

**Form ADV Part 2A – Firm Brochure  
Item 1: Cover Page  
February 2021**

**Summit Wealth Management Group, Inc.**

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Camarillo, CA 93012  
[www.yoursummitwealth.com](http://www.yoursummitwealth.com)**

**Firm Contact:  
Jerry J. Zins, Jr.  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Summit Wealth Management Group, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at (805) 384-1186 or email ([jerry.zins@lpl.com](mailto:jerry.zins@lpl.com)). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission.

Additional information about Summit Wealth Management Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term “registered investment adviser” and description of Summit Wealth Management Group, Inc. and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Summit Wealth Management Group, Inc. is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update.

Since our last update filed in January 2020, we have made the following changes to our Disclosure Brochure:

- In October 2020, the firm updated the other business activities conducted by its representatives. Please refer to Item – 10 Other Financial Industry Activities & Affiliations for more information.

### Item 3: Table of Contents

<b>Item 1: Cover Page .....</b>	<b>1</b>
<b>Item 2: Material Changes .....</b>	<b>2</b>
<b>Item 3: Table of Contents .....</b>	<b>3</b>
<b>Item 4: Advisory Business .....</b>	<b>4</b>
<b>Item 5: Fees &amp; Compensation .....</b>	<b>7</b>
<b>Item 6: Performance-Based Fees &amp; Side-By-Side Management .....</b>	<b>11</b>
<b>Item 7: Types of Clients &amp; Account Requirements .....</b>	<b>11</b>
<b>Item 8: Methods of Analysis, Investment Strategies &amp; Risk of Loss .....</b>	<b>11</b>
<b>Item 9: Disciplinary Information .....</b>	<b>12</b>
<b>Item 10: Other Financial Industry Activities &amp; Affiliations .....</b>	<b>12</b>
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions &amp; Personal Trading .....</b>	<b>13</b>
<b>Item 12: Brokerage Practices .....</b>	<b>14</b>
<b>Item 13: Review of Accounts or Financial Plans .....</b>	<b>16</b>
<b>Item 14: Client Referrals &amp; Other Compensation .....</b>	<b>16</b>
<b>Item 15: Custody .....</b>	<b>17</b>
<b>Item 16: Investment Discretion .....</b>	<b>17</b>
<b>Item 17: Voting Client Securities .....</b>	<b>18</b>
<b>Item 18: Financial Information .....</b>	<b>18</b>

## Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of California and registered with the United States Securities Exchange Commission ("SEC"). Our firm has been in business as an independent investment adviser since 2014 and the ownership structure is 70% owned by Jerry J. Zins, Jr., 15% owned by Dustin Dockter and 15% owned by Nick Goodwin.

### Description of the Types of Advisory Services We Offer

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#### Asset Management:

We emphasize continuous and regular account supervision. As part of our asset management service, which is offered through LPL Financial's Strategic Wealth Management I platform, we generally create a portfolio consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and can include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been implemented, we review the portfolio periodically to ensure that the portfolio is in line with the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We also offer a wrap fee program, offered through LPL Financial's Strategic Wealth Management II platform (SWM II), where the client pays a higher advisory fee to compensate for the investment advisory services described above and for the execution of transactions. For more information, please refer to the Form ADV 2A Appendix 1 – Wrap Fee Program Brochure.

Clients will not pay a transaction charge for transactions in a SWM II account, clients should be aware that we pay LPL transaction charges for those transactions. The transaction charges paid by us vary based on the type of transaction (e.g., mutual fund, equity or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees to LPL. Clients should understand that the cost to Advisor of transaction charges may be a factor that we consider when deciding which securities to select and how frequently to place transactions in a SWM II account.

To the extent you own a 12b-1 paying mutual fund or other mutual fund that pays a distribution, marketing or sales fee, please know that no one at our firm will receive that fee. However, such fees and expenses are retained by LPL in their capacity as your account broker/dealer and qualified custodian. LPL does not incentivize us or otherwise try to influence us to pick investments that pay them a 12b-1, distribution, marketing, sales or other fees and expenses.

In many instances, LPL makes available mutual funds in a SWM II account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, "Platform Shares". The Platform Share class offered for a particular mutual fund in SWM II in many cases will not be the least expensive share class that the mutual fund makes available, and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should

understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through SWM II. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses ("brokerage-related services") to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time, and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

Our client portfolios that hold A shares are limited to legacy holdings that have been owned for a number of years. We no longer recommend Class A Shares in be held in managed accounts and are transitioning client portfolios into Platform Shares when it is in the client's best interest.

### **Financial Planning & Consulting:**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting can encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Personal Tax Planning, Insurance Analysis, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations will be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us. Implementation of the recommendations will be at the discretion of the client.

### **LPL Financial Sponsored Advisory Programs:**

Our firm does provide advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program available to our firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL

Financial Form ADV Part 2 or the applicable program's Appendix 1 (wrap fee program brochure) and the applicable client agreement.

#### Guided Wealth Portfolios Program (GWP)

GWP provides clients with an online centrally managed, algorithm-based, investment program. Advisor oversees initial review of asset allocation and model at account opening and reviews any updates clients make that require a change in allocation, either after annual review or on an ongoing basis. GWP uses proprietary, automated, computer algorithms to generate investment recommendations based upon model portfolios constructed by LPL. This program will have discretion to purchase and sell pursuant to the portfolio selected by the client. LPL will also have authority to rebalance the account.

#### Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

#### Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

The MWP program makes available model portfolios designed by strategists other than LPL's Research Department. The Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

#### Personal Wealth Portfolios Program (PWP)

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

### Manager Access Select Program

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

### Tailoring of Advisory Services

We offer individualized investment advice to clients utilizing our Asset Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Asset Management service. We do not manage assets through our other services.

### Participation in Wrap Fee Programs

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

### Regulatory Assets Under Management

As of December 30, 2020, we manage \$ 325,381,897 on a discretionary basis and \$30,982,215 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

In 2014, SWMG implemented the following updated fee schedule. This schedule will apply to all clients signing an asset management agreement with SWMG in 2014 and beyond. Clients that are being managed pursuant to an advisory agreement executed prior to 2014 will continue to be charged under the fee schedule in affect at the time the engagement was signed. Client should be aware that lower fees for comparable services may be available from other sources.

### How We Are Compensated for Our Advisory Services

#### **Asset Management:**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$100,000 to \$249,000	1.35%
\$250,000 to \$499,000	1.30%
\$500,000 to \$999,000	1.25%

\$1,000,000 to \$1,999,999	1.10%
\$2,000,000 to \$2,999,999	0.95%
\$3,000,000 to \$4,999,999	0.90%
\$5,000,000 to \$9,999,999	0.85%
Over \$10,000,000	Negotiable

#### **Wrap Asset Management:**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$100,000 to \$249,000	1.50%
\$250,000 to \$499,000	1.40%
\$500,000 to \$999,000	1.30%
\$1,000,000 to \$1,999,999	1.15%
\$2,000,000 to \$2,999,999	1.00%
\$3,000,000 to \$4,999,999	0.95%
\$5,000,000 to \$9,999,999	0.90%
Over \$10,000,000	Negotiable

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees are generally not negotiable. Fees will generally be automatically deducted from your managed account\*. LPL will make quarterly adjustments for deposits and withdrawals in client accounts. As part of this process, you understand and acknowledge the following:

- a) LPL Financial as the custodian sends statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to our firm;
- b) The Client has provided authorization permitting fees to be directly paid by these terms.
- c) LPL Financial calculates the advisory fees and deducts them from the Client's account.

\*In rare cases, we will agree to directly bill clients.

#### **LPL Sponsored Programs:**

The fee schedules for the LPL sponsored advisory programs are as follows:

#### **Guided Wealth Portfolio (GWP) – Basic Management Portfolios**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge*</b>
\$5,000 to \$100,000	1.00%

***\*GWP portfolios are also subject to an LPL Platform fee of 0.35%. Certain age and account ownership restrictions apply. Please see LPL GWP Account Agreement for details.***



### **Optimum Market Portfolios Program (OMP) – Moderate Management Portfolios**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$15,000 to \$249,000	1.50%
\$250,000 to \$499,000	1.40%
\$500,000 to \$999,000	1.30%
Over \$1,000,000	Negotiable

### **Model Wealth Portfolios Program (MWP) – Advanced Management Portfolios**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge*</b>
\$100,000 to \$249,000	1.25%
\$250,000 to \$499,000	1.20%
\$500,000 to \$999,000	1.15%
\$1,000,000 to \$1,999,999	1.05%
\$2,000,000 to \$2,999,999	0.95%
\$3,000,000 to \$4,999,999	0.85%
\$5,000,000 to \$9,999,999	0.80%
Over \$10,000,000	Negotiable

*\*MWP portfolios are also subject to an LPL Program Fee (ranging from 0.08% to 0.45%) depending on account size and model choice. The portfolio may also be subject to a Strategist Fee (ranging from 0.0% to 0.2%), if utilizing a manager outside of LPL Financial within the model wealth platform. Please refer to the LPL MWP Account Agreement for details.*

### **Personal Wealth Portfolios Program (PWP), and Manager Access Select Program (MAS)**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$100,000 to \$249,000	1.85%
\$250,000 to \$499,999	1.65%
\$500,000 to \$999,999	1.50%
\$1,000,000 to \$1,999,999	1.35%
\$2,000,000 to \$2,999,999	1.15%
\$3,000,000 to \$4,999,999	0.95%
\$5,000,000 to \$9,999,999	0.90%
Over \$10,000,000	Negotiable

### **Manager Access Select Program (MAS)**

The fees for LPL's Financial Sponsored Advisory Programs are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. LPL serves as program sponsor, investment adviser and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Management fees will be deducted from the client's managed account, upon a signed Account Application Form. The ultimate management fee is

indicated on the Account Application Form. Our firm does not have the authority to instruct LPL Financial to change or deduct fees without written client consent. LPL Financial sends a quarterly statement showing all fees deducted from the clients accounts.

### **Financial Planning & Consulting:**

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$300 and flat fees generally range from \$2,000 to \$10,000.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$500 when services cannot be rendered within 6 (six) months.

### **Other Fees:**

Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

### **Refunds Following Termination**

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We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

### **Commissionable Securities Sales**

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In order to sell securities for a commission, our supervised persons are registered representatives of LPL, member FINRA/SIPC. Our supervised persons will accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

1. Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons can earn and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available.

2. In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

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

We do not accept performance-based fees.

### **ITEM 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, Limited Liability Companies and/or Other Business Types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We generally require a minimum household account size of \$500,000 for our Asset Management service.
- We generally charge a minimum fee of \$2,000 for written financial plans.

These requirements may be waived depending on the scope of the engagement. The investment adviser representative ultimately holds the discretion to waive account requirements.

### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

#### **Methods of Analysis**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

#### **Investment Strategies We Use**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** When utilizing this strategy, we will purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages

of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security can decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. In addition, we utilize Model Portfolios, as appropriate, that are created in house to target certain investment objectives, currently Growth with Income and Income with Moderate Growth. The portfolio structure focuses on utilizing diversified investment vehicles consisting of mutual funds and ETFs, combining the use of passive and active investment strategies. There is no minimum for these accounts types.

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### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market can increase and your account(s) could enjoy a gain, it is also possible that the stock market can decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

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### **Description of Material, Significant or Unusual Risks**

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

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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

Representatives of our firm are financial advisors of LPL member FINRA/SIPC, and licensed insurance agents. They do offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest can arise as these commissionable securities sales will create an incentive to recommend products based on the compensation they will earn. In any event, as a fiduciary, we always put our Client's interest above our own.

Certain investment advisor representatives of SWMG are also licensed as investment adviser representatives with LPL. SWMG and LPL are not affiliated. Through LPL the representatives provide investment advisory services to ERISA covered retirement plans. They earn advisory fees when providing these services through LPL. Therefore, you could receive advisory services from one individual acting as an investment adviser representative on behalf of two separate registered investment advisors. If the representatives of SWMG provide investment advisory services to you under their relationship with LPL you will be given the disclosure brochure of LPL describing the services provided, fees charged and other

information. You are encouraged to read and review the disclosure brochures for both SWMG and LPL and direct questions to your representative.

Beginning in 2015, it is SWMG's policy to primarily offer wrap and non-wrap advisory accounts to its new and existing clients. Commissionable accounts for existing clients who have legacy assets with the firm will continue to be serviced, provided that an existing advisory account is established. It is not the intention of SWMG to offer or service commission based accounts, unless the account enhances the diversification of the clients' advisory assets with investments that can only be purchased on a commissioned basis (i.e., non-traded REIT's, etc.)

Representatives of SWMG can also receive loans from LPL Financial in order to assist with the transitioning some of our new Advisory Representatives' business onto the LPL Financial custodial platform. These loans are not forgiven by LPL Financial based on the scope of business SWMG engages in with LPL Financial. Instead the loan is forgiven over a pre-determined period of time regardless of assets held by SWMG clients at LPL Financial or revenue generated by SWMG for LPL Financial on their platform. However, to the extent SWMG recommends you use LPL Financial for such services, it is primarily because SWMG believes that it is in your interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial. To further control for this conflict of interest, you are not required to use LPL Financial and can use another SWMG approved brokerage platform.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm have the ability to buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm have the ability to buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

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We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with LPL. LPL offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive non-soft-dollar services such as research and

administrative functions including portfolio pricing, account statement generation and fee calculations, which are intended to support our firm in conducting business and in serving the best interests of our clients. These services do not incentivize us to recommend LPL Financial. Our recommendation of LPL Financial to our clients is based on our clients' interests in receiving best execution and the level of competitive, professional services LPL Financial provides. Our firm does not receive client brokerage commissions (or markups or markdowns) to obtain research or other products or services. Neither our firm receive brokerage commissions for client referrals. We do not allow client-directed brokerage, as trades in our clients' accounts are executed through LPL Financial, a qualified custodian and broker-dealer; neither do we direct client transactions to LPL Financial in return for soft-dollar benefits.

A retirement or ERISA plan client can direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

We perform investment management services for various clients. There are occasions on which portfolio transactions can be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We can, but are not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals (and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation. When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

If requested, we will arrange for the execution of securities brokerage transactions for the account through broker-dealers that we reasonably believe will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. We also take into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although we will seek competitive commission rates, it may not necessarily obtain the lowest

possible commission rates for account transactions. Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two (2) separate broker-dealers: (1) a “dealer” or “principal” acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client’s account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client can also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

### **Item 13: Review of Accounts or Financial Plans**

We review accounts on a periodic basis for our clients subscribing to our Asset Management service. The nature of these reviews is to learn whether clients’ accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management service.

Only Jerry J. Zins, Jr., Dustin Dockter, and Nicholas Goodwin will conduct reviews of client accounts.

We can review client accounts on a more consistent basis, specifically when accounts are affected by major market or economic events, the client’s life events, requests by the client, etc.

Financial Planning clients will receive reviews of their written plans upon completion to discuss the summary of recommendations. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

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

#### **LPL Financial**

We do receive from LPL or a mutual fund company, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we will receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

SWMG will from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense



sharing arrangements in which product sponsors will underwrite costs incurred for marketing of client appreciation events and/or seminar expenses. The product sponsor reimbursements are typically made by those sponsors for which we have used their products or it is anticipated that we will use their products in the future. This can create a conflict of interest in that there would be an incentive to recommend certain products and investments based on the receipt of these marketing expense reimbursements. SWMG attempts to control this conflict by always basing investment decisions on the individual needs of our clients.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

### **Referral Fees**

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We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

Please see ***Item 5: Fees and Compensation***, ***Item 10: Other Financial Industry Activities and Affiliations***, and ***Item 12: Brokerage Practices*** for additional discussion about other compensation and non-economic benefits.

### **Item 15: Custody**

State Securities Bureaus, or their equivalents, generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities. Based on this understanding, it is important to note that LPL is deemed to have constructive custody and not the Adviser since clients of our firm direct LPL to deduct advisory fees from their accounts through the account opening paperwork and not through the Adviser's client agreement. LPL is responsible for calculating fees and deducting fees from client's accounts. Therefore, the Adviser does not hold either constructive or actual custody of client accounts.

As part of this process, you understand and acknowledge the following:

- a) LPL Financial as the custodian sends statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to our firm;
- b) The Client has provided authorization permitting fees to be directly paid by these terms;
- c) LPL Financial calculates the advisory fees and deducts them from the Client's account.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

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

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are

authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$500 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.