

Item 1 – Cover Page



Form ADV Part 2A

Stonebridge Financial Planning Group, LLC

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March 23, 2023

This Brochure provides information about the qualifications and business practices of Stonebridge Financial Planning Group, LLC ("SFPG," "us," "we," "our"). SFPG's IARD firm number is 154616.

If clients ("you," "your") have any questions about the contents of this Brochure, please contact us at (407) 695-7100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

We are a registered investment adviser with the SEC. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about SFPG is available on the SEC's website at www.adviserinfo.sec.gov (click on the link, select "investment adviser firm" and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

Item 2 – Material Changes

The following is a summary of the material changes made to this Brochure since the last annual update, which was filed on March 1, 2022:

- Updated the PPS Custom program language to reflect the PPS Custom (Transactions) offering. Further details included in Item 4.
- Updated the transaction fees applicable for the PPS Custom program offering. Further details included in Item 5.
- Updated the financial planning fees charged. Further details included in Item 5.

This section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at www.adviserinfo.sec.gov. We may, at any time, update this Disclosure Brochure and send a copy to you with a summary of material changes, or send you only a summary of material changes that includes an offer to send you a copy of the full brochure [either by electronic means (email) or in hard copy form].

If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or contact our President/Chief Compliance Officer, Dianne M. Webb at (407) 695-7100 or via email at dwebb@stonebridgefpg.com.

Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	10
Item 6 – Performance-Based Fees and Side-By-Side Management.....	19
Item 7 – Types of Clients	19
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	19
Item 9 – Disciplinary Information	26
Item 10 – Other Financial Industry Activities and Affiliations.....	26
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	27
Item 12 – Brokerage Practices.....	28
Item 13 – Review of Accounts.....	30
Item 14 – Client Referrals and Other Compensation.....	31
Item 15 – Custody	32
Item 16 – Investment Discretion	32
Item 17 – Voting Client Securities (i.e., Proxy Voting).....	32
Item 18 – Financial Information.....	33

Item 4 – Advisory Business

Stonebridge Financial Planning Group, LLC (“SFPG” or the “Firm”) was organized as a limited liability company under the laws of the State of Florida on October 11, 2007 and is principally owned by Dianne M. Webb. We are registered as an investment adviser with the Securities and Exchange Commission (SEC) to provide investment advisory services.

We offer investment advisory and financial planning services to individuals (including high net worth individuals), corporations, pension and profit-sharing plans. This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client.

Please contact Dianne M. Webb, President/Chief Compliance Officer, if you have any questions about this Disclosure Brochure.

Individuals associated with us who are qualified will provide advisory services on our behalf. Such individuals are known as Investment Advisor Representatives (IARs). SFPG will require the IARs to be properly licensed and registered, unless exempt, in states in which such individuals are conducting investment advisory business.

Below is a description of the investment advisory and financial planning services we offer. For more detail on any product or service, please reference your PPS Custom Program Account Form and/or your Financial Planning Services Engagement Agreement or speak with your SFPG IAR.

This Brochure is designed to provide detailed information relating to each item noted in the table of contents. Certain disclosures are repeated in one or more items, and/or other items are referred to in an effort to be as comprehensive as possible on the subject matters discussed. Within this Brochure, certain terms in either upper- or lowercase are used as follows:

- “Stonebridge”, “SFPG”, “We,” “us,” “the firm” and “our” refer to Stonebridge Financial Planning Group.
- “Advisor” refers to persons who provide investment advisory services on behalf of Stonebridge Financial Planning Group.
- “You,” “yours,” and “client” refer to clients of Stonebridge Financial Planning Group and its advisors.

Description of Services Available

SFPG offers a suite of investment advisory services and programs to its advisors for use with their clients. Our investment advisory services and programs are designed to accommodate a wide range of client investment philosophies, goals, needs, and investment objectives. Through these various advisory programs and services, clients have access to a wide range of securities products, including, but not limited to, common and preferred stocks; municipal, corporate, and government fixed income securities; mutual funds; exchange-traded products (“ETPs”); options and derivatives; unit investment trusts (“UITs”); and variable and fixed-indexed insurance products, as well as other products and services, including a variety of asset allocation services, financial planning, and consulting services. Our advisors may also offer advice related to direct participation programs, private placements, and other alternative investments, such as alternative energy programs, research and development programs, leasing programs, real estate programs, and pooled commodities futures programs.

SFPG offers the following programs:

Financial Planning Services

SFPG's advisors provide advisory consulting services on a wide range of topics, including, but not limited to:

- Investment Analysis and Planning
- Estate Planning
- Retirement Income Planning
- Tax Planning
- Risk Management
- Education Planning
- Insurance/LTC Planning
- Divorce Financial Analysis & Planning
- Survivor/Widowhood Adjustment

Financial planning information will be obtained through personal interviews concerning your current financial status, future goals and attitudes towards risk. Related documents that you supply are carefully reviewed, along with data gathered from you. During the financial planning process, we create a comprehensive financial plan for each planning client. In addition, when a client pays for financial planning services, the client receives online access to their full financial plan as long they remain a client.

Advice to Clients on Matters Not Involving Securities

We also offer comprehensive tax planning and divorce planning services. All clients interested in divorce planning services are required to sign a separate Divorce Planning Retainer Agreement outlining the terms and scope of these services.

We have a conflict of interest when we provide divorce financial analysis and planning for existing advisory clients. If we provide investment advisory services to a married couple and we learn that they are in the process of a divorce, each individuals' interest will be in conflict with one another. We resolve this conflict by, upon notice of a divorce, terminating our relationship with one or both of the individuals and verbally explaining the conflict to each client.

We also offer a social security analysis service on a stand-alone basis. The purpose of this service is to help investors determine when to start taking social security benefits.

Educational Seminars, Workshops and Newsletter

SFPG engages in the delivery of Educational Workshops and Seminars. These services focus on general education only and do not provide for individualized advice or recommendations. There is generally no cost for attendance at these workshops and seminars, although in certain cases SFPG may charge a nominal fee. SFPG also provides periodically newsletters to its clients and prospective clients with general information regarding investment-related topics and financial planning, as well as general lifestyle items related to health and wellbeing. The newsletter also contains information on any client events or other firm news. SFPG does not charge for this service.

Retirement Plan Consulting

SFPG has entered into an agreement with Commonwealth to offer Commonwealth's Wealth Retirement Plan Consulting:

We provide a fee-for-service consulting program whereby our advisors offer onetime or ongoing advisory services to qualified retirement plans Through the Retirement Plan Consulting Program, advisors assist plan sponsors with their fiduciary duties and provide individualized advice based upon the needs of the plan regarding investment management matters, such as:

- Investment policy statement support
- Plan menu design and monitoring
- Service provider support

Asset Management Services

SFPG has entered into an agreement to offer clients access to certain programs offered by Commonwealth Financial Network ("Commonwealth"), an SEC-registered investment adviser. Specifically, Commonwealth's PPS Custom Account Program is offered.

PPS Custom: The PPS Custom Program enables an advisor to assist the client in developing a personalized investment portfolio using one or more investment types, including, but not limited to, stocks, bonds, mutual funds, exchange-traded funds ("ETFs"), UITs, variable and fixed-indexed annuities, and alternative investments. The advisor typically acts as portfolio manager, with full investment discretion, although clients may elect to have the advisor manage the account on a nondiscretionary basis.

The specific advisory program you select may cost you more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account; the historical or expected size or number of trades for the account; the types of securities and strategies involved; the amount of fees, commissions, and other charges that apply at the account or transaction level; and the number and range of supplementary advisory and client-related services provided to the account. Lower fees for comparable services may be available from other sources.

Investment recommendations and advice offered by SFPG, and its advisors do not constitute legal, tax, or accounting advice. Clients should coordinate and discuss the impact of the financial advice they receive from their advisor with their attorney and accountant. Clients should also inform their advisor promptly of any changes in their financial situation, investment goals, needs, or objectives. Failure to notify the advisor of any material changes could result in investment advice not meeting the changing needs of the client.

Clients who participate in one or more of Commonwealth's programs will receive Commonwealth's Form ADV Part 2A, in addition to SFPG's Form ADV Part 2. Clients should refer to Commonwealth's Form ADV Part 2A for detailed information about Commonwealth and Commonwealth's programs.

IRA Rollover Considerations

As part of our financial planning and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we may recommend that you withdraw the assets from

your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") to be managed by our firm. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our Advisory Representative has an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed under our program. You have the right to decide whether to complete the rollover and the right to consult with other financial professionals.

Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

- Leave the funds in your employer's (former employer's) plan.
- Roll over the funds to a new employer's retirement plan.
- Cash out and take a taxable distribution from the plan.
- Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney. Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following. NOTE: This list is not exhaustive.

- Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
 - Employer retirement plans generally have a more limited investment menu than IRAs.
 - Employer retirement plans may have unique investment options not available to the public, such as employer securities or previously closed funds.
- Your current plan may have lower fees than our fee and/or the Third-Party Manager's fee combined.
- If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
- You should understand the various products and services available through an IRA provider and their costs.
- It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than our fee.
- The Third-Party Manager's or our management strategy may have higher risk than the options provided to you in your plan.
- Your current plan may offer financial advice, guidance, management and/or portfolio options at no additional cost.
- If you keep your assets titled in a 401(k) or retirement account, you could potentially delay your required minimum distribution beyond age 73.
- Your 401(k) may offer more liability protection than a rollover IRA; each state varies. Generally, Federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there

can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.

- You may be able to take out a loan on your 401(k), but not from an IRA.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or a home purchase.
- If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
- Your plan may allow you to hire us or another firm as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features and their differences, and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

In addition to complying with applicable SEC rules, SFPG is subject to certain rules and regulations adopted by the U.S. Department of Labor when we provide nondiscretionary investment advice to retirement plan participants and IRA owners. When these DOL rules apply, our advisors and SFPG are “fiduciaries,” for purposes of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, and the Internal Revenue Code of 1986 (“the Code”), as amended. Therefore, SFPG and our advisors may not receive payments that create conflicts of interest when providing fiduciary investment advice to plan sponsors, plan participants, and IRA owners, unless we comply with a prohibited transaction exemption (“PTE”). Beginning December 20, 2021, SFPG and our advisors will comply with ERISA and the Code by using PTE 2020-02. As fiduciaries under ERISA and the Code, we render advice that is in plan participants’ and IRA customers’ best interest. SFPG’s and our advisors’ status as an ERISA/Code fiduciary is limited to ERISA/Code covered nondiscretionary advice and recommendations regarding rolling over a retirement account and does not extend to all situations.

Individualized Services and Client-Imposed Restriction

The investment advisory services provided by our advisors depend largely on the personal information the client provides to the advisor. In order for our advisors to provide appropriate investment advice to, or, in the case of discretionary accounts, make tailored investment decisions for, the client, it is very important that clients provide accurate and complete responses to their advisor’s questions about their financial condition, needs, goals, and objectives and notify the advisor of any reasonable restrictions they wish to apply to the securities or types of securities to be bought, sold, or held in their managed account. It is also important that clients promptly inform their advisor of any changes in their financial condition, investment objectives, personal circumstances, or reasonable investment restrictions pertaining to the management of their account, if any, that may affect their overall investment goals and strategies or the investment advice provided or investment decisions made by their advisor.

In general, the client’s advisor is responsible for delivering investment advisory services to clients, and clients generally deal with matters relating to their accounts by contacting their advisor directly. Of course, clients may contact SFPG directly with questions about the advisory services offered by our firm.

Assets Under Management

As of December 31, 2022, we had \$191,170,056 in assets under management ("AUM"), of which \$190,381,162 was managed on a discretionary basis and \$788,894 was managed on a nondiscretionary basis.

You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

Trades are generally cleared through National Financial Services, Inc. ("NFS"), pursuant to the clearing agreement between NFS and the broker-dealer with whom our representatives are registered, Commonwealth Financial Network, LLC ("Commonwealth"). Custody of funds and securities are generally maintained by NFS, not by SFPG.

Program Choice Conflicts of Interest

Clients should be aware that the compensation to SFPG and your advisor will differ according to the specific advisory programs or services provided. This compensation to SFPG and your advisor may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, or other relevant services separately. Lower fees for comparable services may be available through our firm or from other sources. SFPG and your advisor have a financial incentive to recommend advisory programs or services that provide us higher compensation over other comparable programs or services available from our firm or elsewhere that may cost you less. For example, the costs you will incur to have your account managed by our firm may be more than what other similar firms may charge. It's important to understand all the associated costs and benefits the program and services you select so you can decide which programs and services are best suited for your unique financial goals, investment objective, and time horizon. We encourage you to review our Form CRS and to discuss your options with your advisor.

Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account; the historical or expected size or number of trades for the account; the types of securities and strategies involved; the amount of fees and other charges that apply at the account or transaction level; and the number and range of supplementary advisory and client-related services provided to the account. Lower fees for comparable services may be available from other sources. You are under no obligation to engage us for services and are free to use the firm of your choice.

In the same manner as many advisors offer asset management fee discounts to their larger clients, Commonwealth offers those advisors to whom it charges administrative fees discounts based on their total AUM. As these advisors grow their business, Commonwealth's economies of scale are shared with those advisors by reducing the percentage amount of administrative fees that would otherwise be charged to the advisors. The advisors receive discounts on the administrative fee when they reach specified asset levels, starting at \$10 million. As the amount of the advisors' client assets grows above certain levels, the advisors receive larger percentage discounts to the administrative fees. Some advisors have negotiated a flat administrative fee with Commonwealth. Others may have negotiated a specific payout for a period of time as part of their agreement to join the firm.

Additionally, advisors with PPS AUM of at least \$25 million qualify for an increased payout percentage on their clients' PPS management fees, starting at 90.00% and rising to a maximum of 98.00% as their PPS AUM grows.

These discounts in administrative fees and higher payouts for reaching various AUM levels present a conflict of interest because they provide a financial incentive for advisors who receive the discounts to recommend Commonwealth's PPS programs or other managed or wrap account programs over other available programs that do not offer such discounts or higher payouts to the advisors. On the other hand, because Commonwealth does not assess administrative fees to advisors when they use certain other third party managed account programs depending upon the costs and fees of a particular third-party program, advisors may have a financial incentive to use one or more third party programs, which also creates a conflict of interest.

The PPS Custom Program (Transactions) assesses transaction charges for the purchase and sale of certain securities in the account. The client's advisor may elect to pay the transaction charges on a client's behalf. PPS Custom Program (Transactions) clients should understand that their advisor may elect to pay transaction charges for the accounts of other clients, but not for them, and vice versa. If the advisor elects to pay transaction charges, clients should understand that the annual management fee they pay may be higher than what they would otherwise pay if their advisor did not elect to pay transaction charges for their account. Depending on the frequency of trading activity, the types of securities products bought and sold, and whether the advisor uses no-transaction-fee mutual funds that do not assess transaction charges, the advisor's election to pay transaction charges may cost a client more or cost the advisor less, which is a conflict of interest. Further, the advisor's ability to choose whether to pay the transaction charges for one client but not another presents a conflict of interest because the advisor has a financial incentive to trade less for the accounts of clients for whom the advisor pays transaction charges than for those clients who are responsible for paying their own transaction charges. Regardless of whether the advisor or client pays the transaction charges, clients should understand that the mere existence of transaction charges could cause an advisor to reduce, delay, or avoid executing certain transactions in an effort to reduce, delay, or avoid trading costs.

Clients who choose to open a PPS Custom Program (Transactions) account should carefully consider these factors and discuss the costs and benefits of whether they or their advisor should pay transaction charges, as well as the extent to which the existence of transaction charges (regardless of who pays) impacts their advisor's investment decisions. PPS Custom Program (Transactions) clients should consider the annual fees, administrative and other charges, revenue-sharing arrangements, and other compensation that Commonwealth and the advisor receive in making a fair and reasonable assessment of the total costs associated with their decision to open and maintain a PPS Custom Program (Transactions) account.

Item 5 – Fees and Compensation

Management Fees

The fees we charge to manage accounts are based on a percentage of the market value of AUM including cash. In addition, each mutual fund, ETF or third-party investment manager charges asset management fees, which are in addition to the management fees charged. The fees charged by such funds or managers are disclosed in each fund's prospectus or third-party investment manager's Form ADV Part 2. Fees are negotiable at the sole discretion of SFPG. The management fee also does not cover debit balances, related margin interest or other fees and taxes required by law.

Termination of Contracts

The PPS Custom account paperwork may be terminated by either party at any time by written notice. Termination shall be effective when received by all other parties to the agreement. Fees

paid in advance will be prorated to the date of termination and any unearned portion of the fee will be refunded to you.

We provide a current copy of this brochure to prospective clients before entering into an advisory contract or, at the latest, at the time of entering into the contract. Detailed information on the termination terms and fees can be found in the applicable advisory or client agreement.

How You're Charged and How We're Compensated

Clients who elect to receive asset management services through one or more of SFPG's asset management programs will generally pay SFPG and their advisor for those services with an annual asset management fee based on a percentage of AUM, including cash and money market positions. The maximum account management fee that can be charged in any of our firm's managed account program is listed in the fee schedule below. Clients are urged to carefully review and discuss the contents of this Brochure with their advisor, including descriptions of the various programs and services offered, the fees and charges clients will pay, the means by which SFPG and your advisor are compensated, and the conflicts of interest that exist between the client and SFPG and your advisor in respect to each program or service offered, to determine the most appropriate programs or services for your specific needs.

SFPG advisory program and service fees are negotiable based on certain criteria. SFPG may waive a particular fee, whether on an ongoing or a one-time basis, in its sole discretion. Program and/or platform fees (if applicable), transaction charges and other account-related fees assessed by the account custodian or Commonwealth are not negotiable. In the event a client terminates an advisory agreement with SFPG, any unearned fees resulting from payments made by clients in advance will be refunded to the client. Likewise, in the event SFPG bills clients in arrears for services that have already been rendered, SFPG will prorate such fees up to the termination date of the advisory agreement.

Our standard fee schedule for asset management is as follows:

PPS Custom Program (Transactions)

Clients participating in the PPS Custom Program (Transactions) with an annual advisory management fee charged by SFPG will generally not exceed 1.5% of AUM. Your total account fee will be shown in your PPS Custom Transactions Blended Fee Schedule. The **maximum** management fee schedule for your PPS Custom Program (Transactions) account is as follows:

<u>Portfolio Value</u>	<u>Annual Management Fee</u>
On the first \$0 - \$750,000	1.50%
On the next \$750,000 - \$1,000,000	1.25%
On the next \$1,000,000 - \$2,000,000	1.00%
On the next \$2,000,000 - \$5,000,000	0.80%
Above \$5,000,001	0.60%

In addition to the annual management fee, and unless otherwise agreed between the client and the advisor, clients participating in the PPS Custom Program (Transactions) will pay transaction charges as described in the “Other Fees and/or Costs” section below. SFPG has an annual fee minimum of \$3,000 for advisory management and financial planning. Additional details follow below in the Annual Minimum Fee section.

Clients participating in the PPS Custom Program (Transactions) may pay more or less than clients might otherwise pay if purchasing the services separately. There are several factors that determine whether such costs would be more or less, including, but not limited to, the following:

- Size of the account
- Types of securities and strategies involved
- Amount of trading effected by the advisor
- Actual costs of such services if purchased separately

The advisory fees charged for the services provided by Commonwealth and SFPG, including research, supplemental advisory, and client-related services offered through the PPS Custom Program (Transactions), may exceed those of other similar programs.

Commonwealth performs fee billing on SFPG’s behalf. In most cases, the annual account management fee is payable monthly in advance and is computed as one-twelfth of the annual fee based on the AUM on the last business day of the previous calendar month. In limited circumstances, estimated month-end values of alternative investments provided by the product issuer may be used when calculating billable AUM. Please refer to the respective program description in this Brochure, Commonwealth’s brochure or to the respective client agreement for specific information about the maximum fee allowed, the varying fee schedules of each program, and the methods of fee billing for the program(s) you select.

To the extent that you hold positions in your account for which pricing data is not readily available, Commonwealth receives quarter-end values from alternative investment issuers or other service providers which are used when calculating billable AUM for our clients. Neither SFPG nor Commonwealth engages in an independent valuation of your account assets and relies on valuations provided by the investment issuers or other service providers. SFPG (via Commonwealth and further via the account custodian) will provide periodic account statements which include the market value of the alternative investment based on information received from the investment issuer or other service provider. In providing these account statements, or any other valuation information to you, (i) SFPG relies on the valuation information provided by the manager of the alternative investment or other service provider, (ii) the valuation information used to determine the billing fee is based on estimates that may be outdated as of the dates of the account statements, (iii) the products final valuations may be higher or lower than the values reflected in the periodic account statements and (iv) while Commonwealth will adjust material estimated fee billings on a best efforts basis on SFPG’s behalf, neither SFPG nor Commonwealth is under no obligation to provide notice or compensation to you for differences in estimated alternative investment valuations.

Clients who elect to open a margin account acknowledge and agree that margin may be exercised against their account for purposes including, but not limited to, covering debits, management fees, and/or other billing and administrative costs. Management fees on margin accounts will be assessed on the equity (e.g., ownership) portion of the account and not on the account’s total market value.

Furnishing Advice to Clients on Matters Not Involving Securities

For a full financial plan, we charge a flat fee starting at \$3,000. The fee could exceed that amount based on the complexity of the plan as well as the extent of the service you desire. The fee will be quoted prior to the contract being executed. Fees may be negotiable. For Advisory Clients with a minimum of \$750,000 invested with SFPG, all financial planning fees may be waived at our discretion. In lieu of a flat fee, fees may be charged on an hourly rate up to \$250 per hour.

Financial planning fees are paid in advance of the planning services and are non-refundable unless otherwise agreed upon between us. We will complete all financial plans no later than six months after receipt of the fee and all required documents from the client. The contract may be terminated by either party at any time by written notice.

We also offer tax planning and divorce planning for Women in Transition, separate services in which separate fees will be charged should you utilize these services.

Tax planning fees are based on the complexity of the situation and the estimated amount of time spent working on the client's situation. Tax planning fees will be quoted prior to the execution of the client retainer agreement. Hourly rates are \$250. The amount may vary depending on the services provided and the client's situation. Fees are negotiable. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.5% per month plus cost of collection. A \$25 late fee may be assessed if minimum payments are not received by the due date each month.

Divorce planning fees are based on the complexity of the situation and the estimated amount of time spent working on the client's situation. Divorce planning fees will be quoted prior to the execution of the client retainer agreement. Hourly rates are \$250, with a minimum retainer of \$750 paid in advance. These amounts may vary depending on the services provided and the client's situation. Fees are negotiable. The remainder is due within 30 days of the final invoice. Any part of the retainer that is not used will be refunded after an initial \$750 minimum fee. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.5% per month plus cost of collection. A \$25 late fee may be assessed if minimum payments are not received by the due date each month.

A social security analysis is also offered on a standalone basis for a maximum fee of \$750. A 50% retainer is due in advance, with the remainder due after completion of the analysis. If services are terminated prior to completion of the analysis, SFPG will refund fees prorated to the amount of work completed.

You are not obligated to use these services. There is a conflict of interest in recommending tax planning and divorce planning to our clients as we have an incentive to recommend our own services to receive fees. This conflict is managed by ensuring that all recommendations are in the best interest of the client.

Annual Minimum Fee

SFPG assesses a minimum annual fee for advisory management and financial planning of \$3,000. Clients whose asset-based fees exceed \$3,000 annually meet the minimum. Clients whose asset-based fees are less than \$3,000 will be invoiced semiannually to meet the minimum. SFPG may waive this annual minimum fee at our sole discretion. Additional details about the fee and how it is calculated can be found in your executed Financial Planning Services Engagement Agreement.

Retirement Plan Consulting

The Commonwealth Retirement Plan Consulting Program provides clients with the option of paying an annual fee for ongoing services based on a percentage of assets under advisement, a flat fee, or an hourly rate not to exceed \$500. The fee amount a client will pay is negotiable between the client and the advisor and will be associated with all services provided by the advisor under the Retirement Plan Consulting Agreement. Fees may be paid directly from qualified plan assets or may be direct billed, as agreed between the client and the advisor. The maximum annual consulting fee, when stated as a percentage of assets, is 1.50% and is negotiable. It is the responsibility of the plan sponsor to ensure these fees are reasonable. Fees may be paid at the time of service, in advance of service, or after service has been rendered.

Educational Seminars & Workshops

SFPG may charge a nominal fee for its Educational Workshops and Seminars. Any such fee will be clearly communicated to clients and prospective clients in the flier or other communication describing the event. Attendance of these events is entirely voluntary, and as a client you are not required to attend Educational Workshops or Seminars provided by our firm.

Managed Account Fee Collection Process

Managed account fees are typically automatically charged to the client's account pursuant to instructions provided to the account custodian by SFPG. Rather than automatic fee debiting from a client's account, clients may also have the ability to be direct billed by writing a check to SFPG for the fee amount or instructing SFPG to charge the fee to one of the client's other SFPG accounts.

Managed account clients will generally pay fees monthly, in advance, based on the AUM on the last business day of the previous month-end. Consulting clients will pay fees at time of service, in advance of service, or in arrears, as well as in monthly, quarterly, semiannual, or annual installments, as agreed to between the client and the advisor.

The initial monthly fee will be prorated based on the number of billing days in the initial month. Fees are based on account value and account type and are negotiable. Other methods of fee calculation exist or are possible, depending on the specific program, the services provided, client circumstances, and the account size. These methods include, but are not limited to, hourly, flat, breakpoint, and blended fee billing. Additional deposits of funds and/or securities during a particular calendar quarter are subject to billing on a pro rata basis. Clients who withdraw funds from a managed account during a billing period are not generally entitled to a pro rata refund unless they are terminating their managed account program client agreement.

SFPG allows for the aggregation of assets among a client's "related" managed accounts for purposes of determining the value of AUM and the applicable advisory fee to be paid by a client. SFPG reserves the right to determine whether client accounts are "related" for purposes of aggregating a client's accounts together for a reduction in the percentage fee amount.

Other Fees and Costs

When Commonwealth effects securities transactions for a client's account, Commonwealth passes on to our clients the securities clearance and settlement fees charged by its clearing broker/dealer with a substantial markup that is retained by Commonwealth. Commonwealth adds a markup to the transaction fees assessed by its clearing firm and paid by clients or clients' advisors to compensate Commonwealth for the cost of its resources utilized in processing the transaction(s) and to generate additional revenue for Commonwealth. SFPG typically passes on

the securities clearance and settlement fees charged by Commonwealth and its clearing broker/dealer. The maximum charges are as follows:

Transaction Charges			
Stocks, ETFs, and Closed-End Funds			
Online Order Entry (including block trades)		\$7.95 ¹ /\$4.95 ²	
Trader Assisted		\$25 ¹	
Bonds, CDs, and CMOs		\$30 ¹	
UITs		\$20 ¹	
Options			
Online Order Entry (including block trades)		\$15 + \$1 per contract ¹	
Trader Assisted		\$20 + \$1.25 per contract ¹	
Alternative Investments		\$50	
Precious Metals		\$50 ¹	
Mutual Funds			
	No Transaction Fee	Supporting ³	Nonsupporting ^{4,5}
Buy	\$0	\$12 ² /\$15 ¹	\$30 ¹ /\$35 ^{1,6}
Sell	\$0 ⁷	\$12 ² /\$15 ¹	\$30 ¹ /\$35 ^{1,6}
Exchange	\$0	\$0	\$30/\$35 ⁶
PIP/SWP ⁸	\$0	\$0	\$3

¹ Plus service fee of \$4 for accounts *not* enrolled in all available e-notification (e-delivery) options (excluding tax documents).

² Account *must* be enrolled in all available e-delivery options (excluding tax documents).

³ Represents more than 500 supporting fund families from which Commonwealth receives revenue-sharing payments from NFS.

⁴ Commonwealth does not receive revenue-sharing payments derived from investments in nonsupporting funds. NFS assesses Commonwealth a transaction surcharge for buys, sells, and exchanges of nonsupporting funds. Commonwealth's transaction charges are substantially higher for nonsupporting funds to compensate Commonwealth for the absence of revenue sharing and the assessment of a transaction surcharge by NFS. These nonsupporting fund families are CGM, Dodge & Cox, and Vanguard.

⁵ While Commonwealth does receive revenue-sharing payments from NFS that are derived from Dimensional Fund Advisors (DFA) fund assets, these payments are substantially less as a percentage of fund assets than amounts paid by supporting fund families. Commonwealth therefore classifies DFA funds as nonsupporting funds. Unlike other nonsupporting funds, NFS does not assess Commonwealth a transaction surcharge for transactions in DFA funds. Nevertheless, Commonwealth assesses the same surcharges for buy transactions in DFA funds that are noted in footnote 4 for nonsupporting funds. DFA sell transaction surcharges are identified in footnote 3 which are lower than sell transactions for other nonsupporting funds identified in footnote 4. DFA sell transactions processed through the Commonwealth's trade desk shall be \$20. Commonwealth's receipt of revenue-sharing payments from DFA fund assets (albeit substantially less than from supporting funds), combined with the higher transaction charges for buys generates greater revenue for Commonwealth relative to DFA fund assets than the other nonsupporting funds identified in footnote 4.

⁶ If processed by Commonwealth's Trade Desk.

⁷ Funds purchased prior to their NTF effective date will still incur a transaction charge.

⁸ Periodic investment plans (PIPs) and systematic withdrawal plans (SWPs) carry a \$100 minimum.

Commonwealth assesses confirmation fees to clients to offset the asset-based fees it pays to its clearing broker/dealer and to generate additional revenue for Commonwealth.

In addition to the charges noted above, clients incur certain charges in connection with certain investments, transactions, and services in your account. In many cases, Commonwealth will receive a portion of these fees and charges or add a markup to the charge's clients would otherwise pay to generate additional revenue for Commonwealth. The actual fees and charges that clients will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Mutual fund or money market 12b-1 fees, subtransfer agent fees, and distributor fees
- Mutual fund and money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on mutual funds purchased or transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges that may be required by law
- Brokerage account fees and charges

Information describing the brokerage fees and charges that are applicable to a Commonwealth brokerage or SFPG managed account is provided on Commonwealth's Schedule of Miscellaneous Account and Service Fees, which is available on Commonwealth's website at [www.commonwealth.com/clients/media/Commonwealth Brokerage Fee Schedule.pdf](http://www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf).

SFPG advisors may select share classes of mutual funds that pay advisors 12b-1 fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay SFPG or your advisor additional fees. As a matter of policy, Commonwealth (on SFPG's behalf) credits the mutual fund 12b-1 fees it receives from mutual funds purchased or held in SFPG managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a fund may not be offered through our clearing firm or made available by SFPG for purchase within our managed accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

SFPG urges clients to discuss with their advisor whether lower-cost share classes are available in their program account. Clients should also ask their advisor why the funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee ("TF") funds available for investment through SFPG will result in the assessment of transaction charges to you, your advisor, SFPG or Commonwealth. Although no-transaction-fee ("NTF") funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost SFPG,

Commonwealth or your advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

The existence of various fund share classes with lower internal expenses that SFPG may not make available for purchase in its managed account programs present a conflict of interest between clients and SFPG or its advisors. A conflict of interest exists because SFPG and your advisor have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to SFPG that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to SFPG or the advisor, a conflict of interest exists because SFPG and your advisor have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

Prorated Rebate of Fees Paid in Advance

In the event a client terminates an advisory agreement with SFPG and his or her advisor, any unearned fees resulting from advanced payments will be refunded to the client.

In addition to the annual asset management fee, and unless otherwise agreed between advisor and client, clients participating in Commonwealth's PPS Custom (Transactions) program will pay transaction charges as set forth in the Other Fees and/or Costs section above and may be modified from time to time by Commonwealth.

When SFPG provides individual financial planning services for a client, the client typically pays for services rendered on a one-time basis, but compensation may be ongoing. For Qualified Plan Consulting, the fee may be an hourly, flat, fixed, or asset-based fee for providing one-time, or ongoing, advisory services to a plan. For individual financial planning services, the fee is typically an hourly, flat, or fixed fee. For both types of services, payment may be made either at the time of the service, in advance, or in arrears. Clients should make checks payable to SFPG only in relation to Financial Planning services. Checks for Retirement Plan Consulting Services should be made payable to Commonwealth. Checks should never be made payable to the advisor or any other entity under the control of the advisor in relation to any programs or services offered through SFPG. Clients who are asked or instructed by their advisor to make checks payable to the advisor or any entity under control of the advisor should contact Dianne Webb directly for verification.

Clients should be aware that, when assets are invested in shares of mutual funds, variable insurance products, and certain alternative investments within a managed account program, clients will pay investment advisory fees to SFPG and to the advisor for their advisory services in connection with the investments. In addition to the payments received by SFPG and the advisor, clients will also pay management fees, mutual fund and money market 12b-1 fees, subtransfer agent fees, mutual fund and money market administrative expenses, mutual fund transaction fees, certain deferred sales charges and redemption fees on previously purchased mutual funds, annuity internal expenses and fees, and other fees charged by the investment company, insurance product, or alternative investment sponsor, which are typically charged to clients as an internal expense of the product. These internal expenses are described in the prospectus or offering document for the specific product. Clients may be able to invest directly in the investment company, insurance product, or alternative investment without incurring the investment advisory fees, platform fees, or transaction charges assessed by SFPG or their advisor. If a client's assets are invested in a fee-based annuity, the client will pay both the direct management fee to SFPG and their advisor for the advisory services provided by SFPG and the advisor in connection with

that investment and, indirectly, the management and other fees charged by the underlying annuity investment options, as well as the charges assessed by the insurance company for the product. Of course, clients should also be aware of the tax implications of investing, as well as of the existence of deferred sales charges or redemption fees charged by some product sponsors for positions the client subsequently sells in SFPG managed accounts.

Additional Compensation

In the capacity of registered representatives of Commonwealth Financial Network, LLC, IARs or other associated persons of SFPG may receive commissions for securities transactions we may recommend to clients. These transactions present a conflict of interest in that they give the registered representatives (our IARs) an incentive to recommend investment products based on the compensations received rather than on your needs. We manage this conflict of interest by disclosing it here and reviewing the suitability of each proposed transaction that would result in payment of commissions prior to approving said transaction. As CFP® professionals, our IARs must act in your best interest when recommending investment products to you. Our IARs no longer recommend mutual fund products which pay 12(b)-1 fees as compensation. However, our IARs may recommend mutual fund products which pay 12(b)-1 fees in non-advisory brokerage accounts and receive 12(b) in their separate capacity as registered representatives of Commonwealth. This presents a conflict of interest, which we address as described above.

SFPG is also licensed as an insurance agency in the state of Florida. Certain IARs or other associated persons of SFPG are licensed to sell life insurance products, including annuities, on behalf of various insurance companies through SFPG. The appropriately licensed IARs and SFPG will receive a portion of the overall commission for the sale of such products. This creates a conflict of interest because we have an incentive to recommend insurance products to clients based on the compensation received, rather than based on the clients' needs. You are under no obligation to purchase insurance products through any particular insurance agency or IAR and may affect any such transactions where you desire. Insurance products may be available to you elsewhere at lower cost. We manage this conflict of interest by requiring all IARs who are licensed to offer insurance products to our clients to review the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards and fully disclosing to a client when a particular transaction will result in the receipt of commissions or other associated fees. As CFP® professionals, our IARs must act in your best interest when recommending insurance products to you.

Please be aware that you have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with SFPG.

Special Disclosures for ERISA Plans:

In this Brochure, SFPG has disclosed conflicts of interest, such as receiving additional compensation from third parties (e.g., 12b-1 fees, subtransfer agent fees, and revenue sharing) for providing marketing, recordkeeping, or other services in connection with certain investments. SFPG, however, has adopted policies and procedures that are designed to ensure compliance with the prohibited transaction rules under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. For example, SFPG has taken several steps to address the conflict of interest associated with SFPG's or SFPG's advisors' receipt of compensation for services provided to ERISA plans.

First, an advisor negotiates the compensation with ERISA plan sponsors or participants ("ERISA clients") and the compensation is either an annual fee for ongoing services based on a percentage

of assets under advisement, a flat fee, or an hourly rate. Second, to the extent that an advisor receives additional compensation from a third party, the advisor must report it to SFPG to enable the additional compensation to be offset against the fees that the ERISA clients would otherwise pay for the advisor's services. Third, SFPG has established a policy not to influence any advisor's advice or management of assets at any time or for any reason based on any compensation that SFPG or the advisor might receive from third parties. In no event will SFPG allow advisors to provide advice or manage assets for ERISA clients if they have conflicts of interest that SFPG believes are prohibited by ERISA.

As a covered service provider to ERISA plans, SFPG will comply with the U.S. Department of Labor regulations on fee disclosures, effective July 16, 2011 (or such other date as provided by the Department). Thus, SFPG and its advisors will disclose (i) direct compensation received from ERISA clients; (ii) indirect compensation (e.g., 12b-1 fees) received from third parties; and (iii) transaction-based compensation (e.g., commissions) or other similar compensation shared with related parties servicing the ERISA plan. These fee disclosures will be made reasonably in advance of entering into, renewing, or extending the advisory service agreement with the ERISA client.

Item 6 – Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees (i.e., advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client account). Our compensation structure is disclosed in detail in Item 5 above. We also do not engage in side-by-side management of accounts.

Item 7 – Types of Clients

We provide investment advisory and financial planning services to individuals including high net worth individuals and profit-sharing plans. We also provide investment advisory and financial planning services to corporations. We have minimum account requirements to open or maintain some accounts, which are described above in Item 5 next to each corresponding type of account.

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

Our investment strategies include long term buy and hold and short-term trading strategies. We primarily provide investment advice concerning equities, fixed income, certificates of deposit, investment company securities (mutual funds) and variable insurance products. We also may provide investment advice concerning partnership interests, including, but not limited to, real estate, oil and gas interests, and other business or industry.

Each portfolio will be initially designed to meet particular investment goals and objectives taking into account your financial situation, circumstances, and risk tolerance. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio.

We base our investment advice in part upon information gathered from financial newspapers, magazines, and research materials prepared by others. We also utilize Morningstar, which provides support services in portfolio design and strategy implementation, and Riskalyze, which helps us analyze the level of risk our clients may currently have.

In determining the investment advice to give to you, we may utilize charting to determine trends and project future values. In a fundamental analysis, we analyze the financial statements and health of a business, its management and competitive advantages, and its competitors and markets but usually focusing on growth or value (or sometimes a combination of both) to determine if such security meets your needs and objectives. We will take into consideration when making investment decisions the stages of the business during a given point in time. We may also perform a security analysis discipline, known as a technical analysis, in forecasting the direction of prices through the study of past market data, primarily price and volume.

There are inherent risks involved in each investment strategy or method of analysis we use and the particular types of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following

- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Political Risk.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading.** Clients should note that Adviser may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Adviser endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- **Risks Related to Investment Term.** If you require us to liquidate your portfolio during a period in which the price of the security is low, you will not realize as much value as you would have had the investment had the opportunity to regain its value, as investments frequently do, or had we been able to reinvest in another security.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

- **Business Risk.** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.
- **Financial Risk.** Excessive borrowing to finance a business' operations decreases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Risks specific to sub-advisors and other managers.** If we invest some of your assets with another adviser, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.** As described above, SFPG may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.
- **Equity Market Risks.** SFPG will generally invest portions of client assets directly into equity investments, either individual stocks or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.
- **Option Risks.** The purchaser of a put or call option can lose all of the cost of the option (the premium). Most options expire "out of the money," meaning the purchaser will lose his or her premium on most options purchased. Selling puts and/or calls in a

particular equity does not affect the downside risk of owning that equity, as described in “Equity Market Risks,” above. There are additional significant risks involved in selling uncovered or “naked” puts or calls, that is, puts or calls on securities in which you as the client do not already own an underlying position in the security.

- **Risks Related to Alternative Investment Vehicles.** From time to time and as appropriate, SFPG may invest a portion of a client’s portfolio in alternative vehicles. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.
- **Fixed Income Risks.** SFPG may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).
- **Foreign Securities Risks.** SFPG may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S.

Recommendation of particular types of securities: We will recommend various types of securities and do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. In very general terms, however, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. Descriptions of the types of securities we may recommend to you and some of their inherent risks are provided below:

- **Money market funds:** A money market fund is technically a security, and, as such, there is a risk of loss of principal, although it is generally rare. In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation (“FDIC”) insured savings account (money market funds are not

FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or down. If it goes up, that may result in a positive outcome. If it goes down, however, and you earn less than you expected to, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tend to be less than long-term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

- **Municipal securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them, including, but not limited to, the creditworthiness of the governmental entity that issues the bond, the stability of the revenue stream that is used to pay the interest to the bondholders, when the bond is due to mature, and whether the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.
- **Bonds:** Also known as corporate debt securities, bonds are typically safer investments than equity securities, but their risk can also vary widely based on the financial health of the issuer, the risk that the issuer might default, when the bond is set to mature, and whether the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.
- **Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as “equities” or “stocks”). In very broad terms, the value of a stock depends on the financial health of the company issuing it. Stock prices, however, can be affected by many other factors, including, but not limited to, the class of stock (e.g., preferred or common), the health of the market sector of the issuing company, and the overall health of the economy. In general, larger, more well-established companies (i.e., large-caps) tend to be safer than smaller start-up companies (i.e., small-caps), but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.
- **Mutual funds and ETFs:** Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund’s investments in accordance with the fund’s investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small-cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds in that they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are “no load,” meaning there’s no fee to buy into or sell out of the fund, other types of mutual funds do charge such fees, which can also reduce returns. Mutual funds can also be “closed-end” or “open-end.” Open-end mutual funds continue to allow new investors indefinitely, whereas closed-end funds have a fixed number of shares to sell, which can limit their availability to new investors.

- **Variable annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate, and the remainder of the funds accumulated will be forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges, administrative fees, underlying fund expenses, and charges for special features, all of which can reduce the return.
- **Real estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. The asset class still bears a considerable amount of market risk, however. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and, thus, real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.
- **Limited partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority, and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks is dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnerships have similar risk attributes to equities; however, like privately placed limited partnerships, their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to their tax treatment.
- **Options contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an

underlying asset at a specific price on or before a certain date (i.e., the expiration date). 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. Calls are similar to having a long position on a stock. Buyers of calls hope 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. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires. Selling options is more complicated and can be even riskier. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

- **Structured products:** A structured product is generally a prepackaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and, to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. In addition to a fixed maturity, they have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a “principal guarantee” function, which offers protection of principal if held to maturity. These products are not always FDIC insured, however; they may only be insured by the issuer and, thus, have the potential for loss of principal in the case of a liquidity crisis or other solvency problems with the issuing company. Investing in structured products involves a number of risks, including, but not limited to, fluctuations in the price, level, or yield of underlying instruments; interest rates; currency values; and credit quality. They also involve the risk of substantial loss of principal, limits on participation in any appreciation of the underlying instrument, limited liquidity, credit risk of the issuer, conflicts of interest, and other events that are difficult to predict.

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.

Any of the common risks described above could adversely affect the value of your portfolio and account performance, and you can lose money. Even though these risks exist, SFPG and your advisor will still earn the fees and other compensation described in this Brochure. Clients should carefully consider the risks of investing and the potential that they may lose principal while SFPG and your advisor continue to earn fees and other forms of compensation.

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 obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

Neither our advisory firm nor a management person of our firm has been involved in any material disciplinary event.

Item 10 – Other Financial Industry Activities and Affiliations

Neither SFPG nor any of our management persons (except as disclosed below) are registered, or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities, except as noted below.

In addition, neither SFPG nor any of our management persons have any relationship or arrangement with any person related to SFPG that is material to our advisory business or to our clients.

However, IARs of SFPG are registered representatives of Commonwealth Financial Network, LLC ("Commonwealth"), an SEC-registered investment adviser and FINRA-registered broker dealer. As such, they spend approximately 20% of their time offering securities products on a commission basis with Commonwealth and as agents of various insurance companies. Any compensation arrangements or other business relationships between SFPG and Commonwealth are described in detail in items 4 and 5 above.

Should you choose to purchase an insurance product on which our advisor is paid a commission, there will be no advisory fee associated with the product. The remainder of the advisor's time is spent acting in the capacity of an investment adviser representative for SFPG.

Clients are under no obligation to purchase or sell securities through our advisors. However, if you choose to invest with us, commissions may be earned in addition to any fees paid for advisory services depending on the type of account you choose to invest in. Commissions may be higher or lower at Commonwealth than at other broker dealers. Our advisors have a conflict of interest in recommending clients purchase securities and/or insurance related products in that as their production with Commonwealth rises, they receive a higher payout on compensation earned.

Depending on the type of account you open, Commonwealth and/or your advisor may receive transaction-based commissions, mutual fund 12b-1 fees, distributor fees, service fees, due diligence fees, marketing reimbursements, revenue sharing, or other payments relating to your investment in or otherwise supporting Commonwealth's or your advisor's activities regarding the securities and insurance products recommended, purchased, or held within your account.

To the extent Commonwealth is the investment adviser, sponsor, or other service provider to your investment advisory program, Commonwealth receives compensation for its services. Clients should be aware that Commonwealth's, SFPG's or your advisor's receipt of commissions, fees, payments, and other compensation presents a conflict of interest because Commonwealth, SFPG or your advisor has an incentive to make available or to recommend those products or programs, or make investment decisions regarding investments, that provide such compensation to Commonwealth, SFPG or your advisor.

Further, our advisors are restricted to only offering those products and services that have been reviewed and approved for sale to the public through Commonwealth pursuant to Commonwealth policy.

The above relationships are considered material. See discussion of the conflicts of interest relating to this relationship in Item 5 above. However, we are not under common control and ownership with, and therefore, not affiliated with Commonwealth Financial Network, LLC or its affiliates.

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

We have in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to you; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, our officers, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to you and prospective clients upon request.

If you so choose, you may implement investment advisory recommendations by utilizing the IAR’s status as registered representatives of Commonwealth. In their capacity as registered representatives of Commonwealth, our IARs can sell securities to any client for commissions. This presents a conflict of interest as the IARs could receive fees and commissions if you choose to implement recommendations of the IARs in their capacity as registered representatives of Commonwealth. Please see Items 5 and 10 for more information.

Our IARs may buy or sell for their own accounts securities that you also hold. Conversely, they may buy and sell securities for your accounts which they themselves may own. This creates a conflict of interest because it may be possible for us or our associates to receive more favorable

prices than our clients. To mitigate or remedy this conflict of interest, such transactions are permitted if in compliance with our Policy on Personal Securities Transactions. Reports of personal transactions in securities by our IARs are reviewed by the firm's Compliance Department quarterly or more frequently if required. Nonetheless, we do not, nor does a related person, recommend that you buy or sell for your account's securities in which we (or a related person) have a material financial interest.

Additionally, we may recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account. This creates a conflict of interest because it may be possible for us or our associates to receive more favorable prices than our clients. We monitor this conflict by ensuring that securities transactions for the accounts of IARs or employees in the same security as that purchased or sold for our clients are entered only after completion of all reasonably anticipated trading in that security for client accounts on any given day. In the event that we make a block trade for multiple clients that includes securities in the accounts of our IARs or employees, we ensure that the allocation is equitable and fair to all accounts, in accordance with the allocation procedure described in Item 12 below. We do not execute transactions on a principal or agency cross basis.

Item 12 – Brokerage Practices

As disclosed previously in this brochure, our advisors are dually registered with Commonwealth Financial Network. Commonwealth policy restricts its advisors from conducting securities transactions away from Commonwealth unless Commonwealth provides the advisor with written authorization. Therefore, clients are advised that our advisors are substantially always limited to conducting securities transactions through Commonwealth and its clearing firms, National Financial Services LLC ("NFS") and Pershing. Substantially all of SFPG's clients must select Commonwealth as the broker/dealer of record and NFS as the clearing firm for their managed accounts. In all cases, the account custodian will be identified in the respective managed account client agreement. Client transactions will be charged according to Commonwealth's then-current commission schedule and clients may pay higher commission rates and other fees than otherwise available. The client may be assessed transaction or other fees charged by Commonwealth, custodians and/or product sponsors, in addition to normal and customary commissions, all of which are fully disclosed to the client. These fees and expenses are separate and distinct from any fee(s) charged by SFPG. This additional compensation received by Commonwealth creates a conflict of interest. Additionally, by using Commonwealth as the broker/dealer for SFPG's managed account program(s), SFPG may be unable to achieve most favorable execution of client transactions, which may cost clients more money. SFPG attempts to mitigate this conflict of interest by engaging in a regular review of our relationship with Commonwealth to ensure that the costs incurred are reasonable in comparison to industry norms, and by advising our clients that you are not obligated to open an account with SFPG or Commonwealth; you may open an account and implement advice provided by SFPG with the firm of your choice.

Our clients do not generally have the option to direct securities brokerage transactions to other broker/dealers or other account custodians. If, however, a client should request, and Commonwealth approve, the use of a broker/dealer other than NFS or Pershing for securities transaction execution, the client should be aware that SFPG will generally be unable to negotiate commissions or other fees and charges for the client's account, and SFPG would not be able to combine the client's transactions with those of other clients purchasing or selling the same securities ("batched trades"), as discussed further below. As a result, SFPG would be unable to ensure that the client receives "best execution" with respect to such directed trades. SFPG may

also be unable to provide timely monitoring of transaction activity or provide the client with quarterly performance reporting.

We do not warrant or represent that commissions for transactions implemented through SFPG will be lower than commission available if clients were to use another brokerage firm. We believe, however, that the overall level of services and support provided to clients by SFPG outweighs the potentially lower transaction cost available under other brokerage arrangements. Nevertheless, we do not consider whether we or a related person receive client referrals from a broker-dealer or third party in selecting or recommending broker-dealers to our clients. Please see Items 5 and 10 for more information regarding commissions paid to registered representatives of Commonwealth. Not all advisers require their clients to direct brokerage.

There may be several prices at which securities transactions are actually executed. This is because we may make trades throughout the day for the same securities in different accounts which may end up in different pricing depending on when we receive client approval for the transaction. In the event that we make a block trade for multiple clients, it is our practice to average the execution prices of the related trades and apply the average price to each transaction and account in order to ensure that the allocation procedure will be equitable and fair to all accounts. No account will be favored over another account unless reasons, consistent with the best interests of each account, are documented. All allocation costs are shared on a pro rata basis based on a client's participation.

SFPG receives certain services and products, such as fundamental research reports, technical and portfolio analyses, economic forecasting and general market information, historical data base information and computer software that assist our investment management process, from its custodians in conjunction with client transactions. Furthermore, SFPG receives the following services or products from Commonwealth in conjunction with client transactions: 1) assistance with questions and guidance on compliance; 2) investment contracts for advisor managed accounts; 3) templates and sample procedures and contracts for regulatory initiatives elected by Commonwealth, for example retirement plan fee disclosure drafts (408-b-2), investment performance presentation procedures and cash solicitation/referral arrangement procedures; 4) assistance with state and SEC audit inquiries and responses; 5) E&O Insurance at adviser's expense for sanctioned advisory activities; 6) ongoing advertising, email, social media and website reviews; 7) transaction and periodic reviews on advisory accounts; 8) billing services; 9) Commonwealth due diligence for third-party money managers and platforms; 10) periodic branch audits to ensure policies and procedures are understood and followed; 11) valuable insight, best practices, and up-to-date information on compliance issues via special webinars, newsletters and direct emails; and 12) independent compliance experts for advanced support services including, annual registration renewal, SEC to state transitions, mock SEC and state examinations, compliance program design and manuals.

When SFPG uses client brokerage commissions to obtain research or other products or services, SFPG receives a benefit because SFPG does not have to produce or pay for the research products or services. SFPG endeavors to use all services and products received in order to better service all client accounts. This is a conflict of interest because SFPG has an incentive to select or recommend a broker-dealer based on its interest in receiving the products or other services described above, rather than on the clients' interest in receiving the most favorable execution. To address this conflict, when selecting a particular broker for execution of your transactions, we will seek to obtain most favorable terms under the circumstances by considering such factors as: price, execution capability, reliability, responsiveness, financial responsibility, and the value of

any products or services provided by such brokers. We also perform periodic reviews of execution services and value clients receive to ensure clients are receiving best execution.

Administrative Trade Errors:

From time-to-time SFPG may make an error in submitting a trade order on your behalf. Trading errors may include a number of situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the corrective action, the gain will remain in your account unless it is legally not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax or other reasons).

In the event SFPG aggregates trade orders, the allocation procedure will be equitable and fair to all accounts. No account will be favored over another account unless reasons, consistent with the best interests of each account, are documented. All allocation costs are shared on a pro rata basis based on a client's participation.

Item 13 – Review of Accounts

REVIEWS: Either Chief Compliance Officer Dianne Webb, Investment Adviser Representative Rhonda Shurtleff, Investment Adviser Representative Rebecca Robey or Investment Adviser Representative Catherine Hyder will generally meet with you to monitor and review your accounts at least annually as mutually agreed upon. A more frequent review of your accounts will be conducted upon your request. Reviews of investment accounts typically look at portfolio consistency with regards to your risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. We will also review account holdings, transactions, charges, and performance as provided on such statements and other account reports. We monitor the investments that make up the majority of our clients' holdings on a weekly basis. If you receive financial planning advice, reviews are made at least once annually for clients with accounts managed by SFPG, based on the cooperation of clients. Reviews cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for social capital or charitable goals, as well as other goals communicated by you. In either type of review, accounts will also be reviewed upon notice of changes in your circumstances.

You are provided with written monthly account statements from the custodian, depending on the activity in the account. Reports include details of your holdings, asset allocation, and other transaction information. Comparisons to market indices and account performance may be used to evaluate account performance in review with you.

Item 14 – Client Referrals and Other Compensation

SFPG has an arrangement with Riskalyze, Inc. (“Riskalyze”), a third-party software provider, whereby Riskalyze offsets its licensing fees in exchange for SFPG maintaining over \$20 million in client assets in certain funds on the Riskalyze platform. The funds included in this discount program are managed by third-party asset managers who have partnered with Riskalyze to offer “no platform fee” funds (“NPF funds”) on the Riskalyze platform. One such asset manager is First Trust Advisors LP (“First Trust”). Because SFPG maintains over \$20 million in client assets in First Trust funds, SFPG also receives certain benefits from First Trust, including payment of client events hosted by SFPG. These arrangements present a conflict of interest in that SFPG has an incentive to recommend NPF funds and First Trust funds on the Riskalyze platform based on the compensation received, rather than on the client’s needs. We address this conflict by reviewing any such recommendation to ensure it is in the best interest of the client.

SFPG receives an economic benefit from Commonwealth in the form of the support, products and services Commonwealth makes available to SFPG and other investment advisors whose clients maintain their accounts on Commonwealth’s platform. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 of this brochure.

Our access to Commonwealth’s products and services is not conditioned on our firm or our advisors giving particular investment advice, such as buying particular securities for our clients. Product vendors recommended by SFPG may provide monetary and non-monetary assistance for the purposes of funding marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by SFPG or our advisors relating to the promotion or sale of the product vendor’s products or services. We do not select products as a result of the receipt or potential receipt of any monetary or non-monetary assistance. SFPG’s due diligence of a product does not take into consideration any assistance it may receive. While the receipt of products or services is a benefit for you and us, it also presents a conflict of interest. We attempt to mitigate this conflict of interest by:

- Informing you of conflicts of interest in our disclosure document and agreement;
- Maintaining and abiding by our Code of Ethics which requires us to place your interests first and foremost;
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.

Commonwealth offers our firm and our firm’s advisory representatives one or more forms of financial benefits based on our advisory representatives’ total AUM held at Commonwealth or financial assistance for advisory representatives transitioning from another firm to Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; licensing and insurance costs; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm’s clients.

Other than as described herein, and particularly in Items 5 and 12, we receive no compensation from third parties for providing advice to our clients, nor do we compensate for client referrals or receive compensation for client referrals.

You should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of SFPG and its IARs when making recommendations. SFPG endeavors at all times to put your interest first as part of our fiduciary duty.

Item 15 – Custody

We have custody of client funds or securities because we are granted authority, upon written consent from you, to deduct the management fees directly from your account and to delegate that authority to a financial institution. We do not have physical custody of client funds or securities. We have implemented the safeguard requirements of SEC regulations by requiring safekeeping of your funds and securities by a qualified custodian. We have further implemented procedures to comply with the requirements outlined by the SEC in its February 21, 2017 No-Action Letter to the Investment Adviser Association.

The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of management fees paid to SFPG. For accounts at NFS, the account statement will state the management fee paid to Commonwealth and then Commonwealth pays SFPG its portion of the fee. You are encouraged to review these account statements received from the custodian against reports provided by us and immediately inform us of any discrepancies.

Item 16 – Investment Discretion

SFPG renders investment advice to the vast majority of its managed account clients on a discretionary basis. Upon receiving written authorization from you, by execution of our Statement of Investment Selection and related powers of attorney our IARs accept trading authority to assist you in implementing your investment strategy. You will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to us. Our managed account program does, however, permit the client to choose to have SFPG and the advisor provide investment advice and recommendations to the client on a nondiscretionary basis. Clients who wish to receive advice with respect to their managed account on a nondiscretionary basis would need to execute an amendment to modify the client agreement to be nondiscretionary. Clients may request a copy of the nondiscretionary amendment form from their advisor if they desire to exercise this option.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

Clients receive proxies directly from their Custodians. We do not vote or assist in voting proxies. Our clients are responsible for directing their own proxies solicited by issuers of securities. Clients are responsible for making elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities in Clients' account. Proxy and other solicitation information will be mailed to clients from the account custodian. Please follow the instructions for proxy voting included in the mailing.

Item 18 – Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you. We do not require or solicit prepayment of fees more than \$1,200 and six months or more in advance and therefore are not required to produce a balance sheet. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.