sponsors and other companies may reimburse up to 100% of the cost of training programs, due diligence trips, attendance at seminars, business activities, client events, entertainment and educational joint marketing meetings for IARs, as permitted by industry rules.

Although the product sponsors who contribute these funds may have greater access to the IARs, the client does not pay more to purchase these products through Adviser than they would through another broker-dealer or RIA. The payment of this additional compensation by these product sponsors may pose a financial incentive to promote certain products over other products, although Adviser does not believe that these arrangements compromise the duty and service the IAR owes and provides to the client. IARs are under no obligation to utilize the programs of these product sponsors.

G. Financial Information - Investment advisers are required to provide certain financial information or disclosures about their financial condition in this item. Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.