

## Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Nations Financial Group, Inc. ("NFGI"). This information should be considered before participating in one of our programs. If you have any questions about the contents of this brochure, please contact us at 319-393-9541 or [compliance@nationsfg.com](mailto:compliance@nationsfg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about NFGI also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 44181.

NFGI is a Registered Investment Adviser. **Registration as an investment adviser does not imply any level of skill or training.**

## **Item 2 Material Changes**

The material changes since the last annual Brochure dated 03/25/2019 include:

- Item 4 - Added information regarding the NFGI Portfolios – Equity and Tactical programs.
- Item 5 - Noted conflicts that exist due to availability of multiple share classes. Updated disclosure regarding risk of using margin or pledging accounts and recommendation conflicts.
- Item 8 - Updated and added different methods of analysis and investment strategies.
- Item 12 & 14 - Updated disclosures regarding cash sweep, non-purpose loan, and custodian recommendation conflicts.

The above is only a summary and does not purport to identify every change to the Brochure since the last annual update. Additional information about each change referred to above may be found in the applicable section of the Brochure. Clients are encouraged to read the Brochure in detail and contact Nations Financial Group, Inc. (NFGI) with any questions.

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## Item 4 Advisory Business

Nations Financial Group, Inc. is a SEC-registered investment adviser with its principal place of business located in Iowa. Nations Financial Group, Inc. began conducting business in 1999. We are considered a fiduciary according to the Investment Advisors Act of 1940. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- NFGI Holding Corporation – Direct Owner
- Richard Scott Bennett, President/CEO – Indirect Owner

This Brochure is intended to provide you with information regarding our investment advisory services, fee arrangements, qualifications, and business practices that should be considered before becoming our advisory client.

Individuals who are appropriately licensed, qualified or approved as investment adviser representatives (IAR) with us will be authorized to provide investment advisory services. IARs only provide services and charge fees based on the descriptions detailed in this document. However, the exact services you will receive and the fees you will be charged depend on your particular investment adviser representative. Fees also vary depending on your geographic location and/or your selected investment adviser representative. Investment adviser representatives are instructed to consider your individual needs when recommending an advisory platform.

Most of our investment adviser representatives are approved to also provide investment recommendations in their separate capacity as registered representatives of our dually registered broker/dealer. When acting as a registered representative, these representatives will charge commissions on a per-transaction basis when implementing their recommendations for clients.

When deciding which, if any, of the advisory programs available through us is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, fee-based accounts may actually result in higher annual costs. The total cost for transactions under a fee based account versus a commission account can vary significantly and depends upon a number of factors, such as account size, amount of turnover (number of transactions), type and quantities of securities purchased or sold, commission rates and the client's tax situation. You should have a conversation with your IAR and read this Brochure carefully as it explains our programs in detail.

Our investment adviser representatives and their branch offices may use marketing names or other names that are held out to the public. Such names are known as "doing business as" or "dba" names. The purpose for using these other names is so that the investment adviser representative can create an identifiable brand that is specific to them personally or to their branch office but separate from us. While we allow our investment adviser representatives to use other names, they have been instructed to disclose on advertising and client correspondence that their advisory services and securities are offered through us.

Services are always provided based on individual client needs. This means, for example, that you are given the ability to impose restrictions on your accounts managed by us, including specific investment selections and sectors. Investment adviser representatives work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. NFGI will provide services that reflect prudence and diligence based on your stated investment objectives, risk tolerance, financial circumstances, and investment needs, without regard to the financial or other interests of us, your investment adviser representative or any affiliate or related entities.

NFGI offers the following advisory services to our Clients:

### **INVESTMENT SERVICES ("IS")** **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice regarding the investment of your funds based on your individual needs. Through personal discussions, goals and objectives based on your particular circumstance are established, we identify your personal investment objective and create and manage a portfolio based on that objective. During our data-gathering process, among other things we determine your individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss your prior investment history.

We manage your funds on a discretionary or non-discretionary basis. Clients funds managed on a discretionary basis: These portfolios are managed primarily by utilizing stocks, bonds, covered options, variable annuity products, ETF's and mutual funds. In the discretionary accounts, the Investment Adviser Representative (IAR) primarily makes all investment decisions with or without consulting you. This discretion is only granted after receiving written approval from you via the contract. The IAR's discretion will solely relate to trading and will not allow the IAR to withdraw or journal your assets. Specific investment recommendations will vary depending on the individual IAR that you are working with. Client funds managed on a non-discretionary basis: These portfolios are managed primarily by utilizing stocks, bonds, covered options, variable annuity products, ETF's and mutual funds. The non-discretionary accounts investment recommendations will be presented to you by the IAR; however, the final investment decisions will be made by you. Specific investment recommendations will vary depending on the individual IAR that you are working with.

Account recommendations are guided by but not limited to your stated objectives, risk tolerance, time horizon, restrictions and guidelines, as well as tax considerations.

You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and may generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers

- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Hedge Funds
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- Private Equity
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Futures contracts on tangibles
- Futures contracts on intangibles
- UITs
- REITs
- ETPs
- Cash

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **PENSION CONSULTING SERVICES**

While the primary Clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of three distinct services.

#### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement per their investment policy statement "IPS". The number of investments to be recommended will be determined by the Client, based on the IPS.

#### *Monitoring of Investment Performance:*

We monitor the investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm may not be involved in any way in the purchase or sale of these investments, we supervise the portfolio and will make recommendations as market factors, the Client's needs, and the IPS dictate.

#### *Employee Communications:*

For pension, profit sharing and 401(k) plan Clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the Client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan

participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### **NFGI 401K PORTFOLIOS**

We offer 5 portfolios to be used inside 401k's, when we work in a discretionary manner under a 3(38) arrangement. These mutual fund models are designed to fit the objectives of investors from Aggressive (typically 100% equities) to Conservative (typically 20% equity/80% income).

These mutual fund models are built to have a diversified strategy. Internal expenses are considered in these strategies. The portfolios may contain a large percentage in index funds to help keep the internal expenses down. However, index funds may not be used at all times.

### **NFGI PORTFOLIOS**

We offer portfolios to be used in a discretionary manner for Clients. These mutual funds, ETP, and equity models are designed to fit the objectives of investors from Aggressive (up to 100% equities) to Conservative (typically 30% equity/70% income). The Asset Allocation models are built to have a diversified strategy. The Equity and Tactical models focus may not be on diversification but rather to a primary investment goal or strategy.

**NFGI Portfolios – Asset Allocation** is a discretionary investment advisory program that offers a broad array of mutual funds or ETPs that invest in and across different investment asset classes and employ varied approaches to investment management. We have created a number of portfolios based on due diligence and asset allocation that we believe are appropriate for a number of different investment objectives. Based on your investment objectives, financial circumstances and risk tolerance, your IAR will recommend one of the models that will be managed on a discretionary basis.

The combination and allocation strategy of the selected mutual funds or ETPs in a Portfolio is based on our determination of the appropriate target asset allocation and/or risk/return profile for your investment objective and risk tolerance. The investments and allocations may be modified from time to time based upon changes in asset allocation guidance or our assessment of factors impacting individual positions or particular combinations. Additions to and withdrawals from your account will generally be allocated based on the target allocation you selected.

Fluctuations in the market value of assets, as well as other factors, will affect the actual allocation at any given time. We will generally rebalance the account annually, unless market conditions indicate we should do so more frequently. You may also request us to rebalance your account as necessary.

**NFGI Portfolios - Equity and Tactical** is a discretionary investment advisory program that offers a broad array of mutual funds, ETPs, and individual equity positions that invest in and across different investment asset classes and employ varied approaches to investment management. These strategies may not be diversified and may have higher volatility than more diversified portfolios. Based on your investment objectives, financial circumstances and risk tolerance, your IAR will recommend one or more of the models that will be managed on a discretionary basis.

The portfolios may be derived from outside research providers and the portfolios may materially be modified. Additions to and withdrawals from your account will generally be allocated based on the target allocation you selected.

Fluctuations in the market value of assets, as well as other factors, will affect the actual portfolio allocation at any given time. These accounts may contain higher turnover levels and you should consider possible tax consequences before investing in these strategies.

### **THIRD-PARTY MANAGER PROGRAMS**

We also offer advisory management services through sub-adviser or solicitor agreements to our Clients through the Third-Party Manager Programs (hereinafter, "Programs").

Our IARs provide you with an asset allocation strategy developed through personal discussions in which goals and objectives based on your particular circumstances are established through the investor profile. These programs will be offered on a discretionary basis.

Based on your individual circumstances and needs we will then perform management searches of various registered investment advisers to identify which registered investment adviser's portfolio management style will be appropriate for you. Some factors considered in making this determination include account size, risk tolerance, the opinion of each Client, the investment philosophy of the selected registered investment adviser, and investor profile. You should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with you on a regular basis (no less than annually), or as determined by the you, to review the account.

We monitor the performance of the selected registered investment adviser(s). If we determine that a selected registered investment adviser(s) is not providing sufficient services consistent with the Client's objectives and investor profile, we may suggest that you contract with a different registered investment adviser and/or program sponsor. Under this scenario, our IAR assists you in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at your discretion.

### **FINANCIAL CONSULTING**

On occasion, NFGI provides advisory services that consist of a "one-time" review or investment recommendation to Clients. The IAR will provide general investment advice regarding assets as designated by Client. The IAR shall have no discretion with respect to any assets of the Client, it being understood that Client is relying on the IAR for general investment advice and is under no obligation to act on any investment advice provided by the IAR.

A one-time fee will be paid for such services. The fee you pay will vary based on a number of factors including but not limited to; the specific IAR that is providing the service, the geographic location of the Client and IAR, the types of securities being reviewed, special service requests you may have and specific account related service requests of the Client.

The IAR's services are non-exclusive, and the IAR shall be free to render the same or similar services to other Clients. The IAR will render investment advice based upon your representations as to your investment objectives. Therefore, the IAR, in the performance of its advisory duties, may give advice to other Clients and take actions that may differ from the advice given with respect to your assets.

You have the sole authority concerning the implementation, acceptance, or rejection of any counseling and or investment advice given by the IAR. The IAR will not have authority to act on



your behalf when providing these services.

The information providing the basis for IAR's advice with respect to the assets will be derived by IAR from publicly available sources which IAR believes to be reliable, but whose accuracy cannot be guaranteed, and, in some cases, such information may not be capable of being independently verified by IAR. All advice rendered will be the result of professional judgment based upon information available to the IAR. NFGI does not assume responsibility for the accuracy of information furnished by you or any other party and maintained in IAR's records.

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Our firm sponsor/offers a Wrap Program named NFGI Wrap. Certain services above will be part of that program. Those in the program will receive additional disclosure in the Firm's Wrap Brochure.

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#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2019, we were actively managing \$861,717,321 of Clients' assets on a discretionary basis plus \$157,167,988 of Clients' assets on a non-discretionary basis and overseeing \$511,856,488 of Clients' assets being managed by third-party money managers.

### **Item 5 Fees and Compensation**

Fees for advisory services are negotiable, thus vary from Client to Client. The fees you pay for advisory services will vary based on a number of factors including but not limited to; the specific IAR that is providing the service, the geographic location of the Client and IAR, the types of securities being managed, the account size, special service requests you may have and specific account related service requests of the Client.

Individual Portfolio Management, Pension Consulting and Third-Party Manager program asset-based fees range as high as 2.25% for discretionary, non-discretionary, and sub-adviser advisory accounts (additional transaction or trading costs may apply) and up to 2.50% for all-inclusive wrap accounts where transaction costs are included in the fee (NFGI Wrap). The specific asset-based fees are documented in the advisory contract and/or fee schedule that you sign prior to providing services.

For NFGI's 401K Portfolios that are offered as a 3(38) manager the fees will range from .10-.30%.

NFGI Portfolios may have fees range up to a maximum of 1.50% and may be discounted by the IAR on the account.

Financial Consulting fees vary greatly depending on the needs of the Client and the scope of the agreement and are subject to negotiation between the IAR and Client. Fees for consulting must be agreed to by you and IAR in writing and will be charged on a one-time basis.

Accounts may hold assets that are considered non-billable or below the line. These may include assets held away but shadow posted in the account or certain mutual funds that have yet to convert to an advisory or lower cost share class.

NFGI believes its advisory services are competitively priced, however you may be able to receive

similar services at a lower price elsewhere. Fees for consulting services will vary according to each IAR and their services provided.

Certain fee discounts may be provided to friends and family members of the IAR.

#### Fee Billing Process

Asset Based - You will pay NFGI for its services and for the services of your IAR in advance on a quarterly basis, or as otherwise agreed upon between the parties and stated in the fee schedule. The initial fee will be immediately charged once the account is under agreement and funded. The fee will be prorated for the number of days in the partial quarter the account is under agreement by using the opening balance. Thereafter all account's quarterly fees will be charged in advance during the first month of the quarter and will be based on the ending account balance of the prior quarter. NFGI's fee will be debited from the account on payment date which is on or about the fifteenth business day of the month. Should you make a deposit or withdrawal during any quarter, the account may be charged or credited back a partial advisory fee. To determine whether a partial fee is applicable (generally on the 3<sup>rd</sup> week of the month); the net additions/withdrawals from the prior month are used to calculate a prorated fee on the amount. Should the prorated fee be a positive or negative \$40 or more, it will be debited from or credited to the account. Generally, deposits to accounts can increase fees charged and withdrawals from an account can reduce fees paid.

Fee schedules may be amended from time to time by NFGI upon thirty (30) days written notice to you. Any fee schedule charges previously in effect shall continue until the next billing cycle.

You may pay the aforementioned fees from outside funds provided that your IAR is notified in advance and outside funds are sufficient to pay the fees are paid to NFGI on or prior to payment date. You authorize NFGI to request a withdrawal of fees from the account. You will be notified of the quarterly fee on the statement that comes from the account custodian.

In some cases, the account value in which the fee is based may differ from the statement value on the custodian issued statement. This will generally occur in instances where the account has accrued interest or dividends past ex-date that have yet to post to the account.

For eligible securities purchased previously in a brokerage account and subsequently moved into an advisory account, these securities will be included in the calculation of fees for services and are in addition to any previous brokerage charges paid.

Financial Consulting One-time fee – You will be billed and expected to deliver payment to NFGI at the time that the agreed upon consulting services are provided per the Client signed agreement.

Should you have a question on your quarterly fee you should contact NFGI at 1-800-351-2471.

#### Account Termination

Client signed agreements shall remain in full force and effect until NFGI receives written notice from you of its termination or until NFGI receives notice from the court or legally appointed person(s) in case of the Client's death or adjudicated incompetence. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-

canceling party, less reasonable start-up costs.

If you choose to terminate your advisory agreement, we can liquidate your account if you instruct us to do so before removal from any program. If so instructed, we will liquidate your account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. Any trade instructions given after termination of the agreement will be subject to applicable brokerage expenses like commissions. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor.

We will not be responsible for market fluctuations in your account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable, and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

If an advisory agreement is terminated, but you maintain a brokerage account with us, your mutual fund shares may be exchanged for shares of another series of the same fund since they may no longer be eligible for the share class they are in. You are subject to the customary brokerage charges for any securities positions purchased or sold in your account after the termination of program services.

### **GENERAL INFORMATION**

***Product Fees (mutual funds / ETPs):*** All fees paid to NFGI for investment advisory services are separate and distinct from the fees and expenses charged by money market, mutual funds and/or ETPs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. You could invest in a money market, mutual fund directly, without our services. In that case, you would not receive the services provided by our firm which are designed, among other things, to assist you in determining which money market, mutual fund or ETPs are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by you and to there by evaluate the advisory services being provided.

IAR's have the availability to utilize mutual funds that offer various share classes, including those within the same fund. Varying share classes include but are not limited to shares designated as Class A Shares and Class I Shares. Generally, I Shares are reserved for institutional investors and therefore are not always available for your account. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for you to own Class A Shares than Class I Shares (or other share classes).

You generally do not pay a transaction charge for Class A or C Share mutual fund transactions; however, the share class can be more expensive to you over time because of the ongoing 12b-1 fee. You should discuss and understand these additional indirect expenses borne as a result of the

mutual fund fees.

NFGI or our service providers will collect such fees directly or indirectly from some or all of the mutual funds in which you invest, and we may pay any such fees it receives to NFGI IARs if they were accrued while the position was not in our advisory program. The amount of the fees we or your IAR receive will vary, depending on the percentage paid pursuant to a fund's Rule 12b-1 plan.

Most of the mutual funds we include on our advisory program platform do not pay us 12b-1 fees. Any 12b-1 fee payments we do receive for program approved eligible mutual funds held in advisory accounts are credited back to the account. 12b-1 fees received from non-eligible mutual funds will not be credited back to the account. These fees will be shared with the IAR. Receipt of the fees creates a conflict. NFGI monitors all transactions to help ensure the appropriate shares classes are offered. In addition, periodic position reviews are completed to ensure funds paying 12b-1 are not charged an advisory fee.

**Third Party Management Fees:** Clients participating in separately managed account programs will be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, you pay a single fee for advisory, brokerage and custodial services. The portfolio transactions will be executed without commission charges in a wrap fee arrangement. In evaluating such an arrangement, you should also consider that, depending upon the level of the wrap fee charged by the firm, the amount of portfolio activity in the account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with Clients any separate program fees that may be charged.

**Additional Fees and Expenses:** In addition to our advisory fees, Clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, custodial annual account or product fees and any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** In some instances, NFGI will be deemed to be a fiduciary to advisory Clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, NFGI will only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset NFGI's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. You could also invest on your own in a security or a portfolio directly without being charged an investment advisory fee for services. You should be aware that investment advisory program fees charged may be higher or lower than if you elected to execute transactions on a commission basis for each transaction in a brokerage account. You should consider the value of these investment advisory services when making such comparisons. The combination of custodial, investment

advisory and brokerage services may not be available separately or would require maintaining multiple accounts, documentation and fees. You should also consider the amount of anticipated volume of trading activity when selecting among the investment advisory programs when assessing the overall costs. Investment advisory programs typically take into consideration certain volume of trading activity and therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash positions may result in higher investment advisory fees being paid over time than if you paid a commission separately for each transaction.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Changes in Fee Schedules:** All fees are subject to change with 30-day written notice to the Client(s).

**Transaction Costs:** NFGI's advisory fee does not include transaction execution costs (unless in a Wrap account or certain sub-advisor accounts). Small transaction execution fees may be imposed by NFGI or other broker dealers / custodians such as Charles Schwab & Co. Such costs may be imposed on equity, option, debt, variable annuity, ETP and mutual fund transactions. However, for those accounts not with NFGI's broker dealer, the transaction costs may be subject to change by that broker dealer and may be higher or lower than that of NFGI's.

Accounts held at Charles Schwab & Co. may have transaction costs ranging from \$25 for non-No Transaction Fee mutual funds, \$1.20/bond (\$10 min), and options are \$38.95 + \$1.40 / contract.

**Risk in the Use of Margin:** To the extent margin is used in your account, you should be aware that the margin debit balance does not reduce the market value of eligible program assets. If you use margin to purchase additional securities, your total value of eligible program assets increases and therefore your asset-based fee will increase. In addition, you will be charged margin interest on the debit balance in your account.

The increased asset-based fee that you pay will provide an incentive for your IAR to recommend the use of margin. However, we intend to make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. Please note that using margin is not suitable for all investors; the use of margin increases leverage in your account and therefore increases its risk. Additionally, if margin is used in your account, the firm may receive additional compensation. The IAR will not share in this compensation. Please see the Margin Disclosure Statement and the General Account Agreement and Disclosure Document provided at the time establishing margin for more details on the risks of margin use.

If your advisory account is used as collateral for a non-purpose loan, your IAR and NFGI may receive additional compensation as a result of the loan. This additional compensation will provide your IAR an incentive to recommend the use of a loan to you using your advisory account as collateral. However, we intend to make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs.

**Additional Considerations Associated with Pledging Advisory Accounts:** In addition to the risks mentioned above, with respect to investment advisory account(s) that are pledged or otherwise used as collateral for margin or any other securities-based lending product, the exercise

of our rights and powers over the assets in your advisory account(s), including the disposition and sale of any and all assets pledged as collateral may be contrary to your interests and the investment objective of your advisory account(s). Any recommendation to use margin or a securities-based lending product, as well as the related compensation that we or our affiliate may receive, could create conflicts of interest between you and us or, if applicable, our affiliate. For example, such recommendation to use margin or a securities-based lending product could result in a situation in which we are required to liquidate securities your IAR or money manager would otherwise not sell, and which may not otherwise be in your best interests to sell, to satisfy a maintenance call. We or a third-party money manager will seek to manage your advisory account(s) as agreed under your advisory client agreement and applicable client profile provided that, if a maintenance call takes place, we or your money manager may not be able to manage your advisory account(s) consistent with our or the money manager's overall strategy. Any action taken by us, or an affiliate, against the assets in your advisory account(s) pursuant to the use of margin or a securities-based lending product will not constitute a breach of our fiduciary duties as an investment advisor to you under your advisory client agreement and applicable client profile. In addition, the costs associated with using margin or a securities-based lending product, including the costs associated with a maintenance call, are not included in your fees for any program services and may result in additional compensation to us and the IAR.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

NFGI does not charge performance-based fees.

## **Item 7 Types of Clients**

NFGI provides advisory services to the following types of Clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Trusts, estates, or charitable organizations
- Corporations or other businesses not listed above

General minimum account size for Individual Portfolio Management services is \$25,000. The minimum account size for Third Party Management services will vary depending on the program and advisor. This may range from \$25,000 to \$250,000.

***IF APPLICABLE:*** Grandfathering of Minimum Account Requirements: Pre-existing advisory Clients are subject to NFGI's minimum account requirements and advisory fees in effect at the time the Client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among Clients. In addition, certain exceptions to the minimum will be made at the discretion of the firm.

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

Our IARs use various methods of analysis and investment strategies. Methods and strategies will vary based on the IAR providing advice. Models and strategies used by one IAR will be different

than strategies used by other IARs. Some IARs may use just one method or strategy while other IARs may rely on multiple. We do not require or mandate a particular investment strategy be implemented by our IARs. Further, NFGI has no requirements for using a particular analysis method and IARs are provided flexibility (subject to NFGI's supervision and compliance requirements) when developing their investment strategies.

Your IAR may occasionally drift from or enact a strategy at a different investment objective level than the one you originally stated for the account based on factors such as (but not limited to) market conditions, family circumstances, court directives, etc. For instance, you may have stated an aggressive objective but if market activity and signal providers indicate that the best strategy is to go to an all-cash (conservative) position instead of remaining in the market, your investment adviser representative may do so without your consent in discretionary accounts and only with your consent in non-discretionary accounts. Assets may be placed back into your account at the originally stated investment objective level without requiring you to re-document that level.

Investing in securities involves risk of loss that clients should be prepared to bear. **It is important to note that there is no investment strategy that will guarantee a profit or prevent loss.**

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by IARs.

### **METHODS OF ANALYSIS**

We will use one or more of the following methods of analysis in formulating our investment advice and/or managing Client assets:

**Fundamental Analysis:** Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (e.g., the overall economy and industry conditions) and company-specific factors (e.g., financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered the opposite of technical analysis.

**Technical Analysis:** Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value. Instead, they use charts and other tools to identify patterns that can suggest future activity. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company's future stock price. It is important to understand that past performance does not guarantee future results.

**Quantitative Analysis:** We may use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of share price or earnings per share and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis:** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the Client's investment goals and risk tolerance. A risk of asset allocation is that the Client may not participate in sharp increases in the value of a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the Client's goals.

**Mutual Fund and/or ETP Analysis:** We look at the experience and track record of the manager of the mutual fund or ETP in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETP in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the Client's portfolio. We also monitor the funds or ETPs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETP analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETP, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETP, which could make the holding(s) less suitable for the Client's portfolio.

**Third-Party Money Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. We may rely on Wells Fargo Clearing Services, LLC (WFCS) or other custodian's due diligence on certain money managers.

A risk of investing with a third-party manager who has been successful in the past is that they may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our Clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.



## **INVESTMENT STRATEGIES**

We will use one or more of the following strategies in managing your account(s), depending on the IAR's investment philosophy and provided that such strategy(ies) are appropriate to your needs and consistent with your investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases:** We purchase securities with the idea of holding them in the Client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-term purchases:** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading:** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short sales:** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the Client account realizes the profit.

**Margin transactions:** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

**Option writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to

limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

***Tactical asset allocation:*** We may use a tactical asset allocation. This allows for a range of percentages in each asset class (such as stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

***Strategic asset allocation:*** We may use a strategic asset allocation. This calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

***Market Timing Strategy:*** We may use market timing strategies. While uncommon and typically not recommended to clients, some IARs provide a market timing service as or part of, an investment strategy. In general, market timing is a strategy where the IAR will try to identify the best times to be in the market and when to get out. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. You should be aware that this strategy is considered an aggressive, higher-risk investment strategy. Only clients that are looking for a speculative investment strategy should participate in an investment timing service offered by an IAR.

***Modern Portfolio Theory:*** We may use the Modern Portfolio Theory. The theory proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions, and management history.

***Dollar Cost Averaging ("DCA"):*** The strategy of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to lessen the risk of investing a large amount in a single investment at higher price. DCA strategies are not effective and do not prevent against loss in declining markets.

**The sections below cover NFGI 401K Portfolios:**

- NFGI Aggressive
- NFGI Moderate Aggressive

- NFGI Moderate
- NFGI Moderate Conservative
- NFGI Conservative

The **NFGI Aggressive** strategy is for investors who are characterized as seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns. Risk levels are expected to be consistent with a broadly diversified all-equity portfolio. With an emphasis on long-term capital appreciation, exposures to small- to mid-cap and developed and emerging market international equities could represent the majority of the overall asset allocation.

The **NFGI Moderate Aggressive** strategy is for investors that are characterized as seeking significant growth of capital and income with a higher tolerance for risk. The dual mandate, greater risk tolerance and longer-term time horizon allow these investors to pursue higher-risk and generally more aggressive strategies that may offer higher potential returns. Diversified equities typically represent the majority of the blend. In addition to seeking income through dividend-paying equities, and fixed income exposure is generally maintained to enhance income yield and diversification

The **NFGI Moderate** strategy is for investors that are characterized as seeking both income and capital appreciation while incurring moderate levels of risk. Investors seek to balance potential risk with their goals for current income and moderate growth of capital. Based on these combined goals and risk considerations, both diversified fixed income and equities will typically account for significant portions of the overall asset allocation

The **NFGI Moderate Conservative** strategy is for investors that are characterized as having the dual objectives of generating both capital appreciation and current income while maintaining risk levels that are consistent with a more conservative investment approach. Based on overall risk considerations, these investors seek growth of assets to meet financial goals and protect purchasing power, while, relative to more aggressive mandates, maintaining safety of principal. As such, they are willing to accept lower potential returns in exchange for lower risk. Based on the combined risk, return and yield objectives, the asset allocation for these investors generally maintains the majority of assets in diversified fixed income investments, but with a complementary allocation to broadly diversified domestic and international equities.

The **NFGI Conservative** strategy is for investors that place emphasis on income generation versus capital appreciation. While the growth of assets and the maintenance of purchasing power remain considerations and are reflected in measured risk-taking, these objectives are constrained by both the income-generation objective and a greater emphasis on maintaining safety of principal. Based on these combined goals, these investors are expected to remain predominately invested in fixed income investments, including relatively moderate allocations to high yield and emerging market bonds, complemented by a moderate allocation to equities.

**The sections below cover NFGI Portfolios – Asset Allocation:**

- NFGI Aggressive (MF or ETP)
- NFGI Moderate Aggressive (MF or ETP)

- NFGI Moderate (MF or ETP)
- NFGI Conservative (MF or ETP)

**NFGI Aggressive** - Aggressive investors are characterized as seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns. Risk levels are expected to be consistent with a broadly diversified all-equity portfolio. With an emphasis on long-term capital appreciation, exposures to small- to mid-cap and developed and emerging market international equities will typically represent the majority of the overall asset allocation.

**NFGI Moderate Aggressive** - Moderate Aggressive investors are characterized as primarily pursuing growth of principal and being willing to tolerate volatility consistent with the maintenance of a primarily equity portfolio in pursuit of this objective. These investors do not need their portfolios to provide current income but will look to non-equity exposure as a means to reduce risk and further enhance diversification. Based on these objectives, the asset allocation for these investors will remain predominately in diversified domestic and international equities, while relying on fixed income securities to moderately temper the overall risk level. Within equities considerable exposure will be maintained in asset classes with relatively higher longer-term growth potential, including mid- and small-cap stocks and emerging markets.

**NFGI Moderate** - Moderate investors are characterized as seeking both income and capital appreciation while incurring moderate levels of risk. Investors seek to balance potential risk with their goals for current income and moderate growth of capital. Based on these combined goals and risk considerations, both diversified fixed income and equities will typically account for significant portions of the overall asset allocation

**NFGI Conservative** - Conservative investors are characterized as having the dual objectives of generating both capital appreciation and current income while maintaining risk levels that are consistent with a more conservative investment approach. Based on overall risk considerations, these investors seek growth of assets to meet financial goals and protect purchasing power, while, relative to more aggressive mandates, maintaining safety of principal. As such, they are willing to accept lower potential returns in exchange for lower risk. Based on the combined risk, return and yield objectives, the asset allocation for these investors generally maintains the majority of assets in diversified fixed income investments, but with a complementary significant allocation to broadly diversified domestic and international equities.

**The sections below cover NFGI Portfolios – Equity:**

- NFGI Value
- NFGI Equity Total Return

**NFGI Value** - The Value strategy uses the following criteria to select stocks to create a portfolio, the criteria would include: Free Cash Flow levels, Net Profit Margin levels, Return on Equity levels, Retained Earnings level, and Liquidity.

This strategy may not be diversified and will primarily be equities only. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of

considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

**NFGI Equity Total Return** - The strategy is designed for long-term total return and looks for holdings that have a current yield at least equal to or greater than that of the S&P 500. The company must not have cut its regular dividend in the last five years at the time of entry into the model portfolio and that dividend must be secure based on our research.

This strategy may not be diversified and will primarily be equities only. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

**The sections below cover NFGI Portfolios – Tactical:**

- NFGI OTC Long/Short
- NFGI Interest Rate Long/Short
- NFGI Income
- NFGI Growth
- NFGI Low Duration

**NFGI OTC Long / Short** - This strategy is designed for investors looking to potentially enhance their portfolios investment performance. Based on our tactical research this strategy will use ETFs that either can be invested in the Nasdaq 100, Treasury ETFs, Cash or an inverse of the Nasdaq 100.

This strategy is not diversified and will have higher levels of turnover which investors should consider the tax implications. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

**NFGI Interest Rate Long / Short** - This strategy is designed for investors looking to potentially enhance their portfolios investment performance. Based on our tactical research this strategy will either be invested in a Government Bond Fund, Cash or an inverse of Government Bond fund.

This strategy is not diversified and will have higher levels of turnover which investors should consider the tax implications. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon, little need for current income and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

**NFGI Income Portfolio** - This strategy is designed for investors that want to participate in active management investment strategies inside of income-oriented sectors. Our research looks at using market and economic data with the performance of the financial markets to identify investment opportunities throughout the different sectors of Income investing.

This strategy is not diversified and will have higher levels of turnover which investors should

consider the tax implications. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

**NFGI Growth Portfolio** – This strategy is designed for investors that want to participate in active management investment strategies with inside of all equity and income sectors. Our research looks at using market and economic data with the performance of the financial markets to identify investment opportunities throughout the different sectors of Income investing.

This strategy is not diversified and will have higher levels of turnover which investors should consider the tax implications. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

**NFGI Low Duration Portfolio** – This strategy is designed for investors that want to participate in active management investment strategies but are not comfortable investing in higher growth-oriented portfolios. In addition to the traditional income sectors such as short-term government, municipal and corporate bonds, the Low Duration Portfolio also includes sectors such as global bonds and high yield investments.

This strategy is not diversified and will have higher levels of turnover which investors should consider the tax implications. Investors should be seeking long-term capital appreciation as their primary investment goal, with a long-term time horizon and a higher risk tolerance allowing for the potential of considerable volatility and interim periods of substantial loss of capital in exchange for potential higher longer-term returns.

***Risk of Loss:*** Securities investments are not guaranteed, and you may lose money on your investments.

Regardless of what investment strategy or analysis is undertaken, investing in securities involves risk of loss that clients must be prepared to bear; in fact, some investment strategies could result in total loss of your investment. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

- **Market risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.
- **Interest rate risks:** The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, “call,” or refinance a security

before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities.

- **Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.
- **Risks of investing outside the U.S.:** Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent.

Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

All legal and disciplinary events for NFGI and its IARs can be accessed on the FINRA website at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 10 Other Financial Industry Activities and Affiliations

NFGI is not and does not have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed- end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, (4) accountant or accounting firm, (5) lawyer or law firm, (6) pension consultant, (7) real estate broker or dealer, or (8) sponsor or syndicator of limited partnerships.

NFGI is also a FINRA registered broker/dealer engaging in securities sales and services. Also, in conjunction with the broker/dealer, NFGI offers discount brokerage services under the name of Frontier Investment Services. R. Scott Bennett, the principal executive officer of the firm is also the President of NFGI.

Since NFGI is registered as an investment adviser and a broker/dealer, our registration as a broker/dealer is material to NFGI's advisory business because a majority of our advisory accounts are held with NFGI's broker/dealer. Depending upon the securities registrations held by each IAR,

they offer a variety of securities and investments to their clients, including, but not limited to, mutual funds, Section 529 college savings plans, annuities, individual stocks and bonds, options, limited partnerships, UITs, real estate investment trusts, alternative investments, and a variety of other securities and insurance products approved for sale by NFGI. The majority of NFGI's principal executive officers and supervisors are each individually registered with NFGI's broker/dealer. As discussed above in Item 5. Fees and Compensation, and Item 12. Brokerage Practices of this Brochure, NFGI's relationship as a broker/dealer presents a variety of material conflicts of interest with its clients. NFGI has a separate, fully disclosed clearing arrangement with Wells Fargo Clearing Services. This fully disclosed agreement states the responsibilities of each party.

IARs, acting in their separate capacities as registered representatives of NFGI, may make offers to buy and sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, alternative investments, and variable annuity and variable life products to advisory clients. As such, some IARs suggest that advisory clients implement investment advice by purchasing securities products through a commission based NFGI account in addition to an advisory account. In the event that you elect to purchase or sell these products through NFGI, NFGI and your IAR, in the capacity as a NFGI registered representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This presents a conflict of interest, as it gives the NFGI registered representative an incentive to recommend investment products on the compensation received, rather than on your needs. NFGI does not require its IARs to encourage you to implement investment advice through NFGI. You are free to implement investment advice through any broker-dealer or product sponsor you select. However, you should understand that, due to certain regulatory constraints, an IAR must place all purchases and sales of securities products in commission-based brokerage accounts through NFGI or other NFGI approved institutions.

NFGI is also an insurance general agency under common ownership. Some of our investment adviser representatives are insurance agents of NFGI and some are independently licensed as insurance agents. In these capacities, NFGI and our IARs may recommend insurance products in connection with investment advisory services. You are not obligated to purchase any insurance products through NFGI or through our IARs acting in their individual capacity as an insurance agent. However, when you do purchase such products, commissions for the sale of insurance products from various, unaffiliated, insurance companies are received by NFGI and/or IAR. Implementing and purchasing of any insurance product is solely at your discretion.

In some situations, an IAR of NFGI may also be the owner or principal of their own Investment Advisory firm. The independent Investment Advisory firms that are either owned by or associated with an IAR of NFGI are:

*NFGI currently does not have any relationships*

#### Third Party Investment Advisors

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, we have formed relationships with independent, third-party investment advisors. When we refer clients to a third-party investment advisor through our programs, we will receive a portion of the fee charged. Therefore, we have a conflict of interest in that we will only recommend third party investment advisors available through the programs described in Item 5 of the Disclosure Brochure.



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

**Code of Ethics** - NFGI and our supervised persons may buy or sell for their personal accounts investment products identical to those recommended to clients. Section 204A-1 of the *Investment Advisers Act of 1940* (Act) requires us to establish, maintain and enforce a Code of Ethics, which we have done. We are considered a fiduciary according to the Act and have a fiduciary duty to our clients. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers Insider Trading and Personal Securities Transactions Policies and Procedures. We require all supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. At least annually, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our interests or our supervised person's own investment interest. Full disclosure of all material facts and conflicts of interest will be provided to you before any services are conducted. We must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty. This disclosure is provided to give you a summary of our Code of Ethics. However, if you wish to review the Code of Ethics in its entirety, we will provide a copy promptly upon request.

You may request a copy by email sent to [compliance@nationsfq.com](mailto:compliance@nationsfq.com), calling us at 319-393-9541 or contacting your IAR.

**Principal Transactions** - Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys a security from or sells a security to an advisory client as opposed to carrying out trades through another broker-dealer. NFGI executes client orders for certain types of securities on a principal basis in advisory accounts managed by NFGI.

It is NFGI's policy that no additional compensation, outside of the normal advisory fee, will be charged to an advisory client account due to the implementation of the principal transaction. NFGI has adopted policies and procedures to ensure that, to the extent it engages in any principal transactions, such transactions comply with Section 206(3) of the Advisers Act, which requires prior notice of and consent to a principal transaction, on a transaction-by-transaction basis. Disclosure will generally come directly from the broker-dealer or custodian. NFGI, as a broker-dealer, facilitates the principal transaction.

**Personal Trading** - It is the expressed policy of NFGI that no IAR may purchase or sell any security prior to a recommended or discretionary transaction(s) being implemented for an advisory account, thereby preventing such IAR(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our IAR trades with Client transactions where possible and when compliant with our duty to seek best execution for our Clients. In these instances, participating Clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all

purchases pro-rata, with each account paying the average price. Our IAR's accounts may be included in the pro-rata allocation.

## **Item 12 Brokerage Practices**

Clients wishing to implement NFGI's investment advisory advice are free to select any broker-dealer or Investment Adviser they wish. However, when you decide to implement advice through our IARs, you will be required to establish an account through a trading platform that is approved by NFGI. NFGI allows its IARs to manage accounts through a couple of different arrangements. The ultimate decision to recommend or require a certain NFGI approved custodian is typically made by the IAR but must be agreed to by you. Accounts managed by NFGI are separate accounts, which means that you will have direct ownership of the account and must establish the account in your name. Broker-dealers approved for use by NFGI and recommended by IAR are registered with the SEC and a member of FINRA/SIPC.

As previously stated, most IARs are also Registered Representatives of NFGI. These dually registered IARs are restricted by certain FINRA rules and policies from maintaining client accounts at or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by NFGI. It should be noted that not all investment advisers require their clients to use specific or particular broker-dealers or other custodians required by the investment adviser. This presents a conflict of interest because the fees charged by NFGI and the approved custodians can be higher or lower than those charged by other broker-dealers and custodians.

### **Accounts Established through Wells Fargo Clearing Services (WFCS)**

If you wish to have your IAR implement advice through an investment management program that uses WFCS, then NFGI, must be used. IARs who are also Registered Representatives of NFGI are required to use the services of NFGI and NFGI's approved custodians. NFGI serves as the introducing broker-dealer. All brokerage accounts established through NFGI will be cleared and held at WFCS. NFGI is not related or affiliated with WFCS.

Using WFCS is based on the fact that NFGI has established clearing agreements with WFCS as its preferred clearing broker-dealer and qualified custodian. The decision to use WFCS is based on past experiences, minimizing commissions and other costs as well as offerings or services WFCS provide that NFGI and clients require or find valuable. Other services include, but are not limited to, account custody, trade execution services, clearing services, access to information and account information look-up services for Registered Representatives and clients, record-keeping services, exception reporting and access to various financial products, including institutional share class mutual funds. These mutual funds can be purchased for investment advisory accounts at no cost to NFGI, the IAR or the client. Clients should be aware, however, that some share classes with lower expense ratios may be available at different custodians.

NFGI's clearing relationship with WFCS provides NFGI's broker/dealer with substantial economic benefits by using itself as the broker/dealer and WFCS as the clearing firm for its advisory accounts, or recommending WFCS programs, rather than an unaffiliated broker/dealer. Additionally, NFGI receives additional good standing benefits from WFCS when total NFGI account values at WFCS maintain certain thresholds. NFGI also participates in a cash sweep program with WFCS as described below. This program creates substantial financial benefits for NFGI and

WFCS when recommending clients hold cash. This additional compensation received by NFGI in its broker/dealer capacity creates a significant conflict of interest with clients because NFGI has a substantial economic incentive to use WFCS as its clearing firm for trade execution and custody over other firms that do not or would not provide these incentives to NFGI.

Additionally, by using itself as the broker/dealer for its accounts, NFGI may be unable to achieve the most favorable execution for client transactions, which may cost clients more money. Further detailed discussion of the substantial economic benefits NFGI receives from its relationship with WFCS can be found in this Item 12 and in Item 14. Client Referrals and Other Compensation below. Clients are urged to read and consider the contents of this Brochure carefully and to inquire about NFGI's and the IAR's various sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fees and charges clients will pay for the services rendered by NFGI and their IAR.

### **Cash Sweep Programs**

WFCS offers a FDIC cash sweep program ("Program"). The Program is the core account investment vehicles used to hold your cash balances while awaiting reinvestment for eligible accounts. The cash balance in your eligible NFGI accounts will be deposited automatically or "swept" into interest-bearing FDIC-insurance eligible Program deposit accounts ("Deposit Accounts") at one or more FDIC-insured financial institutions including WFCS' affiliate Wells Fargo Bank. The Program creates financial benefits for NFGI and WFCS. We will receive revenue sharing from WFCS in connection with the Program (equal to a percentage of all participants' average daily deposits at the Program Banks). Amounts will vary but in no event will this revenue sharing be more than 1.0% on an annualized basis as applied across all Deposit Accounts. The amount of fee received will affect the interest rate paid to customers by the Program Bank. From time to time, if the fee increases, you will receive notification of any such change.

The Program Banks use Program Deposits to fund current and new lending and for investment activities. The Program Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to us and the income they earn on loans, investments, and other assets.

As noted above, the Program Banks may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that have been paid on accounts otherwise opened directly with the Program Bank. Program Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates will be more financially beneficial to a Program Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market mutual fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the money market mutual fund's investment objective, which can be found in the fund's prospectus.

WFCS also provides a cash sweep money market fund for those accounts ineligible for the Program (such as government accounts, insurance companies, banks and credit unions) Like the Program, WFCS will share in revenue with NFGI and the same conflicts exist.

The revenue received by NFGI may be greater than revenues generated by sweep options at other brokerage firms and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may

consider using in the future. This creates a conflict for NFGI, because of the fees and benefits described above, the Program may be more profitable to us than other available sweep options, if any. Even though these payments are not shared with your IAR, the receipt of these additional payments create a conflict of interest because of the increased compensation to NFGI. This revenue sharing with NFGI may be eliminated or compressed based on declining interest rates.

Should you wish to not participate in this program you can either 1) choose no sweep option, with the cash held in the WFCS account earning no interest, where funds are available upon request; or 2) trading into another possibly uninsured cash position or money market fund where funds are not immediately available. Returns to you for these other options can be higher or lower than the Program. You can discuss these options with your IAR

It is important to understand that the cash balance held in your account at WFCS that is not in the Program is not FDIC insured. However, it is covered by SIPC up to certain limits. For more information about SIPC coverage, please visit [www.sipc.org](http://www.sipc.org). Not all broker-dealers offer FDIC insured bank deposit sweep vehicles or have the same access and features.

Visit the below for more information regarding the Program:

<https://www.wellsfargoclearingservicesllc.com/disclosures/cash-sweep-program.htm>

### **WFCS Non-Purpose Loan Program**

Clients can choose to participate in WFCS non-purpose loan program. In this program, WFCS will qualify a client who would benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. NFGI and the IAR receives revenue for a client's participation in this program. The receipt of these additional payments creates a conflict of interest because of the increased compensation to NFGI. Clients are not required to use this loan program and can work directly with other banks to negotiate loan terms or obtain other financing arrangements.

### **Additional Information For Recommendation of WFCS**

The general requirement to use WFCS is based on the fact that we have established a clearing agreement with First Clearing as our clearing broker/dealer and qualified custodian. The decision to use WFCS is based on past experience, minimizing commissions and other costs as well as offerings or services WFCS provides us that we and our clients may require or find valuable such as online access. You may pay commissions to us and/or WFCS that are higher than those obtainable from other broker/dealers in return for products and services offered through us and WFCS and fee structures of various broker/dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while we will consider our rates competitive, they will not necessarily be the lowest possible commission rates for your account transactions.

Through the relationship with WFCS, we receive economic and non-economic benefits, which creates conflicts of interest. These benefits include, but are not necessarily limited to:

- a dedicated service group and a Relationship Manager dedicated to NFGI accounts on the WFCS platform
- receipt of duplicate client confirmations and bundled duplicate statements, access to Online Access (through which clients may access their account information over the internet)

- availability of third-party research and technology
- access to a trading desk
- access to block trading which provides the ability to aggregate securities transactions
- allocate the appropriate share amount to client accounts
- the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements)
- electronic download of trades, balances and position information
- access to InfoMax
- access to an electronic communications network for client order entry and account information.
- access to general oversight and monitoring tools
- educational conferences and events

The decision to use WFCS is also directly related to NFGI's participation in advisory programs sponsored by Wells Fargo. Wells Fargo Advisors and First Clearing are trade names for the parent company WFCS. Not all Registered Investment Advisors require their clients to direct brokerage to a custodian, and the benefits detailed above create a conflict of interest for NFGI to recommend this custodian instead of another. By directing brokerage to this custodian, NFGI may be unable to achieve most favorable execution of client transactions, and this practice may cost you more money.

NFGI receives certain benefits which create a conflict for it to recommend WFCS. These conflicts include incentive payments predicated on maintaining asset levels with WFCS, margin debit balance and bank, sponsorships of NFGI conferences, reduced internal account administration fees, shared revenues from lending activities to NFGI accounts, and the FDIC sweep conflict detailed above. While clients may receive beneficial rates at WFCS, there is a conflict for NFGI to recommend lending activities for its clients through WFCS.

### **Accounts Established through Charles Schwab & Co.**

We also may recommend that our Clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

For our Clients' accounts Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. In addition to commissions or asset-based fees Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab

execute most trades for your account.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our Clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

**Services that Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our Clients' accounts; and
- assist with back-office functions, recordkeeping and Client reporting.

**Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Accounts Established at TD Ameritrade**

We may also recommend that client open accounts in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer.

TD Ameritrade offers to independent Investment Advisers services which include custody of securities, trade execution, clearance and settlement of transactions. NFGI receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

For our Clients' accounts TD Ameritrade maintains, TD Ameritrade generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your TD Ameritrade account. For some accounts, TD Ameritrade may charge you a percentage of the dollar amount of assets in the account in lieu of commissions.

There is no direct link between NFGI's participation in the program and the investment advice it gives to its Clients, although NFGI receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to NFGI by third party vendors. TD Ameritrade may also have paid for educational conferences, events, business consulting and professional services received by NFGI's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit NFGI but may not benefit your accounts. These products or services may assist NFGI in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help NFGI manage and further develop its business enterprise. The benefits received by NFGI or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, NFGI endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by NFGI or its related persons in and of itself creates a potential conflict of interest and may indirectly influence NFGI or IAR's choice of TD Ameritrade for custody and brokerage services.

No services provided to NFGI should be considered as soft dollar arrangements. NFGI receives no additional services or non-cash compensation for directing brokerage or advisory business to any broker dealer or custodian.

A transaction or execution fee may be imposed by broker-dealers such as Charles Schwab & Co. TD Ameritrade or by NFGI through WFCS, but NFGI believes the services gained by these custodians or dealers justify the cost. However, receiving such services may create a conflict of interest for NFGI should NFGI mark up the execution charges and referring Clients to any other custodian may result in higher reporting or overhead cost to NFGI.

### **Best Execution**

As a fiduciary, NFGI owes a fiduciary duty to its clients to obtain best execution of their transactions. That duty puts forth that an investment adviser generally must execute securities

transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. However, clients must understand that best execution does not necessarily mean the lowest available price. Instead, the totality of the arrangement and services provided by a broker-dealer must be examined to determine a qualitative measure of best execution. Based on these principles, commission and fee structures of various broker-dealers are periodically reviewed by the compliance department in order to evaluate the execution services provided by NFGI and all the unaffiliated broker-dealers and custodians used by NFGI. Accordingly, while NFGI does consider competitive rates, it does not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by NFGI and all the unaffiliated broker-dealers and custodians are evaluated to determine best execution.

You should consider that in light of NFGI's limited approved trading platforms for your accounts and the fact that only some of the approved trading platforms accommodate the investment strategy recommended by the your IAR, that IARs are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or the product with the lowest internal expenses. Not all investment advisers restrict or limit the broker-dealers their clients can use. Some investment advisers permit their clients to select any broker-dealer of the client's own choosing. Therefore, clients can pay higher commissions or trade execution charges through the trading platforms approved by NFGI than through other platforms for investment advisory accounts.

### **Trade Aggregation**

Transactions implemented by NFGI for client accounts are generally affected independently, unless an IAR decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by an IAR when the IAR believes such action proves advantageous to you. When the IAR aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. While there is more than one process for allocating, generally the transactions will be averaged as to price and will be allocated among the IAR's clients in proportion to the purchase and sale orders placed for each client account on any given day. It should be noted, NFGI does not allow IAR to receive any additional compensation or remuneration as a result of aggregation.

Because NFGI does not require IARs to aggregate trades, not all trades are aggregated even when there is an opportunity to do so. When trades are not aggregated, you will not always see the effects of lower commission per share costs that often occurs as a result of aggregating trades and as a result, pay a higher transaction cost than could be received elsewhere. Finally, it should be noted that NFGI does not aggregate mutual fund transactions.

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

NFGI does not use commissions to pay for research and brokerage services (i.e., soft-dollar transactions). Research, along with other products and services other than trade execution, are available to NFGI on a cash basis in accordance with the terms of NFGI's clearing agreements with WFCS. Certain product sponsors, including WFCS, Schwab, and TD, provide us with other economic benefits as a result of sales activities directed to the sponsors, including but not limited



to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, tools to assist us in providing various services to you such as reporting programs and portfolio analysis and directing brokerage transactions in our capacity as a broker/dealer.

### **Trade Errors**

It is NFGI's policy to ensure trading errors are handled and corrected in a timely manner in the best interests of the client affected by the error. Specifically, when NFGI or an IAR causes a trade error to occur in your account that results in a loss, NFGI works with the relevant broker-dealer or custodian in order to reimburse any costs paid by you, and make whole your transaction as it should have originally taken place/or not taken place. If the trade error results in a gain and NFGI executed the transaction, NFGI will keep that gain to offset future losses. The retained gain is not shared with the IAR or account owners.

The same standard as above applies to accounts held with Schwab other than if the gain is more than \$100, Schwab will donate the gain to charity. If the gain is less than \$100, Schwab will keep the gain to minimize and offset its administrative time and expense.

All trade errors should be corrected within a reasonable period of time following discovery of the error. NFGI will not use commissions from client accounts to correct trade errors. It is the strict policy of NFGI that IARs are not permitted to make payments to clients or to client accounts.

### **Principal Trades and Agency Cross Transactions**

Even though we may be permitted by contract and by law to do so, as a matter of policy, we do not generally execute principal trades or agency cross transactions in our advisory accounts with the exception of the Private Advisor Network Program. In the Private Advisor Network Program, principal trades may be permitted in non-IRA and non-ERISA (Employee Retirement Income Security Act of 1974) Accounts. Although in some instances, we may be able to provide a more favorable market price to you if we participate in a principal trade or an agency cross transaction with your accounts, we do so only when consistent with our obligations to provide best execution, due to regulatory requirements when executing such transactions. Therefore, you will generally not have access to new issues or syndicate offerings in these Accounts. You may make such purchases in a retail brokerage account, and you should be aware that they will be subject to the customary fees and commissions charged in such accounts.

## **Item 13 Review of Accounts**

The IARs are in charge of providing all investment advice and conducting ongoing reviews of all accounts for their respective client accounts. NFGI IAR's are also in charge of selecting and/or recommending third party investment advisers to their respective clients. Therefore, you will need to contact your IAR for the most current information and status of your accounts.

Your investment adviser representative regularly reviews your accounts, preferably quarterly but no less often than annually. More frequent reviews may be triggered in the event of changes in market conditions, your financial situation, personal situation, money manager personnel, management style, fund closures, or as agreed upon between you and the IAR.

Your investment advisory accounts are reviewed by the IAR and at times NFGI to analyze if the account is being managed in accordance with your chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions.

For accounts managed by third party investment advisers, the third-party investment adviser is responsible for managing the account and will conduct reviews and the IAR will monitor the performance of the third-party investment advisor.

### **Client Reports and Statements**

You will receive confirmations of purchases and sales in their accounts, unless you had chosen to have them suppressed. You will also receive account statements quarterly and/or monthly containing account information such as account value, transactions and other relevant account information. Confirmations and statements will come directly from the custodians, sponsor companies or third-party investment advisers. NFGI urges you to review the contents of these custodial statements and compare them against any reports provided directly from NFGI or your IAR.

Some clients also receive periodic reports reflecting the performance of their investment portfolio over a specified period. NFGI offers this optional performance reporting solutions to its IAR's.

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

### **Client Referrals**

NFGI and its investment adviser representatives may enter into arrangements as and/or with individuals ("Solicitors") who will refer clients that may be candidates for investment advisory services. In return, we agree to compensate or be compensated as the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with NFGI. Compensation to the Solicitor may be an agreed upon percentage of the investment advisory fee or a flat fee, depending on the type of advisory services IAR provides to the referred client and the agreed upon compensation arrangement between us and the Solicitor. Our referral program will be in compliance with federal and state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both NFGI and the Solicitor. The Solicitor will be required to provide the client with a copy of our Part 2 and a Solicitor Disclosure Document at the time of solicitation. The Solicitor is not permitted to offer any investment advice on behalf of NFGI.

### **Arrangements with Financial Institutions**

NFGI has established and will continue to establish marketing arrangements with banks, credit unions and other financial institutions. In certain circumstances, investment advisory services of NFGI are also marketed through these banks, credit unions and other financial institutions, provided that such marketing is done in compliance with applicable SEC and state regulations. Further, some IARs conduct business from and/or are affiliated with a bank or other financial institution. As a result of these marketing agreements, the financial institution receives compensation representing payment for the use of the facilities and equipment of the financial institution(s), in the form of program support or rent payment and/or a portion of advisory fees or securities commissions paid to the IAR/Registered Representatives for sales to customer/members of the financial institution.

These relationships create compliance issues relative to consumer protection.

The joint guidelines of regulators of the depository institution call for, at a minimum, both written and verbal disclosure at or prior to the time securities products are purchased or sold that such securities products:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC), or any other federal or state deposit guarantee fund or other government agency;
- Not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Investments and securities are subject to investment risks, including possible loss of principal invested.

### **Other compensation**

At times, NFGI will receive compensation or reimbursement for costs associated with IAR education, seminar or conference events from product sponsors or custodians. Any benefits received are not based directly on the production or use of specific services or products. Firm policy requires that any such compensation or reimbursement be pre-approved by the Firm and not paid directly to any IAR.

NFGI and IARs may also receive compensation from a third-party vendor for referring prospective Clients. In which the NFGI and the IAR may share in the fees resulting from investment advisory services provided by third party vendor. The arrangement is documented, and a solicitor's statement is provided to the Client.

As mentioned previously, as a broker dealer, NFGI will receive additional compensation as a share in interest charged relating to margin or cash/money market/bank sweep balances.

As a broker dealer and registered representative, NFGI and IAR will receive additional compensation through commissions or trails through sales of investment, insurance, or bank vehicles through NFGI's Broker Dealer and Agency. The receipt of this compensation can affect the judgment of the IAR when recommending these products to their clients.

Clients can choose to participate in WFCS non-purpose loan program. In this program, WFCS will qualify a client who would benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. NFGI and the IAR receives revenue for a client's participation in this program. The receipt of these additional payments creates a conflict of interest because of the increased compensation to NFGI. Clients are not required to use this loan program and can work directly with other banks to negotiate loan terms or obtain other financing arrangements.

As a broker dealer, NFGI receives concessions through its clearing relationships aimed to assist in new business development or recruitment. New IAR's can directly or indirectly receive benefit from these concessions. These concessions present a conflict of interest in that NFGI and the new IAR have a financial incentive to recommend that you maintain your account with certain custodians. However, to the extent that NFGI or the IAR directs Clients to the custodian for such services, it is because NFGI and the IAR believe that it is in that Client's best interest to do so. Any concession or benefits received are not based on any contests or specific products. Clients

should be aware, however, that the receipt of concessions by NFGI or its related persons in and of itself creates a potential conflict of interest and may indirectly influence NFGI or IAR choice of custody and brokerage services.

In addition, as disclosed under Item 12, above, NFGI participates in TD Ameritrade's institutional customer program and NFGI may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between NFGI's participation in the program and the investment advice it gives to its Clients, although NFGI receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to NFGI by third party vendors. TD Ameritrade may also have paid for educational conferences, event, business consulting and professional services received by NFGI's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit NFGI but may not benefit its Client accounts. These products or services may assist NFGI in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help NFGI manage and further develop its business enterprise. The benefits received by NFGI or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, NFGI endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by NFGI or its related persons in and of itself creates a potential conflict of interest and may indirectly influence NFGI or IAR's choice of TD Ameritrade for custody and brokerage services.

We also receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their Clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our Clients. Clients should be aware, however, that the receipt of any economic benefit by NFGI or its related persons in and of itself creates a potential conflict of interest and may indirectly influence NFGI or IAR's choice of custody and brokerage services.

## **Item 15 Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding your funds and securities but also if we have the ability to access or control those funds or securities. Accordingly, we are deemed to have custody and to have and implement proper procedures.

The custody situations we encounter are limited to the following conditions: (1) We may deduct fees from advisory accounts and funds may be issued directly from your custodian account. For those accounts in which NFGI has custody, the firm has established the following procedures to ensure compliance with the SEC's Custody Rule.

- Your funds and securities are held with a qualified custodian, such as WFCS, Schwab, or TD Ameritrade, in a separate account in your name.
- You must direct that we establish an account for you including written awareness of the qualified custodian's name, address and the manner in which your funds or securities are maintained.
- Finally, we have contracted with an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities. The accounting firm's report is available through the SEC's Investment Adviser Public Disclosure page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "Nations Financial Group" or searching by our firm's CRD number (44181) or our SEC number (801-57407).

You will receive statements at least quarterly from WFCS, Schwab, or TD Ameritrade, or from the selected qualified custodian at which your accounts are maintained. In addition, you may receive annual or more frequent performance reports from NFGI or a third-party money manager. You should carefully review these statements and are urged to compare the statement against reports received from us or from your investment adviser representative. If you have questions about your account statements, please contact us or the qualified custodian shown as preparing the statement.

## **Item 16 Investment Discretion**

**Discretionary** - Upon receiving written authorization from you, your IAR can provide discretionary investment management services for your accounts. When discretionary authority is granted, it is limited to discretionary trading authority, but in some cases includes the authority to determine commission rates paid by you. This authority is further limited by your stated investment objectives, guidelines and restrictions, and by our fiduciary obligation to act in your best interests. We monitor advisory accounts periodically for consistency with these limitations. When discretionary trading authority is granted, the IAR will have the authority to determine the type of securities and the amount of securities that can be bought or sold in an account without obtaining the client's consent prior to each transaction. NFGI's discretionary authority will be granted by the client in the appropriate Client agreement.

Depending on the WFCS or other sub-advisor program for which you contracted, NFGI IARs also have discretionary authority to select and remove third-party investment advisors and/or money managers.

The discretionary authority shall remain in full force and effect until NFGI receives written notice from the Client of its termination or until NFGI receives notice from the court or legally appointed person(s) in case of the Client's death or adjudicated incompetence.

**Non-Discretionary** - If you decide to grant trading authorization on a non-discretionary basis, your IAR is required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject your IAR's investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, your IAR will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to your IAR, it can have an adverse impact on the timing of trade implementations and the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that are purchased in an account. Clients can also place reasonable limitations on the discretionary power granted to NFGI and IAR, so long as the limitations are specifically set forth or included as an attachment to the appropriate Client agreement.

IARs have the option to purchase fixed income securities through fixed income broker-dealers in order to obtain a better price for you and then have the bonds delivered into your brokerage account. This practice can be referred to as trading away. This is the only case in which an IAR can select a broker-dealer to be used without your specific consent. The client's primary broker-dealer and custodian can charge the client a transaction fee for trading away through other broker-dealers.

You are encouraged to discuss with your IAR the positives and negatives of authorizing discretion on your accounts.

## **Item 17 Voting Client Securities**

NFGI does not vote proxies or consider any other corporate actions on your behalf. We shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by you. You retain the authority and responsibility for, and we shall be expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies. Certain accounts may permit you to direct proxy ballots to a designated third-party (such as your attorney) or another outside vendor.

Accounts managed by an outside sub-advisor not affiliated with NFGI may allow you to grant that sub-advisor the right to vote proxies. Other than these style accounts, you will receive proxies directly from the account custodian or investment transfer agent. Although we do not vote your proxies, feel free to contact your IAR if you have a question about a particular proxy. Likewise, NFGI does not advise or act for you in any legal proceedings, including class actions or bankruptcies, or notify you of such events, involving securities purchased for or held in your account. You (or your legal agent) then have the sole responsibility for taking or not taking any action regarding these legal matters.

## **Item 18 Financial Information**

NFGI does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.

We have received a loan through the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"), which allowed eligible individuals and small businesses to obtain loans during the COVID-19 crisis. A PPP loan is eligible for forgiveness, provided the terms of the loan forgiveness are satisfied. We certified to the SBA that the receipt of the loan was necessary to support our ongoing operations. We received a \$321,200 PPP loan to assist with the payment of salaries for our employees, including those who are primarily responsible for performing advisory functions for our clients. We believe that the PPP Loan was necessary to support our existing operations without layoffs or reductions of employee compensation. However, we do not believe we would have been unable to meet any contractual commitment absent our receipt of the PPP loan.

Finally, we have not been the subject of a bankruptcy petition at any time.

## **Other Information**

### **Rollovers**

If you are rolling over assets from an employer-sponsored Qualified Retirement Plan ("QRP"), such as a 401(k), to an Individual Retirement Account ("IRA") with us, you should carefully evaluate all choices which are typically available. These four options include: leaving your assets in your former employer's plan (if permitted), rolling over the assets to your new employer's plan (if permitted), rolling your assets to an IRA with us or another firm, or cashing out the account value. You should consider the following factors, among others, in deciding whether to keep assets in a QRP, rollover to an IRA or cash out: investment options, fees & expenses, ability to make penalty-free withdrawals and differences in creditor protection. We have a conflict of interest in connection with a rollover of your assets into an IRA and the investment of the assets with us as opposed to leaving the assets in your former employer's plan or electing one of the other options. The conflict arises because we will likely earn no compensation if you were to leave the assets in your former employer's plan or transfer to your new employer's plan. In addition, the costs of maintaining and investing assets in an IRA with us will generally involve higher costs than the other options available to you. While we typically offer a broader range of investment options and services than an employer-sponsored QRP, there are no guarantees that the additional investment options will outperform your employer-sponsored QRP.

### **Privacy Policy**

We will not sell your information to other companies for marketing purposes. We employ strict security standards and safeguards to protect your personal information and prevent fraud. In addition, we will continue to protect your privacy even if you cease being our Client.

Consistent with our privacy policies and applicable law, NFGI and its IAR may provide access to your personal information to affiliated and third-party service providers as needed in order to provide you our services. When your information is accessed, we maintain protective measures as described in our privacy policies and notices.

With your written permission, obtained via your Client agreement or other written communication, we may provide your information electronically to you and your IAR.

We reserve the right, at our discretion, to refuse to provide certain information that may be requested. Furthermore, in compliance with our Privacy Policy, we will accept your instructions to discontinue providing such information.

For more information, please read our Privacy Policy at [www.nationsfg.com](http://www.nationsfg.com).