

INDEPENDENT FINANCIAL GROUP, LLC

WRAP FEE PROGRAM BROCHURE

ADV PART 2A APPENDIX 1

**12671 High Bluff Drive
Suite 200
San Diego, CA 92130**

**858-436-3180 Phone
858-481-9033 Fax**

Dated March 29, 2013

www.ifgsd.com

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 disclosures@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

Material Changes Since Last Update

This brochure dated March 29, 2013 is a new disclosure document that has been prepared to replace the previously filed disclosure brochure dated July 2, 2012. This brochure contains material changes that have been made to our investment advisory services programs and is being delivered to you in its entirety.

Brochure Availability

In the past, Independent Financial Group, LLC has offered or delivered information about our advisory business at least annually. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes or deliver a new brochure within 120 days of the close of or fiscal business year. Independent Financial Group, LLC may also provide information about material changes to clients at other times during the year as necessary.

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 disclosures@ifgsd.com or available on our website www.ifgsd.com, also free of charge.

ITEM 3 – TABLE OF CONTENTS

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
A. Advisor Background	4
B. Advisory Services – Overview	4
C. Technology & Custody	4
D. Advisory Services – Wrap Program Descriptions.....	4
■ Open Architecture Solutions (“Rep Directed Programs”)	4

Program Name	“Previously Known As”	Availability
Advisor Managed Portfolio – AMP 150	N/A	Open
Advisor Managed Portfolio – AMP Advisor	N/A	Open
Custom Asset Management – CAM 150	I-Custom	Open
Custom Asset Management – CAM Advisor	I-Design	Open
Adviser Plus	N/A	Closed to new business*
I-Freedom TD Wrap	N/A	Closed to new business*

*Programs are currently closed to new business with limited exception.

■ Centrally Managed Solutions (“Third Party Asset Management Programs”)..... 5

Program Name	“Also Known As”	Availability
Strategist Manager Select	Fund Strategist Program	Open
Institutional Manager Select	Separate Account Program	Open
Private Wealth Portfolios	Unified Managed Account Program	Open
Model Wealth Folios	Multi-Manager Account Program	Open

Item 5 – Fees and Compensation	5
A. Compensation, Fees & Disclosures for Advisory Services by Program.....	5
B. Billing Method	7
C. Client Needs	7
D. Client Assets under Management and Administration.....	7
E. Other Fees and Expenses	8
F. Termination	8
G. Additional Compensation	8
Item 6 – Performance Based Fees	8
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9 – Disciplinary Information	9
Item 10 – Other Financial Industry Activities and Affiliations	10
Item 11 – Code of Ethics	10

Item 12 – Brokerage Practices	10
A. Broker-Dealer Selection.....	10
B. Trade Aggregation, Allocation or Block Trading.....	10
Item 13 – Review of Accounts	10
Item 14 – Client Referrals and Other Compensation	11
Item 15 – Investment Discretion	11
Item 16 – Voting Client Securities	11
Item 17 – Financial Information	11

ITEM 4 – ADVISORY BUSINESS

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.

Advisory Services - Overview

Adviser provides a variety of goal planning and advisory services through Investment Adviser Representatives (IARs) who are in most cases also Registered Representatives (RRs) 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. 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.

Technology & Custody

For applicable Programs, IAR will utilize AccessPoint, IFG's primary wealth management platform. The AccessPoint platform is hosted by Envestnet. Envestnet is a wholly owned subsidiary of Envestnet, Inc. (NYSE: ENV), a publicly held company. Envestnet provides portfolio management services to retail clients through IARs, as well as, institutional clients such as pensions, profit-sharing plans, trusts, estates, and corporations.

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. The Programs are generally made available through each Client's IAR.

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 services 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.

Adviser does not maintain custody of client assets at any time. Pershing LLC or TD Ameritrade Institutional acts as qualified custodian for Program assets as applicable by Program. In connection with its duties as custodian Program custodian will provide clients confirmations for each transaction depending on the Program. 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.

Advisory Services Wrap Program Descriptions (Open Architecture Solutions)

The Open Architecture Solutions (Rep Directed Programs) listed below, offer participant's asset allocation, brokerage services, consolidated reporting and periodic recommendations based on stated investment objectives. Clients may authorize IAR to execute transactions on a discretionary or non-discretionary basis. Eligible assets include stocks, bonds, mutual funds, Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), structured products, fixed income and other securities. Only no-load or load-waived mutual funds may be purchased within Program accounts. Margin, mutual fund systematic investments, mutual fund systematic withdrawals and options (specifically covered call writing) may be permitted in Program accounts as indicated in the advisory services agreement.

IARs may participate in third party wrap fee programs, as well as Adviser sponsored wrap fee programs, whereby the wrap fee is an asset based fee that includes advisory fees, asset allocation and brokerage services under an all-inclusive program fee. Adviser and IAR receive a portion of the wrap fees. The program fees for Wrap Programs may be higher or lower than advisory fees and commissions which the client could negotiate separately for the same services.

Open Architecture Solutions – (“Rep Directed Wrap Programs”)				
Program Name	“Previously Known As”	AccessPoint	Custodian	Availability
Advisor Managed Portfolio – AMP 150	N/A	Yes	Pershing	Open
Advisor Managed Portfolio – AMP Advisor	N/A	Yes	Pershing	Open
Custom Asset Management – CAM 150	I-Custom	No	Pershing	Open
Custom Asset Management – CAM Advisor	I-Design	No	Pershing	Open
Adviser Plus Wrap	N/A	No	Pershing	Closed to new business*
I-Freedom TD Wrap	N/A	No	TD Ameritrade Institutional	Closed to new business*

*Programs are currently closed to new business with limited exception.

Advisory Services Wrap Program Descriptions (Centrally Managed Solutions)

The Centrally Managed Solutions (Third Party Asset Management Programs, or TPAM Programs) listed below, offer participants access to third party money managers through the AccessPoint wealth management platform, or by opening accounts directly with the Third Party Manager. In either case, IAR and client compile pertinent financial and demographic information to develop an investment program that will meet the client’s goals and objectives.

Centrally Managed Solutions (“Third Party Asset Management Programs”)				
Program Name	“Also Known As”	AccessPoint	Custodian	Availability
Strategist Manager Select	Fund Strategist Program	Yes	Pershing	Open
Institutional Manager Select	Separate Account Program	Yes	Pershing	Open
Private Wealth Portfolios	Unified Managed Account Program	Yes	Pershing	Open
Model Wealth Folios	Multi-Manager Account Program	Yes	Pershing	Open

To participate in any one of the TPAM Programs, IAR and client enter into a program specific investment advisory services agreement. Clients authorize IAR to execute transactions on a discretionary basis. Program accounts are billed quarterly in advance or in arrears depending on the Program and agreement between IAR and client. The custodian of assets will provide statements for client accounts.

For AccessPoint Programs, IAR will allocate the client’s assets among the different options in the Program and determine the suitability of the asset allocation and investment options for each client, based on the client’s needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. For all TPAM Programs, the client directly owns the underlying securities, mutual funds or ETFs in each of the Program’s investment strategies. Depending on the model or strategy chosen by the client, a portfolio may typically hold between 5 and 250 securities. AccessPoint accounts are billed quarterly in advance and clients will receive quarterly statements directly from Pershing LLC.

ITEM 5 – FEES AND COMPENSATION

Compensation for Advisory Services

IAR is compensated for advisory services by fees based on the value of client accounts at the beginning or end of each month or quarter depending on the Advisory Program. All advisory fees within Adviser’s Programs are negotiable. Descriptions of advisory program fees are as follows.

Open Architecture Solutions – (Rep-Directed Programs)

Clients pay an annualized advisory fee in addition to brokerage transaction charges and other platform fees depending on the advisory Program. The advisory fee is negotiable and can be reduced depending on the unique circumstances of each client. Advisor 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.

(Open) Rep Directed Wrap Programs Ticket Charges, Fees & Program Disclosures				
Ticket Charges & Fees	Advisor Managed Portfolio – 150 (AMP 150) ¹	Advisor Managed Portfolio – Advisor (AMP Advisor) ²	Custom Asset Management –150 (CAM 150) ¹	Custom Asset Management- Advisor (CAM Advisor) ²
Listed Equities	N/A ¹	\$10.00 + 0.015 cents/share	N/A ¹	\$10.00 + 0.015 cents/share
OTC Equities	N/A ¹	\$10.00	N/A ¹	\$10.00
Equity & Index Options	N/A ¹	\$10.00 + \$1.50/contract	N/A ¹	\$10.00 + \$1.50/contract
Option Exercise & Assignments	N/A ¹	\$30.00	N/A ¹	\$30.00
Listed Bonds	N/A ¹	\$40.00/bond	N/A ¹	\$40.00/bond

Corporates, Treasury & Muni Bonds	N/A ¹	\$10.00	N/A ¹	\$10.00
CDs & UITs	N/A ¹	\$40.00	N/A ¹	\$40.00
Mutual Fund “NTF” Short Term Redemption Fee	N/A ¹	\$50.00	N/A ¹	\$50.00
Mutual Fund Internal Exchanges	N/A ¹	\$5.00	N/A ¹	\$5.00
Mutual Fund Purchases/Redemptions	N/A ¹	\$7.00 - \$17.00	N/A ¹	\$7.00 - \$17.00
Ticket Charges & Fees	Advisor Managed Portfolio – 150 (AMP 150)¹	Advisor Managed Portfolio – Advisor (AMP Advisor)²	Custom Asset Management –150 (CAM 150)¹	Custom Asset Management- Advisor (CAM Advisor)²
Annual Program (Sponsor) fees (Per Year, Per Account)	\$150.00 ³	\$150.00 ³	\$150.00 ⁴	\$150.00 ⁴
Confirm fees	N/A	\$4.00 ⁵	N/A	\$5.00 ⁵
Annual Advisory Fee (max)	3.00%	3.00%	3.00%	3.00%
Account Minimum ⁶	\$25,000	\$25,000	\$25,000	\$25,000
Program Disclosures				
Envestnet Annual Account Minimum (Access Point Only)	See “Statement of Investment Selection”	See “Statement of Investment Selection”	N/A	N/A
House-holding	N/A	N/A	Yes	Yes
ERISA Qualified Accounts Permitted	No	No	No	No
Pershing Office Range	PWT	PWU	JGC	JGR

¹ Program fee offers 150 complementary trades per year; buy orders and sell orders are each considered trades. Any trades beyond 150 per year are subject to transaction charges and are paid by IAR.

² Ticket charges are paid by IAR.

³ Client will be assessed this fee if minimum is not met. Refer to Statement of Investment Selection to determine total Program Sponsor fee.

⁴ IAR, not the client, will be assessed this fee if minimum is not met.

⁵ Confirm fees are paid by client.

⁶ IAR may choose to lower this minimum for certain house-holding situations

(Closed) Rep Directed Wrap Programs Ticket Charges, Fees & Program Disclosures		
Ticket Charges & Fees	Adviser Plus Wrap²	I-Freedom TD Wrap²
Listed Equities	\$10.00 + 0.015 cents/share	\$9.99
OTC Equities	\$10.00	\$10.00
Equity & Index Options	\$10.00 + \$1.50/contract	\$9.99 + 0.75 cents/contract
Option Exercise & Assignments	\$30.00	\$30.00
Listed Bonds	\$40.00/bond	\$9.99
Corporates, Treasury & Muni Bonds	\$10.00	\$9.99
CDs & UITs	\$40.00	\$40.00
Mutual Fund “NTF” Short Term Redemption Fee	\$50.00	\$50.00
Mutual Fund Internal Exchanges	\$5.00	\$10.00
Mutual Fund Purchases/Redemptions	\$7.00 - \$17.00	\$20.00
Program (Sponsor fee max)	N/A	25 basis points
Confirm fees	\$5.00 ³	N/A
Annual Advisory Fee (max)	3.0%	3.0%
Annual Account Fee, Per Account	\$150 ⁴	\$150 ⁴
Account Minimum ¹	\$25,000	\$50,000
Program Disclosures		
House-holding	N/A	N/A
ERISA Qualified Accounts Permitted	No	No
Pershing Office Range	ADW	N/A

¹ IAR may choose to lower this minimum for certain house-holding situations

² Ticket charges are paid by IAR.

³ Confirm fees are paid by client.

⁴ Annual account fee paid by IAR

⁵ Program fee offers 100 complementary trades per year; buy orders and sell orders are each considered trades. Any trades beyond 100 per year are subject to transaction charges and are paid by IAR.

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.

Centrally Managed Solutions – (Third Party Asset Management Programs)

For all Centrally Managed Solutions (Third Party Asset Management Programs, or TPAM Programs) all fees and aspects of the program are detailed and disclosed in the third party investment adviser's advisory agreement, Form ADV Part 2A and disclosure documents which are provided to the client. Selection of a wrap fee program may result in the payment of fees in excess of the combined total of separate advisory fees and transaction charges paid per transaction. The advisory fee is negotiable and can be reduced due to the unique circumstances of each client.

For third party mutual fund, variable annuity & variable life management services, advisory fees may be negotiated depending upon the program, size of the account and services offered. Some programs offer an inclusive fee or 'wrap fee' to cover account management, brokerage or clearing charges, custody and administrative services.

Certain mutual funds, VAs or VULs purchased in the program may or may not bear back-end sales charges or fees pursuant to Rule 12b-1 of the Investment Company Act of 1940 ("12b-1"). Such fees and other expenses are described in each mutual fund's prospectus. There will also be additional internal cost related to policy riders as well as the mortality and expenses of the life insurance and annuity policies that are borne by the client.

AccessPoint Third Party Management Programs - The Strategist Manager Select, Institutional Manager Select, Private Wealth Portfolios and Model Wealth Folios Program fee ("Sponsor 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 Sponsor 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. Certain fees are not included in the Sponsor Fee, the most significant of which is the fee charged by the IAR. Additionally, the Sponsor Fee does not include fees or expenses which may be associated with the underlying investment vehicles such as, redemption fees, 12b-1 fees or internal expense ratios.

The table below provides AccessPoint Third Party Management Program specific fees and disclosures.

AccessPoint Third Party Management Programs Fees & Disclosures				
Fees	Institutional Manager Select	Strategist Manager Select	Private Wealth Portfolio	Model Wealth Folios
Program (Sponsor) Fee max ¹	125 basis points ⁴	125 basis points ⁴	175 basis points ⁴	175 basis points ⁴
Advisory Fee (max)	2.5%	2.5%	2.5%	2.5%
Pershing Annual Account Minimum Fee (Per Year, Per Account)	\$150 ⁵	\$0-\$150 ⁵ , depends on strategy selected	\$150 ⁵	\$150 ⁵
Account Minimum ²	Varies by strategy	\$10,000	\$150,000	Varies by strategy
Disclosures				
Investnet Annual Account Minimum Fee	See "Statement of Investment Selection"	See "Statement of Investment Selection"	See "Statement of Investment Selection"	See "Statement of Investment Selection"
House-holding	Partial	Partial	Partial	Partial
Ticket Charge Costs ³	Built into program fee	Built into program fee	Built into program fee	Built into program fee
ERISA Qualified Accounts Permitted	Yes	Yes	Yes	Yes
Pershing Office Range	PWW	PWX, PWY, PWZ, PXZ	PWW	PWW

¹ The Sponsor fee charged depends on the manager(s) and Program selected. See "Statement of Investment Selection" for more information. Fees are calculated on a per account basis. Mutual funds, ETFs and alternative investments charge their own fees for investing the pool of assets in the respective investment vehicle. Clients should refer to the prospectus or related disclosure document for information regarding these fees.

² IAR may choose to lower this minimum for certain house-holding situations. Third Party Asset Manager may require deposits of additional funds or securities or terminate the Program account.

³ A Mutual Fund Surcharge may apply depending on the Mutual Fund Family. Please see "Statement of Investment Selection" for more details.

⁴ The Program Sponsor fee charged will vary and depends on both the account size and on the manager(s) selected for the account. Fees are calculated on a per account basis. Mutual funds, ETFs and alternative investments charge their own fees for investing the pool of assets in the respective investment vehicle. Please see the prospectus or related disclosure document for information regarding these fees.

⁵ Client will be assessed this fee if minimum is not met. Refer to Statement of Investment Selection to determine total Program Sponsor fee.

Billing Method

The specific manner in which fees are charged by Adviser is established in each program specific advisory client services agreement and described in **Item 4 – Services, Fees & Compensation** of this brochure. In general, Adviser bills program fees on a quarterly basis in advance or in arrears based on the market value of the account on the last business day of the quarter. Clients may also elect to be billed directly for fees or debit fees from a client account. For all Open Architecture Solutions Programs, fees will be prorated for any capital contributions or withdrawals made during the applicable calendar quarter. Advisory accounts initiated or terminated during a calendar quarter will be charged prorated Program fees.

Client Needs

IARs conduct initial meetings with each potential advisory client to discuss their financial needs, personal goals, risk tolerance and overall investment objectives. It is of beneficial interest to the client to provide accurate and candid information and promptly inform IAR of any material changes in their circumstances so IAR can evaluate if adjustments to the advisory accounts are necessary. Clients may impose restrictions on investing in certain securities or types of securities in most advisory programs.

Client Assets under Management and Administration

As of December 31, 2012, Adviser manages a total of \$2,261,734,549.00 in assets of which, \$2,135,749,492.00 in assets are managed on a discretionary basis and services \$125,985,057.00 in non-discretionary assets under administration.

Other Fees and Expenses

The advisory fees are separate from brokerage transaction fees and other related costs and expenses in non-wrap accounts. IFG receives transaction based compensation in connection with brokerage services in the Open Architecture Solutions Program. Clients may also incur charges imposed by third party custodians, brokers, third party money managers and other third parties. IARs do not receive any portion of these fees.

- Mutual Funds and ETFs charge internal management fees which are disclosed in the fund's prospectus. Program advisory fees do not include certain charges such as 12b-1 fees paid by mutual funds held in client's account, which may be retained by IAR as a registered representative. Notwithstanding the foregoing, no 12b-1 fees may be received by IAR with respect to any assets in a program account of a client which is an employee benefit plan subject to ERISA, an IRA or other account subject to the prohibited transaction rules of the Internal Revenue Code which are substantially the same as ERISA. The 12b-1 fees are included among normal mutual fund expenses and are reflected in the fund prospectus.
- 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 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 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 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 percent of the assets invest in Dreyfus Insured Deposits and up to 0.35 percent 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, transfer taxes, wire transfer and electronic fund transfer fees and other fees on brokerage accounts and securities transactions. Adviser and IARs do not receive any portion of these fees.

Termination

Advisory accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid unearned fees will be promptly refunded and any earned unpaid fees will be due and payable.

Additional 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.

- Mutual funds, ETFs and certain Unit Investment Trusts also charge fees for promotion and expenses such as 12b-1 fees. IARs in their capacities as RRs may receive a portion of such fees to the extent permitted by law. 12b-1 fees, deferred sales charges and other fee arrangements are described in the applicable fund or trust prospectus.
- 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.

a) 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 of up to 10 basis points (0.10%) 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 adviser 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: Envestnet, Loring Ward, Weatherstone Capital Management, Genworth Financial, Dunham & Associates, Hanlon Investments, SEI, Equis Capital, Measured Risk Portfolios, Trademark Financial and Advisors Asset Management.

b) 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). 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. The following companies have or are currently participating in our Conference Program described below: Envestnet, Loring Ward, Weatherstone Capital Management, Genworth Financial, Dunham & Associates, Hanlon Investments, SEI, Equis Capital, Measured Risk Portfolios, Advisors Asset Management, Morningstar, CLS, FTJ Fund Choice, Ocean Park Asset Management, The Pacific Financial Group, BTS Asset Management and Brinker.

c) 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.

ITEM 6 – PERFORMANCE FEES

Adviser does not charge performance based fees or fees based on capital gains or capital appreciation of client assets however third party managers may charge performance based fees as part of their programs.

ITEM 7 – TYPES OF CLIENTS

Adviser through its IARs provides portfolio management services to individuals, high net worth individuals, trusts, business owners, corporations, corporate pension and profit sharing plans.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

IARs assist clients to determine appropriate allocation models or investment strategies depending on their overall objectives and 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. No assumption can be made that any particular strategy will provide better returns than other investment strategies.

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.
- **Equity Investments:** The Equity portion of the Program Assets may consist of common stock, ETFs, and convertible preferred stocks. It should be well diversified (within the context of the portfolio investment style) to avoid undue exposure to any single economic sector, industry group, or individual security.
- **Short-Term Investments:** Short-term Investments will consist of money market funds for Mutual Fund Strategist investments, and individual cash equivalent securities such as U. S. Treasury Bills, Certificates of Deposit, Commercial Paper, money market funds and other similar instruments with less than one year to maturity for all other investments.

- **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 innate 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 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 (also known as “ultra-short” funds) 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.
- **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. 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.
- **DPPs/Private Placements:** Direct Participation Programs (DPPs) 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. DPPs 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. DPPs 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 client’s entire investment.

Keep in mind, investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money. Before investing, consider the fund's investment objectives, risks, charges, and expenses. Contact your advisor for a prospectus containing this information. Read it carefully.

ITEM 9 – DISCIPLINARY ACTION

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.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Adviser’s principal business is as a full service introducing securities broker-dealer, 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

Typically, Adviser’s IARs are also registered representatives of IFG and would likely receive commissions if clients choose to implement recommendations through the broker-dealer. If clients choose to make such purchases through IFG, this may present a conflict of interest to the extent the IAR may have a financial incentive to recommend products and services through IFG in lieu of other financial institutions.

Certain registered representatives of IFG also provide advisory services independently of IFG through separate RIAs. Some of IFG’s registered representatives may act as IARs of both the Adviser and a separate RIA. Although IFG may act as broker-dealer for advisory programs offered through separate RIAs, the RIAs are responsible for any advice or advisory services offered through their programs.

ITEM 11 – 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.

ITEM 12 – BROKERAGE PRACTICES

Broker-Dealer Selection

Adviser is also a registered broker-dealer and in such capacity clears its securities business as an introducing broker-dealer through Pershing or TD Ameritrade Institutional.

Adviser requires, per client's participation in certain Programs, that client appoint IFG as the broker-dealer for execution of program transactions. Client should understand that not all advisers require their clients to direct brokerage. This presents a conflict of interest because of the clearing relationship between IFG and Pershing. By directing brokerage to IFG, Adviser may be unable to achieve most favorable execution of client transactions, and this practice may increase the client's costs.

Clients should consider whether the appointment of IFG as the exclusive broker-dealer and Adviser's clearing relationship with Pershing, TD Ameritrade and Schwab Institutional results in certain costs or disadvantages to the client as a result of possibly less favorable executions. Adviser carefully considers IFG and Pershing's abilities to execute, clear and settle transactions on behalf of clients. While Adviser attempts to obtain the best execution possible, there is no assurance that best execution will be obtained.

Adviser does not have an incentive to select or recommend a broker-dealer based on interest in receiving client referrals.

Trade Aggregation, Allocation or Block Trades

Adviser may aggregate transactions for a client with other clients where possible and advantageous for clients, and with client approval. When trades are aggregated, the actual prices applicable to the aggregated trades will be averaged, and the client's account will be deemed to have purchased or sold its proportionate share of the securities at the average price obtained. For orders that are only partially filled, Adviser will allocate trades pro-rata or on some other basis consistent with the goal of treating all clients fairly over time.

ITEM 13 – 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 for some of the available 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 reports and additional IAR reporting to the account statements received from the custodian.

ITEM 14 – CLIENT REFERRALS

Adviser does not pay direct or indirect compensation to any persons for client referrals.

ITEM 15 – INVESTMENT DISCRETION

IARs may have the authority to manage investments on a discretionary or non-discretionary basis as set forth in the advisory agreement. Adviser and the IAR do not have the authority to withdraw funds or take custody of client funds or securities.

Clients selecting third party managed programs may grant IAR and/or the third party adviser discretionary authority to determine, the securities and/or amount of securities to be bought or sold as set forth in the account agreement. A description of the limitations on the authority of the third party advisers may be found in the disclosure brochure of the investment manager that is delivered to the client.

ITEM 16 – VOTING CLIENT SECURITIES

Clients retain the right to vote all proxies solicited for securities held in Adviser sponsored program accounts. Adviser and IARs are precluded from voting proxies on behalf of the client. Certain third party advisers may render advice or take action with respect to voting proxies if client authorization is granted in the third party adviser's agreement.

ITEM 17 – 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.