

Part 2A of Form ADV: Firm Brochure

Form ADV, Part 2A, Item 1

Cover Page

Summit Financial Group, Inc.

595 South Federal Highway
Suite 500
Boca Raton, FL 33432

Tel: 1.800.226.2660

Fax: 561-338-2820

www.summitbrokerage.com

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**FORM ADV PART 2
FIRM BROCHURE**

This brochure provides information about the qualifications and business practices of Summit Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 1-800-226-2660. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Summit Financial Group, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Summit Financial Group, Inc. is 109485.

Summit Financial Group, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Form ADV, Part 2A, Item 2

Material Changes

Change of Executive Officers:

Removed Michael Hill, EVP & Chief Compliance Officer

Replaced with: Sander J. Ressler YOB 1963
EVP & Chief Compliance Officer
Business Background (preceding five years):
Summit Brokerage Services, Inc. Nov. 2010 - Present
Summit Financial Group, Inc. Nov. 2010 - Present
SBS Insurance Agency Nov. 2010 - Present
Newedge USA, LLC Nov. 2008 - Nov. 2010
Deloitte & Touche LLP Feb. 2006 - Aug. 2009

Only material changes since the last annual update of the brochure are mentioned above. The last annual update of the firm brochure was on May 13, 2010.

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Advisory Business

Summit Financial Group, Inc. (hereinafter referred to as "Summit" or "Registrant") is a Registered Investment Adviser based in Boca Raton, FL, and incorporated under the laws of the State of Florida. Founded in 1999, Summit provides investment advice and portfolio management services on a continuing basis, which may include, but are not limited to, the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among cash, stocks, mutual funds and bonds and/or preparing written investment strategies. Summit provides investment advisory and other financial services through its Investment Advisory Representatives ("IAR") to accounts opened with Summit (the "Managed Accounts"). Managed Accounts are available to both retail clients (for example, smaller accounts of individuals, IRAs, trusts and employee benefit plans) and institutional clients (for example, corporate pension plans, charitable organizations, corporations and foundations). In addition, some programs will provide for the selection of specific securities to help meet the client's stated investment objectives or identifying, evaluating, and hiring independent, unaffiliated money management firms on behalf of clients.

Summit is a wholly-owned subsidiary of Summit Brokerage Services, Inc. ("Summit Brokerage"), an introducing broker-dealer that clears through Pershing, LLC (a subsidiary of The Bank of New York Mellon Corporation and referred to hereinafter as "Pershing") and First Clearing Correspondent Services (an affiliate of Wells Fargo & Company and referred to hereinafter as "FCC"). Summit Brokerage is registered with the Securities & Exchange Commission ("SEC") and state jurisdictions and is a member of the Financial Industry Regulatory Authority ("FINRA"), Municipal Securities Rulemaking Board ("MSRB"), and the Securities Investors Protection Corporation ("SIPC"). Summit Brokerage also provides a full range of investment services in stocks, corporate bonds, municipal bonds, government bonds, options, mutual funds, variable annuities, real estate investment trusts and other investment and insurance products. Summit Brokerage is a wholly-owned subsidiary of Summit Financial Services Group, Inc.

Summit Brokerage may effect securities transactions for compensation for clients in its capacity as a broker-dealer. The capacity in which Summit acts, the execution price of the security and any commission or mark-up Summit receives, will be disclosed to the client via trade confirmation. Prospective clients are hereby advised that lower fees for comparable services may be available from other sources. Summit and its agents will seek to ensure that they do not personally benefit from the short-term market effects of its investment recommendations. From time to time, related persons may purchase securities that are also

acquired on behalf of clients and are placed in their Managed Accounts. To prevent conflicts of interest, all employees of Summit must comply with Summit's Code of Ethics ("Code of Ethics") which impose restrictions on the purchase or sale of securities from their own accounts and the accounts of certain affiliated persons.

Summit provides discretionary and non-discretionary investment advisory services to some of its clients through various managed account programs ("Wrap-Fee Programs"). Summit will assist clients in determining the suitability of the Summit Wrap Programs for the client. The IAR is compensated through a comprehensive single fee and the account may be assessed other charges associated with conducting a brokerage business. The Registrant and its IAR, as appropriate, will be responsible for the following:

- Performing due diligence.
- Recommending strategic asset and style allocations
- Providing research on investment product options, as needed
- Providing client risk profile questionnaire
- Obtaining investment advisory contract from client with required financial, risk tolerance, suitability and investment vehicle selection information for each new account
- Performing client suitability check on account documentation, review the investment objectives and evaluate the investment vehicle selections
- Providing Firm Brochure (this document)

Client Assets Managed on a Discretionary Basis as of March 1, 2011: \$182,892,000

Client Assets Managed on a Non-Discretionary Basis as of March 1, 2011: \$735,391,000

Fees and Compensation

Overview

Investment advisory programs are offered through both of Summit's clearing platforms, FCC and Pershing. Pershing utilizes their subsidiary, Lockwood Advisors, to provide Investment Advisory services to customers. Both are nationally recognized clearing firms providing clearing services for the majority of introducing firms like Summit.

FCC Fee-Based Products at a Glance - Descriptions

		Product Description	Discretion	Min Acct Size	Allowable Assets	Managers/ Funds Available	Margin
UM A	DMA (Diversified Managed Allocations)	Multi-manager, separately managed account program, based on Manager Strategy Group - driven Optimal Blends or Customized Blends	WFALLC & Third Party Managers	\$150,000 -2 managers \$300,000 -3 managers \$500,000 -4 managers \$750,000 -5 managers \$1,000,000 -6 managers	Manager Discretion (may include Stocks, Bonds, Mutual Funds, ETFs and Cash Alternatives, etc)	39 Optimal Blends or Customize Utilizing Approximately 100 Managers on DMA Roster	No
SMA	Masters	Separately managed account wrap program	Third Party Manager	\$100,000 and subject to manager minimums	Manager Discretion (may include Stocks, Bonds, Mutual Funds, ETFs and Cash Alternatives, etc)	84 Managers/ 184 Investment Styles	No
	Private Advisor Network	Separately managed account, dual contract program	Third Party Manager	\$100,000 and subject to manager minimums	Manager Discretion (may include Stocks, Bonds, ETFs and Cash Alternatives, etc)	250 Cleared Firms	Manager's Discretion
	Wells Fargo Compass	Separate account wrap program managed by Wells Fargo Advisors' Advisory Services Group	Wells Fargo Advisors' Advisory Services Group	\$50,000 - \$200,000 depending upon style	Stocks, Closed End Funds, ETFs and Cash Alternatives	3 Asset Class Strategies 6 Asset Allocation Strategies 4 ETF Strategies	No
ETFs	Allocation Advisors	Discretionary advisory program comprised primarily of ETF's.	Wells Fargo Advisors' Advisory Services Group; Laffer; Ibbotson	Strategic/CAAP Foundation: \$25,000 CAAP Plus/Global \$50,000	ETFs, Mutual Funds and Cash Alternatives	4 CAAP Plus strategies, 7 CAAP Foundations strategies, 6 Strategic ETF strategies, 5 Ibbotson ETF strategies, 7 Ibbotson Mutual Fund and ETF strategies, Laffer Global	No
MFs	FundSource	Discretionary, mutual fund wrap program, based on Wells Fargo Advisors' Manager Strategy Group -driven Optimal Blends or Customized Blends	Wells Fargo Advisors' Manager Strategy Group	\$25,000	Mutual Funds	30 Optimal Blends or choose from approximately 200 "Best of Breed" mutual funds	No
	Pathways	Discretionary mutual fund program based on Russell Investments blends	Wells Fargo Advisors/Russell Investments	\$25,000	Mutual Funds	Nine Blends or approximately 15 Russell funds	No
Non-Disc.	CustomChoice	Non-Discretionary, client-directed mutual fund wrap program	Client	\$25,000	Mutual Funds	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class	No

						Mutual Funds	
	Asset Advisor ^{(1) (2)}	Non-Discretionary, investment advisory program	Client	\$50,000	Stocks, Bonds, Cash & Alternatives, 4000+ Mutual Funds, Preferred Stock, Alt. Inv., Covered Options, CDs, Closed-End Funds, ETFs, UITs,	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	Yes
FA Disc	PIM ⁽¹⁾	Traditional FA Directed program: Financial Advisor is portfolio manager	Financial Advisor	\$50,000	Stocks, Bonds, Cash Alternatives, Allowable Funds, Closed End Funds, ETFs, Wrap UITs, CDs, Covered Options	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	Non-ERISA Accts only

(1) Limited to 120 trades per calendar year. Advisor will be billed Summit's standard ticket charge for each trade after 120 in a calendar year. All option trades will be assessed a ticket charge.

(2) Principal trading is prohibited in Asset Advisor accounts, as is the practice of purchasing syndicate items in a non-advisory account and subsequently journaling the position into an Advisor account. Syndicate items may not be moved from a non-advisory program into an advisory program for a period of 12 months from purchase.

Revised
January 2011

FCC Fee-Based Products at a Glance - Fees

		Client and Administrative Fees			Manager Fees	
		Account Size	Client Fee Range		Administration Fee	
UMA	DMA (Diversified Managed Allocations)	First \$0 - \$99,999	1.25% - 2.75%		0.45% plus manager fee	Based on % of Equity to total portfolio 0% to 24%: 0.40% 25% to 49%: 0.45% 50% to 74%: 0.50% 75% to 100%: 0.55%
		Next \$100,000 - \$249,999	1.25% - 2.75%		0.35% plus manager fee	
		Next \$250,000 - \$499,999	1.00% - 2.50%		0.25% plus manager fee	
		Next \$500,000 - \$999,999	1.00% - 2.50%		0.20% plus manager fee	
		Over \$1,000,000	1.00% - 2.00%		0.05% plus manager fee	
SMA	Masters		<u>Equity & Bal</u>	<u>Fixed Inc.</u>		Equity: 50bps Fixed Income: 30 bps
		First \$0 - \$99,999	1.25% - 2.75%	1.25% - 1.50%	0.45% plus manager fee	
		Next \$100,000 - \$249,999	1.25% - 2.75%	1.25% - 1.50%	0.35% plus manager fee	
		Next \$250,000 - \$499,999	1.00% - 2.50%	1.00% - 1.25%	0.25% plus manager fee	
		Next \$500,000 - \$999,999	1.00% - 2.50%	1.00% - 1.25%	0.20% plus manager fee	
		Next \$1,000,000	1.00% - 2.00%	0.50% - 1.00%	0.05% plus manager fee	
		Over \$2,000,000	Negotiable	Negotiable		
	Private Advisor Network	First \$0 - \$99,999	1.25% - 3.00%		0.45% plus manager fee	FA negotiates directly with manager
		Next \$100,000 - \$249,999	1.25% - 3.00%		0.35% plus manager fee	
		Next \$250,000 - \$499,999	1.00% - 2.50%		0.25% plus manager fee	
Next \$500,000 - \$999,999		1.00% - 2.50%		0.20% plus manager fee		

		Over \$1,000,000	1.00% - 2.50%		0.05% plus manager fee	
				<u>Ind, AA, ETF</u>	<u>Fixed Inc.</u>	Based on Account Value
	Wells Fargo Compass	First \$0 - \$99,999	1.00% - 2.50%	1.00% - 1.50%	0.45% plus manager fee	First \$500,000 - 0.250%
		Next \$100,000 - \$249,999	1.00% - 2.50%	1.00% - 1.50%	0.35% plus manager fee	Next \$500,000 - 0.225%
		Next \$250,000 - \$499,999	1.00% - 2.00%	1.00% - 1.25%	0.25% plus manager fee	Next \$1,000,000 - 0.200%
		Next \$500,000 - \$999,999	1.00% - 2.00%	1.00% - 1.25%	0.20% plus manager fee	Next \$3,000,000 - 0.175%
		Over \$1,000,000	1.00% - 1.50%	0.50% - 1.00%	0.05% plus manager fee	Next \$5,000,000 - 0.150%
						Over \$10,000,000 - none
						Note: Fees are blended
ETFs	Allocation Advisors			<u>Tactical</u>	<u>Strategic</u>	
		First \$0 - \$99,999	1.00% - 2.50%	1.25% - 1.75%	0.45% plus manager fee	Strategic/CAAP Foundations - .10%
		Next \$100,000 - \$249,999	1.00% - 2.50%	1.25% - 1.75%	0.35% plus manager fee	CAAP Plus/Global - .25%
		Next \$250,000 - \$499,999	1.00% - 2.00%	0.75% - 1.00%	0.25% plus manager fee	
		Next \$500,000 - \$999,999	1.00% - 2.00%	0.75% - 1.00%	0.20% plus manager fee	
		Over \$1,000,000	1.00% - 1.50%	0.50% - .75%	0.05% plus manager fee	
MFs	FundSource	First \$0 - \$99,999	1.00% - 1.75%		0.35%	None
		Next \$100,000 - \$249,999	1.00% - 1.75%		0.35%	
		Next \$250,000 - \$499,999	1.00% - 1.50%		0.20%	
		Next \$500,000 - \$999,999	1.00% - 1.50%		0.20%	
		Over \$1,000,000	Negotiable		0.15%	
	Pathways	First \$0 - \$99,999	1.00% - 1.75%		0.35%	None
		Next \$100,000 - \$249,999	1.00% - 1.75%		0.35%	
		Next \$250,000 - \$499,999	1.00% - 1.50%		0.20%	
		Next \$500,000 - \$999,999	1.00% - 1.50%		0.20%	
		Over \$1,000,000	1.00% - 1.15%		0.15%	
Non-Disc	CustomChoice	First \$0 - \$99,999	1.00% - 1.75%		0.35%	None
		Next \$100,000 - \$249,999	1.00% - 1.75%		0.35%	
		Next \$250,000 - \$499,999	1.00% - 1.50%		0.20%	
		Next \$500,000 - \$999,999	1.00% - 1.50%		0.20%	
		Over \$1,000,000	1.00% - 1.15%		0.15%	
	Asset Advisor⁽¹⁾	First \$0 - \$99,999	1.00% - 3.00%		0.45%	None
		Next \$100,000 - \$249,999	1.00% - 3.00%		0.35%	
		Next \$250,000 - \$499,999	1.00% - 2.50%		0.25%	
		Next \$500,000 - \$999,999	1.00% - 2.50%		0.20%	
		Over \$1,000,000	1.00% - 1.75%		0.05%	
FA Disc	PIM⁽¹⁾	First \$0 - \$99,999	1.00% - 3.00%		0.45%	None

	Next \$100,000 - \$249,999	1.00% - 3.00%		0.35%	
	Next \$250,000 - \$499,999	1.00% - 2.50%		0.25%	
	Next \$500,000 - \$999,999	1.00% - 2.50%		0.20%	
	Over \$1,000,000	1.00% - 1.75%		0.05%	

(1) Limited to 120 trades per calendar year. Advisor will be billed Summit's standard ticket charge for each trade after 120 in a calendar year. All option trades will be assessed a ticket charge.

Revised January 2011

Pershing/Lockwood Fee-Based Products at a Glance - Descriptions

	Product Description	Account Minimum	Eligible Investments	Fees charged to rep/client?
Advisor Investment Management ("AIM")	A discretionary managed account platform. Your client receives the benefits of quarterly fee billing, performance reporting and clearing charges inclusive in their fee.	\$25,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees are inclusive of billing and quarterly reporting, as well as any clearance and execution charges.
Advisor Investment Management Plus ("AIM Plus")	This platform offers the exact services described in AIM above. Admin costs are lower because clearance and execution charges are not included.	\$25,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees only include billing and quarterly performance reporting, with clearance and execution charges passed directly through to either the client or the advisor.
Summit Elite	A non-discretionary customized fee-based program that provides advisors and their clients with quarterly performance reporting.	\$50,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees are inclusive of billing and quarterly reporting, with clearance and execution charges passed directly through to the advisor.
Summit Elite Plus	A non-discretionary customized fee-based program that provides advisors and their clients with quarterly performance reporting.	\$50,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees only include billing and quarterly performance reporting, with clearance and execution charges passed directly through to the client.
	Managed Account Type	Account Minimum	Eligible Investments	Available Strategies
Separately Managed Accounts	Separately managed account	Typically \$100,000 per manager	Individual securities	Over 100 money managers and 300 options with traditional asset classes (research available on a subset of managers)

Lockwood AdvisorFLEX Portfolios	Lockwood or advisor directed mutual fund/ETF account	\$50,000	Open-end mutual funds, ETFs, ETNs	3 objectives-based strategies; 16 models with traditional and non-traditional asset classes
Lockwood Investment Strategies	Discretionary unified managed account	\$250,000	Individual securities, open-end mutual funds, ETFs, ETNs, closed-end funds	5 models with traditional asset classes (tax-sensitive versions of each model available); 4 models with non-traditional asset classes
Lockwood Asset Allocation Portfolios	Discretionary mutual fund/ETF account	\$50,000	Open-end mutual funds, ETFs, ETNs, closed-end funds	5 models with traditional asset classes

*FundVest Funds

By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, advisors and their clients get access to over 3,000 mutual funds, managed by more than 200 highly regarded fund companies, without incurring transaction fees. A complete listing of eligible Mutual Fund families can be provided by your IAR. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

Pershing/Lockwood Fee-Based Products at a Glance - Fees

	Sponsor / Office Codes	Client Fee Information		Financial Advisor Cost
Advisor Investment Management ("AIM")	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$500,000	1.00% - 3.00%	0.300%
	Group	Next \$500,000	1.00% - 3.00%	0.275%
	JN8	Over \$1,000,000 ⁽¹⁾	1.00% - 2.50%	0.250%
Advisor Investment Management Plus ("AIM Plus") ⁽³⁾	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$500,000	1.00% - 3.00%	0.200%
	Group	Next \$500,000	1.00% - 3.00%	0.180%
	JN9	Over \$1,000,000 ⁽¹⁾	1.00% - 2.50%	0.160%
Summit Elite ⁽⁵⁾	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$250,000	1.00% - 3.00%	5 bps (service fee)
	Group	Next \$750,000	1.00% - 3.00%	5 bps (service fee)
	JCB	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%	4 bps (service fee)

		Over \$5,000,000 ⁽¹⁾	1.00% - 2.00%	3 bps (service fee)
Summit Elite Plus (3)(5)	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$250,000	1.00% - 3.00%	5 bps (service fee)
	Group	Next \$750,000	1.00% - 3.00%	5 bps (service fee)
	JLE	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%	4 bps (service fee)
		Over \$5,000,000 ⁽¹⁾	1.00% - 2.00%	3 bps (service fee)
Separately Managed Accounts	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$500,000	1.25% - 3.00%	0.450% plus manager fee
	Group	Next \$500,000	1.25% - 3.00%	0.400% plus manager fee
	JN6	Over \$1,000,000 ⁽¹⁾	1.25% - 2.50%	0.350% plus manager fee
Lockwood AdvisorFLEX Portfolios	Lockwood	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Advisors	First \$500,000	0.60% - 2.00% ⁽⁴⁾	0.400%
	JF2	Next \$500,000	0.60% - 2.00% ⁽⁴⁾	0.350%
		Over \$1,000,000 ⁽¹⁾	0.50% - 1.50% ⁽⁴⁾	0.250%
Lockwood Investment Strategies	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$500,000	1.00% - 3.00%	0.750%
	Group	Next \$500,000	1.00% - 3.00%	0.550%
	JN7	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%	0.400%
		Over \$5,000,000 ⁽¹⁾	0.75% - 2.00%	0.350%
		Over \$10,000,000 ⁽¹⁾	0.50% - 2.00%	0.300%
Lockwood Asset Allocation Portfolios	Summit	Account Size	Client Fee Range ⁽²⁾	Administration Fee
	Financial	First \$500,000	1.00% - 3.00%	0.400%
	Group	Next \$500,000	1.00% - 3.00%	0.350%
	JN7	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%	0.300%
		Over \$5,000,000 ⁽¹⁾	0.75% - 2.00%	0.250%
		Over \$10,000,000 ⁽¹⁾	0.50% - 2.00%	0.200%

(1) For pricing on amounts significantly in excess of \$1,000,000, please contact the Summit home office.

(2) In addition to the fees above, a Performance Link Fee will be charged for fee-based accounts linked to transaction accounts.

(3) Clearing charges will be equal to amounts reflected on the Program's transaction charge schedule.

(4) For Advisor Flex products, total fees paid by client will be equal to the sum of the negotiated fee (per Client Fee Range) and the Administration Fee.

(5) A \$150 per year administrative fee is charged to these accounts, which fee may be passed through to the client.

Fees are paid in advance on a quarterly basis. Summit will, based upon the client's request, assess a fee for a period up to but not to exceed an annual basis. Fees for advisory accounts are to be either charged to the client's advisory account or billed to and paid directly by the client. Fees are debited from the client's account on the payment due date. However, the client may pay the fees from outside funds provided Summit is so notified in advance and such outside funds, sufficient to pay the fees due, are paid to Summit on or prior to the payment due date. Fees are negotiable at the discretion of the IAR generally, which may result in different fees being charged for accounts similar in makeup and objectives. Consideration may also be given to other accounts related to, or affiliated with the client, which may result in lower fees being charged for accounts similar in makeup and objectives. In addition, clients have the option to purchase investment products recommended through other brokers or agents not affiliated with Summit.

To the extent mutual funds are selected by Summit to fill components of the overall investment strategy, the annual advisory fee set forth above does may not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. The client is advised that, in addition to the annual advisory fee set forth above, each mutual fund in which assets are invested may incur separate investment advisory fees and other expenses for which the client may bear a proportionate share (such amounts reflecting in asset prices). A confirmation may be sent for each individual transaction made in some programs, and a charge may be applied for each transaction and each confirmation produced. The advisory fee does include certain costs or charges associated with securities transactions with or through a broker-dealer other than Summit Brokerage, including brokerage commissions and dealer mark-ups or mark-downs in principal transactions or odd-lot differentials, stock exchange fees and other direct out-of-pocket costs incurred by Summit as a result of it providing the services contemplated under this Agreement. Transfer taxes or other charges mandated by law will be separately charged to the client's account. When a client for whom Summit provides discretionary investment management services requests or instructs Summit to direct a portion of the securities transactions for its account to a specified broker-dealer, Summit will treat the client's direction as a decision by the client to retain, to the extent of the direction, the discretion that Summit would otherwise have in selecting the market center to effect transactions and in negotiating fees generally for the client's account. Although Summit will attempt to effect such transactions in a manner consistent with its policy of seeking best execution and price on each transaction, there may be occasions where it is unable to do so, in which case Summit will continue to comply with the client's instructions on the foregoing basis. The client, therefore, should consider whether, under its direction, commissions, execution, clearance and settlement capabilities, and fees for custodial and other services provided the client by the broker-dealer (if applicable) will be comparable to those otherwise obtainable. A client making such a designation also should understand that it might lose the possible advantage that non-designating clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security.

OTHER COMPENSATION

The fee structures of many wrap programs are structured to be "comprehensive" unless the client has designated the option of the wrap base fee plus a charge for each transaction. Summit Brokerage may participate, both directly and indirectly, in other compensation as a result of its broker dealer activities. For your general information, they are set out generally hereafter:

Mutual Funds Charges. To the extent mutual funds are selected to fill components of the overall investment strategy, Summit endeavors to purchase such mutual fund shares at Net Asset Value ("NAV") or no load. Thus, the client will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of shares of mutual fund shares. However, Summit may receive Rule 12b-1 fees from the issuers of such mutual funds, and this will be in addition to the advisory fee paid herein. Mutual fund transactions in some programs will incur a transaction and confirmation charge.

Cash and Money Market Funds. Certain money market, municipal money market and government money-market funds pay Summit Brokerage a distribution fee in its capacity as a broker dealer. This compensation is in addition to other fees, etc. received from client accounts.

The IARs may also receive additional compensation based on client account balances being held in certain money-market funds. Cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are generally invested automatically on a daily basis. When securities are sold, funds (less any changes) are generally credited on the first business day after trade date. Due to the foregoing practices, Summit realizes some economic benefit because of the delay in investing these funds.

Directed Brokerage. Summit may direct that its affiliate, Summit Brokerage, handle transactions as necessary for the investment implementation of any programs used herein. Summit Brokerage may receive compensation for handling such transactions. Summit believes that using Summit Brokerage to handle necessary transactions is both beneficial and cost efficient to the client. While not a requirement of participating as a registered investment adviser, investment manager or sub-manager for clients of Registrant or any programs offered, some registered investment advisers, investment managers and sub-advisors utilized by Registrant may have other advisory clients who custody assets through Registrant with the Custodian, and as a result of such relationship, Registrant may receive fees from transactions executed in such accounts.

Form ADV, Part 2A, Item 6

Performance-Based Fees and Side-By-Side Management

Summit generally does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Our fees are calculated as described in Fees and Compensation section above, and are generally not charged on the basis of performance of your advisory account. Any account charging performance-based fees or participating in side-by-side management must be approved by the Chief Compliance Officer.

Form ADV, Part 2A, Item 7

Types of Clients

Summit offers investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. In general, a minimum of \$25,000 is required to open and maintain an advisory account. At our discretion, we may waive the minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

Form ADV, Part 2A, Item 8

Methods of Analysis, Investment Strategies, and Risk of Loss

Summit's methods of analysis and investment strategies incorporate the client's needs and investment objectives, time horizon, and risk tolerance. Summit is not bound to a specific

investment strategy for the management of investment portfolios, but rather consider the risk tolerance levels pre-determined gathered at the account opening, as well as on an on-going basis. Examples of methodologies that our investment strategies may incorporate include:

Asset Allocation - Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

Dollar-Cost Averaging - Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Margin Transactions – a securities transaction in which the investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indicator of future performance.

Form ADV, Part 2A, Item 9

Disciplinary Information

Summit or its Principal Executive Officers have not had any reportable disclosable events in the past ten years.

Other Financial Industry Activities and Affiliations

Management persons at Summit are registered with Summit Brokerage with one or more of the following licenses:

- Series 3 – National Commodities Futures Representative
- Series 4 – Options Principal
- Series 7 – General Securities Representative
- Series 9 – General Securities Sales Supervisor – Options Module
- Series 24 – General Securities Principal
- Series 27 – Financial and Operational Principal
- Series 28 – Introducing Broker/Dealer Financial and Operational Principal
- Series 53 – Municipal Securities Principal
- Series 55 – Limited Representative Equity Trader
- Series 63 – Uniform Securities Agent State Law Exam
- Series 65 – NASAA – Investment Advisors Law Exam
- Series 66 – NASAA – Uniform Combined State Law Examination

Summit is a wholly-owned subsidiary of Summit Brokerage, an introducing broker-dealer that clears through Pershing and FCC. See the “Directed Brokerage” section on p.13 for information on potential conflicts of interest.

Summit Financial Services Group, Inc. & Subsidiaries

- I. Summit Financial Services Group, Inc.¹ (Parent Company)
 - A. Summit Brokerage Services, Inc.² (“SBS”)
 - 1. Summit Financial Group, Inc.³ (“SFG”)**
 - 2. Summit Holding Group, Inc.⁴ (“SHG”)
 - 3. SBS Insurance Agency of Florida, Inc.⁵ (“SBSFL”)
 - a) SBS of California Insurance Agency, Inc. (“SBSC”)
 - b) SBSI Insurance Agency of Texas, Inc. (“SBSI”)
 - B. Summit Capital Group, Inc.⁶

¹ Financial services holding company.

² Operating subsidiary that: (a) provides a broad range of securities brokerage and investment services to primarily individual investors; (b) sells insurance products through its subsidiary, SBS of FL (and SBS of FL’s subsidiaries); and (c) provides asset management services through its subsidiary, SFG.

³ Engaged in the business of asset management services.

⁴ Inactive subsidiary.

⁵ SBS of FL and its subsidiaries are engaged in the business of selling insurance products, predominantly fixed and variable annuities and life insurance.

⁶ Engaged in the business of investment banking.

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

Summit's Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect client interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All of Summit's Associated Persons are expected to strictly adhere to these guidelines. Persons associated with Summit are also required to report any violations to our Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by persons associated with our firm.

Summit's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting our Compliance Department at (800) 226-2660.

Summit and its agents will seek to ensure that Associated Persons do not personally benefit from the short-term market effects of its investment recommendations. From time to time, related persons may purchase securities that are also acquired on behalf of clients and are placed in their Managed Accounts. To prevent conflicts of interest, all Associated Persons of Summit must comply with Summit's Code of Ethics which imposes restrictions on the purchase or sale of securities from their own accounts and the accounts of certain affiliated persons.

The Code of Ethics require that all trades made by Associated Persons of Summit, who make recommendations or participate in the determination of which recommendations shall be made, will require review for all securities transactions by the designated person responsible (except transactions in investment company securities and/or other exempt transactions). Summit will also maintain quarterly or monthly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. Further, the Code of Ethics impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of Summit.

Brokerage Practices

We recommend the brokerage of Summit Brokerage, an affiliate securities broker-dealer. Summit Brokerage is an introducing broker-dealer that clears through Pershing, LLC (a subsidiary of The Bank of New York Mellon Corporation) and First Clearing Correspondent Services (an affiliate of Wells Fargo & Company). Summit Brokerage is registered with the Securities & Exchange Commission ("SEC") and state jurisdictions and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Summit Brokerage also provides a full range of brokerage services in stocks, corporate bonds, municipal bonds, government bonds, options, mutual funds, variable annuities, real estate investment trusts and other investment and insurance products.

Summit believes that the recommended broker-dealer and its custodians provide quality execution services for competitive prices to the client. Price is not the sole factor in what is considered for evaluating best execution. Summit also considers the quality of the brokerage services provided by the recommended broker-dealer provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to clients. Clients and prospective clients are hereby advised that lower fees for comparable services may be available from other sources.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

Persons providing investment advice on behalf of our firm who are registered representatives of Summit Brokerage Services may recommend Summit Brokerage to clients for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Summit Brokerage unless Summit Brokerage provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Summit Brokerage. It may be the case that Summit Brokerage charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Summit Brokerage, these individuals (in their separate capacities as registered representatives of Summit Brokerage) may earn commission-based compensation as a result of placing the recommended securities transactions through Summit Brokerage.

This practice presents a potential conflict of interest because these registered representatives may have an incentive to effect securities transactions for the purpose of generating commissions. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use Summit Brokerage, we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Block Trades

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Review of Accounts

Accounts are managed on a continuous basis and are reviewed at several intervals. Accounts and initial allocations are approved by a designated supervisory principal (DSP). Trades are reviewed on a daily basis by a DSP. The investment adviser representative (IAR) servicing the account will, no less than quarterly, review the account. The DSP and Compliance Department rely upon exception reports, provided by the custodians, to identify problem trading and activity requiring further research. These reports are reviewed either daily or monthly in accordance with the Firm's policies and procedures. Confirmations of all buys and sells are sent to the client by the applicable custodian, unless the client opts to suppress confirmations, if available to do so. Statements are provided to the client from the custodian at least quarterly if there is no activity and monthly if there is activity. In addition, clients may receive a quarterly performance report. IARs may meet with clients as frequently as is agreed or as requested by the client or IAR, but are encouraged to meet with clients at least annually.

The reviewers in the Compliance Department include Compliance Supervisors, a Director of Compliance and a Chief Compliance Officer, each also serving as a DSP. Accounts that do not receive continuous management, such as accounts managed by third party money managers, are only reviewed at account opening. The Forms ADV Part I and Part 2 of third party money managers, external from Summit's clearing firms and custodians, are reviewed annually to include a review of investment policies.

Form ADV, Part 2A, Item 14

Client Referrals and Other Compensation

Summit does not compensate any individual or firm for client referrals. As disclosed under the "Fees and Compensation" section of this Brochure, persons providing investment advice on behalf of Summit are licensed with Summit and the appropriate regulatory bodies. For information on the conflicts of interests this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

Form ADV, Part 2A, Item 15

Custody

Any investment adviser having custody or access to customer funds or securities must comply with certain rules and regulations designed to protect the clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisers that have "custody" over client securities or funds. Currently, Summit does meet the definition of having custody due to the following circumstances:

- The company directly debits fees from client accounts; and
- Some IARs act as trustee for non-family accounts, which imputes custody onto the Company.

Summit does not have physical custody of any client funds and/or securities. Client funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds at least quarterly. The account statements from your custodian(s) will indicate the amount of advisory fees deducted from your account(s) each billing cycle. Summit also sends quarterly invoices detailing the manner and amount of advisory fees to all clients as a best practice

Form ADV, Part 2A, Item 16

Investment Discretion

Before Summit can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms. By choosing to do so, you may grant the firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Please refer to the “Advisory Business” section of this Brochure for more information on our discretionary management services.

Form ADV, Part 2A, Item 17

Voting Client Securities

It is generally not the policy of the Company to vote proxies, however, with respect to those accounts for which it has voting authority in accordance with client instructions, and in a manner in which the Company believes it to be in the best interests of its clients, the Company may allow proxy voting. The Company generally votes in accordance with the recommendations of the issuer's existing management, unless it is not prudent to do so. A written copy of the proxy policies and procedures are available upon request.

Form ADV, Part 2A, Item 18

Financial Information

Summit is not required to provide financial information to our clients because we do not require or solicit the prepayment of more than \$1,200 in fees (or \$500 in some states) six or more months in advance. Additionally, Summit does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Form ADV, Part 2A, Item 19

Requirements for State-Registered Advisers

Principal Executive Officers and Management Persons Education and Business Background:

Marshall T. Leeds
Chairman & CEO

Business Background (preceding five years):

Summit Brokerage Services, Inc. Mar. 2002 – present

Summit Financial Group, Inc. Aug. 2003 – present

Steven C. Jacobs

Director & Vice President

Business Background (preceding five years):

Summit Brokerage Services, Inc. Jul. 2002 – present

Summit Financial Group, Inc. Aug. 2003 – present

Educational Background:

BA in Accounting – University of Florida, Gainesville, FL 1982

Sander J. Ressler

EVP & Chief Compliance Officer

Business Background (preceding five years):

Summit Brokerage Services, Inc. Nov. 2010 - present

Summit Financial Group, Inc. Nov. 2010 - present

SBS Insurance Agency Nov. 2010 - present

Newedge USA, LLC Nov. 2008 - Nov. 2010

Deloitte & Touche LLP Feb. 2006 - Aug. 2009

Educational Background:

Florida State University – Tallahassee, FL – Bachelor of Science Degree in Investment Finance

None of the Principal Executive Officers and Management persons listed have had any complaints or reportable disciplinary events occurring within the past ten years.