

Form ADV Part 2 Brochure –
Dated August 31, 2024

Financial Enhancement Group LLC



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This Form ADV Part 2 (“Brochure”) provides information about the qualifications and business practices of Financial Enhancement Group LLC. If you have any questions about the contents of this Brochure, please contact us at (765) 640-1524. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority.

Additional information about Financial Enhancement Group LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Financial Enhancement Group LLC is a registered Investment Advisor. However, please note that registration as an Investment Advisor does not imply any level of skill or training.

This Brochure, dated August 31, 2024, contains material changes from the Firm's prior Brochure dated February 1, 2024 as follows:

ITEM 2 - Material Changes

This section discusses material changes that have been made to this Brochure since the last annual amendment. The last amendment was on February 1, 2024, and since that time, the following material changes have been made:

ITEM 5 – Fees and Compensation

A separate fee schedule for our All Bonds model has been removed and is no longer available.

Language has been changed regarding financial planning fees that more accurately describes our practices.

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ITEM 4 – Advisory Business

Financial Enhancement Group LLC is an SEC registered Investment Advisory firm whose Principal Officer and Managing Member is Joseph Clark. The firm is majority owned by the Big Joe Money Show LLC, which is in turn owned by Joseph Clark. In addition, Adam Harter, Donald Hodson, Taylor Jenkinson, Aaron Rheaume, Vicky Mellady, and Stacy McNeal own the balance of the minority interest of Financial Enhancement Group. While Taylor, Vicky and Stacy are owners, they are not currently registered as Investment Advisor Representatives. Their participation in firm business is limited to operations; accordingly, they are not involved in any investment decisions of the firm nor do they discuss matters with clients or the public.

Financial Enhancement Group LLC provides Discretionary Asset Management services to firm clients utilizing the strategies described more fully in Item 8 of this Brochure. The firm also provides Financial Planning Services. Our advisory services are provided to individuals, families, retirement plans, trusts, estates, charitable organizations, or other business entities. As of December 31, 2023, the firm managed \$729,975,914.53 in discretionary assets on behalf of 3,285 client accounts.

The list of advisory services on the next page can be tailored to each client. Therefore, if any client requires any restrictions on any types of stocks or market segments, the client needs to inform their Advisory Representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their individual requirements and needs.

Discretionary Advisory Services:

We provide advisory services in the form of Portfolio Management. Portfolio Management Services provide clients with continuous and ongoing supervision over their accounts. This means that FEG will continuously manage a client's account and place trades when necessary pursuant to the

general strategies described in Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.

Services typically include:

1. Establishment and ongoing review/adjustment of Investment Objectives
2. Establishment and adjustment of overall asset allocation strategy
3. Selection, review and evaluation of investment portfolios
4. Performance analysis and evaluation
5. Portfolio rebalancing
6. Strategic risk management

Use of Other Investment Advisory Firms as Sub-Advisors

At its discretion FEG can decide to utilize unaffiliated investment advisory firms as subadvisors to provide asset management services to selected Model Portfolios according to the terms and conditions of a written Sub-Advisor Agreement. With respect to its sub-advisory services, FEG will maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for the sub-advisor's Model Portfolios. In a sub-advisory relationship, FEG is responsible for the recommendation and selection of the Sub-Advisor on behalf of the client and can remove the client's assets from the sub-advisor's management at our discretion.

Financial Planning Services:

Financial Enhancement Group also offers comprehensive financial planning services for our clients. Our Financial Planning services include data gathering and analysis, and creation of a financial plan with specific recommendations and implementation advice tailored to client needs. Specific areas of advice include investment planning, insurance needs assessment and advice, retirement planning, cash flow management, debt consolidation and reduction, capital needs assessments, educational planning, estate planning, business planning, and social security timing.

ITEM 5 – Fees and Compensation

The firm's regular fee schedule for its managed account advisory services is as follows:

Assets Under Management	Standard Annual Fee (billed quarterly)
Asset base below \$0.00 to \$749,999	1.50% *
Asset base from \$750,000 to \$999,999	1.25%
Asset base from \$1,000,000 to \$2,999,999	1.00%
Asset base from \$3,000,000 to \$7,499,999	.85%
Asset base from \$7,500,000 to \$11,999,999	.80%
Asset base from \$12,000,000 to \$15,000,000	.75%

*The firm has a minimum fee of \$1,600.00

Fee percentage will vary based on deposits, withdrawals, market gains and losses.

All Advisory fees are negotiable. The Advisory Contract can be terminated by either party at any time in writing, and a pro-rated refund of fees will be provided to client. Fees are charged in advance of a quarter, based on the account value of the last day of the prior quarter as provided by Orion Advisor Services. New Clients can expect the schedule shown above to apply. However, there are additional fee schedules offered based on family, employee, and legacy relationships. A detailed description of all fee schedules is available for review in the firm's Investment Advisory Agreement.

Sub-Adviser Manager Program Fees

FEG has developed, previously described in Item 4 of this disclosure brochure, a process to allow us to recommend and select sub-adviser money managers for you. Sub-advisers generally have account minimum requirements that will vary among sub-adviser money managers. A complete description of the sub-advisers' services, fee schedules and account minimums will be disclosed in the sub-advisers' disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you will vary depending on the sub-adviser money manager. The fees charged by FEG do not include the fees charged by the unaffiliated investment sub-adviser. Fees assessed by FEG are separate and in addition to the fees charged by the sub-adviser. Both FEG and the sub-adviser manager are responsible for the calculation of their respective fees and the debit to your account.

We strive to ensure that the combined fees charged by FEG, and the unaffiliated sub-advisers do not exceed industry standards. Each firm is separately responsible for calculating their fee and debiting their fee from your account.

There may be other sub-adviser managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

Financial Planning Fees:

For clients of our Discretionary Asset Management service, we offer comprehensive financial planning as part of the annual percentage-based fee for portfolio management services; however, a special project could arise that would lead to a fee. As an example, a client could request our involvement in the sale of a business. This would fall outside the scope of providing financial services on the individual level and would lead to an additional fee.

We also will provide comprehensive financial planning service to individuals that do not utilize our Discretionary Assets management Services which will lead to a fee regardless of the situation. From time to time, we may, by request, engage with a client to create a one-time, customized financial plan. Generally, our fees are charged on a fixed fee basis.

All fees for financial planning services are based on the breadth of services provided, and the complexity of the client's situation. Any proposed fee will be explained and agreed to in advance. Before commencing financial planning services, the client must enter into an agreement outlining the fees that will be charged and the services that will be provided. The agreement may be cancelled at any time, for any reason, with written notice.

Depending on the arrangement, if the financial planning client engages FEG for Discretionary Asset Management, FEG may offset all or a portion of its fees for those services based upon the amount paid for the Financial Planning Services.

Additional Fee Information and Disclosures:

All Advisory fees are negotiable between the firm and clients. Clients can choose to have fees deducted directly from their accounts, or clients can choose to be billed directly. The choice of direct billing or automatic deduction of fees is made at the time of signing new account documents, as outlined in the Advisory Contract. A client can choose at any time to change the method of fee deduction/billing for their account.

Please note that the direct management fees paid to this firm are in addition to the indirect management and expense fees charged by mutual funds, variable contracts, and exchange traded products; therefore, clients whose assets are positioned in these types of investments will pay both a direct management fee to Financial Enhancement Group *and* an indirect management fee through the mutual fund and/or the variable provider.

For all accounts held with outside custodians, note that the client will be responsible for all transaction and other related costs along with other account fees as agreed to in such Custodial/Brokerage Agreements.

In addition, trading and custodial fees will be charged to the client by the individual brokerage firm that custodies client assets. Trading commissions and related fees are disclosed directly by the brokerage/custodian firm at the time of client account opening or thereafter.

This firm takes numerous actions to address these conflicts of interest. As a Fiduciary, the firm, via its Management and Compliance Department, works to ensure that client's best interests are used when determining investment recommendations, including review of all advisory recommendations. Clients are always free to choose the investments made in their accounts per item 4 and can always choose their own brokerage firm or custodian. In addition, this firm maintains a Code of Ethics to help ensure that investment decisions are in the best interest of clients, as disclosed in Item 11 below.

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

Financial Enhancement Group does not charge any performance-based fees of any kind (those fees that are based upon a share of capital gains or capital appreciation of client assets) or side-by-side management fees.

ITEM 7 – Types of Clients

Financial Enhancement Group provides its Advisory Services to individuals, families, retirement plans, trusts, estates, charitable organizations, or other business entities.

We provide account management services for Brokerage, Product (Annuities), and Individual 401K's.

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

Methods of Analysis:

In assessing the securities to be included in a client portfolio, FEG's primary analytical focus is on the securities' fundamentals using both quantitative and qualitative techniques as well as technical analysis. FEG relies on its proprietary research models but also utilizes outside research reports and rating services believed to be accurate.

Fundamental analysis: is a method of measuring a security's intrinsic value by examining related economic and financial factors. Fundamental analysts study anything that can affect the security's value, from macroeconomic factors such as the state of the economy and industry conditions to microeconomic factors like the effectiveness of the company's management. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Portfolio Managers monitor these economic indicators to determine if adjustments to strategic allocations are appropriate.

Technical analysis: is a trading discipline employed to evaluate investments and identify trading opportunities in price trends and patterns seen on charts. Technical analysts believe past trading activity and price changes of a security can be valuable indicators of the security's future price movements. Even if the trend will eventually reoccur, there is no guarantee that FEG will be able to accurately predict such a reoccurrence.

Investment Strategies:

Our investment strategies include long-term, intermediate and/or short-term purchases based on the Client's Profile, objectives, Risk Tolerance and guidelines, which can be changed at any time. Clients can place reasonable restrictions on the strategies to be employed and the types of investments to be held in their accounts. It is important for the client to remember to update us with any changes in investment objectives and guidelines.

Although we manage the client's assets in a manner consistent with the client's risk tolerance and overall financial plan, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the risk of loss.

We monitor market conditions and make tactical adjustments to manage the risk/reward profile of our various portfolios. In doing so, we will adjust the allocation to stocks, ETF's, bonds, ETN's and alternatives in our various portfolios as well as the weighting to different sectors or categories of the equity and bond components. These adjustments are anchored by proprietary tools we have developed over time: which include, but are not limited to, our Risk Barometer to control equity allocation and our Sector Overlay to control exposure to the various sectors. We also utilize software and research tools that help us measure the risk associated with the securities we select.

Sub-Adviser as Manager

If we determine a need for unique investment strategies, Such as Direct Indexing or Personalized Indexing, or Option Collars, we will research and evaluate qualified sub-advisors to manage our client assets within the strategy.

Direct Indexing -- Direct indexing is the process by which an investor invests in an investment portfolio comprised of individual securities

intended to replicate the performance of one or more investment indexes, strategies, or models (individually a “Benchmark” and when the portfolio contains securities that reference more than one Benchmark, a “Blended Benchmark”). The inputs include but are not limited to preferences, which may include individual or lists of companies chosen for the portfolio; a desired Benchmark or a relative allocation between Benchmarks (“Blended Benchmark”); and investment strategy constraints, such as security exposure, turnover, and trade thresholds and tax considerations.

Direct Indexing Products do not contain all constituent securities of the Benchmark, may contain alternative securities, or may contain securities in different weights or allocations than the Benchmark. As a result, the portfolios will not track the Benchmark exactly and the gains or losses of the portfolio may be greater or less than the gains or losses experienced by the Benchmark. This difference is known as “tracking error.”

FEG will take reasonable efforts to mitigate tracking errors within a set target range by rebalancing the portfolio through the purchase and sale of constituent securities but cannot guarantee that it will always be able to successfully mitigate tracking error. Any restrictions placed by the client on (i) securities that may be held in a portfolio and (ii) the budget for realized capital gains on transactions in the account may increase tracking error and decrease the effectiveness of rebalancing. FEG cannot guarantee that the dividend yield in any portfolio will accurately track the benchmark. In taxable accounts, a strategy of tax loss harvesting is often employed in direct indexing accounts. But tax-loss harvesting involves certain risks, including that the new investment could have higher costs or perform worse than the original investment and could introduce portfolio tracking error into accounts. There may also be unintended tax implications. FEG does not hold itself out as an accountant or tax adviser and does not provide such services. Therefore, FEG recommends consulting with a tax adviser before engaging in direct indexing for the purpose of tax loss harvesting.

Option Collars are a financial strategy used to protect concentrated investments from potential downside risks while still allowing for some upside potential. However, like any investment strategy, options collars also come with their own set of risks. Below are some of the key risks associated with options collars:

Limited Upside Potential: One of the primary risks of using options collars is that they limit the potential gains on the underlying asset. While this is intentional as the collar is designed to protect against losses, investors need to weigh the trade-off between downside protection and limited upside potential.

Cost of Options: Establishing options collars involves buying both protective puts and selling covered calls. The cost of purchasing these options can reduce the overall returns on the underlying investment. You should be aware of the impact of these costs on their overall portfolio performance.

Complexity: Options trading can be complex, and options collars involve multiple transactions. You should work with your Adviser to achieve a good understanding of options and their market dynamics to effectively implement and manage a collar strategy. Lack of understanding could lead to unintended consequences.

Market Volatility: Options prices are influenced by market volatility. If the market experiences significant and unpredictable price swings, the effectiveness of the options collar in providing downside protection may be impacted. Sudden and extreme market movements can result in unexpected outcomes.

Expiration Risk: Options have expiration dates, and if the protective put options expire before the collar is unwound or adjusted, the investor loses the downside protection. Managing expiration dates and rolling options positions requires careful attention and monitoring.

Tax Implications: Depending on the specific structure of the options collar and the tax regulations in a given jurisdiction, there may be tax implications. Investors should consult with tax professionals to understand the tax consequences of options collar strategies.

Underlying Asset Risk: The performance of the underlying asset itself can be a significant factor. If the asset experiences a sharp decline in value, the protection provided by the collar may not be sufficient to offset significant losses.

Risk of Loss:

All investment strategies involve the risk of loss and there is no guarantee that any investment strategy will meet its objective. Our portfolio managers constantly keep in mind the risk of loss. Depending on the type of strategy the client is invested in, the client can face the following risks:

- **Business Risk:** Risk associated with economic, industry and financial circumstances that could affect the price of a company's securities.
- **Call Risk:** The cash flow risk resulting from the possibility that a callable bond will be redeemed before maturity. A bond that is called by an issuer must be redeemed by the bondholder, usually so that the issuer can issue new bonds at a lower interest rate. This forces the investor to reinvest the principal sooner than expected, possibly at a lower interest rate.
- **Credit Risk:** Risk resulting in loss of principal or loss of interest payments or dividends stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Credit risk arises whenever a borrower is expecting to use future cash flows to pay a current debt. Investors are compensated for assuming credit risk through interest payments from the issuer of a debt obligation.
- **Cyber Security Risk.** As the use of technology has become more prevalent in the course of business, the Adviser has become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorized access to, confidential or highly restricted data relating to the Adviser and its clients, and compromises or failures to systems, networks, devices and applications relating to the operations of the Adviser and its service providers. Cyber security risks may result in financial losses to the Adviser and its clients; the inability of the Adviser to transact business with its clients; delays or mistakes in materials provided to clients; the inability to process transactions with clients or other parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Adviser's service providers (including any sub-advisers, administrator, transfer agent, and custodian or their agents), financial intermediaries, companies in which client accounts and funds invest and parties with which the Adviser engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own businesses, which could result in losses to the

Adviser or its clients. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Adviser does not directly control the cyber security defenses or plans of its service providers, financial intermediaries, and companies in which they invest or with which they do business.

- **Default Risk:** The risk that a bond issuer will default by failing to repay principal and interest in a timely manner. Bonds issued by the U.S. government or a U.S. government agency historically have not defaulted, although there can be no guarantee that a default will not occur in the future. Bonds issued by corporations are more likely to default than bonds issued by the federal government or a municipal issuer because of insufficient cash flow to make interest and principal payments or the potential for insolvency. Municipalities occasionally default, although historically, this has been an infrequent occurrence.
- **Diversification Risk:** Concentrating investments in one or a few industries or sectors can involve more risk than more diversified investments, including the potential for greater volatility. Selecting diverse investments with different rates of return could offset losses in one area with gains in another.
- **Economic Risk:** In financing a project, the risk that the project's output will not generate sufficient revenues to cover operating costs and to repay debt obligations.
- **Financial Risk:** Excessive borrowing to finance business operations puts a company's profitability at risk 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 can result in default, bankruptcy and/or a declining market value.
- **Fixed Income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risks, default risks, credit risks and market risks, which could reduce the yield that an investor receives from his or her portfolio. These risks can occur from fluctuations in interest rates, a change to an issuer's individual condition or industry, or events in financial markets.
- **Foreign (non-U.S.) investment risk,** which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign

securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

- **High-Yield Fixed-Income Securities Risk:** Investments in high-yield rated bonds involve higher risk than investment grade bonds because of higher volatility and, a greater risk of default. Adverse conditions can affect the issuer's ability to make timely interest and principal payments on these securities.
- **High Portfolio Turnover Risk.** Certain strategies engage in active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short- term capital gains that are generally taxable as ordinary income.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Interest-Rate Risk:** Interest rate risk affects the value of bonds more directly than that of stocks. As interest rates rise, bond prices fall, and when interest rates decrease, bond prices rise. Similarly, as interest rates fluctuate, stocks can become more or less attractive alternative relative to bonds.
- **Investment Risk:** Investment Risk is the probability that an actual return on an investment will be lower than the investor's expectations. All investments have some level of risk associated with them due to the unpredictability of the market's direction.
- **Liquidity Risk:** When consistent with a client's investment objectives, guidelines, restrictions, and risk tolerances, we can invest a portion of a client's portfolio in illiquid securities, subject to applicable investment standards. Investing in an illiquid, or difficult to trade, security could restrict our ability to dispose of an investment in a timely fashion, if at all, or at an advantageous price, which can limit the ability to take full advantage of market opportunities.
- **Market Risk:** The price of a security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

For example, political, economic, and social conditions can trigger adverse market events.

- **Principal Risk:** The risk of losing the amount invested due to bankruptcy or default. There is always the possibility that, through some set of circumstances, the principal amount of money invested will lose value or be lost completely. In such case, principal is lost in addition to a share of future profits.
- **Pandemics and COVID-19:** Occurrences of epidemics or pandemics, depending on their scale, may cause different degrees of damage to global, national, and local economies, or extreme volatility in US or global markets. COVID-19 (also known as novel coronavirus or coronavirus disease 2019) presents unique, rapidly changing and hard to quantify risks. In general, it has resulted in a significant reduction in commercial activity on a global scale that has adversely impacted many businesses. Governments, on the national, local, and state level, are instituting a variety of measures including closing borders, lockdowns, quarantines and states of emergencies, and disruption of supply chains, which collectively may slow the national or global economy to the point where it enters a recession. Although there is reason to believe that the COVID-19 outbreak may be contained over a reasonable period of time, there can be no assurance this will be the case and, in the meantime, global equity, bond and credit markets may be adversely affected. Such disruption may adversely affect Client returns.
- **Reinvestment Risk:** The risk that future proceeds from investments can be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Small/Mid-Cap Risk:** Stocks of small (market capitalization of between \$300 million and \$2 billion) or mid-cap (market capitalization of between \$2 and \$10 billion) companies can have less liquidity than those of larger (market capitalization greater than \$10 billion), established companies and could be subject to greater price volatility and risk than the overall stock market.
- **Tactical Allocation Risk.** The Adviser generally has discretion to make short to intermediate term tactical allocations that increase or decrease the exposure to asset classes and investments. As a result of these tactical allocations, a client account may deviate from its strategic

target allocations at any given time. A client's account's tactical allocation strategy may not be successful in adding value, may increase losses to the account or fund and/or cause the account to have a risk profile different than that portrayed in the client account's strategic asset allocations from time to time.

Regulatory Risks:

- **Strategy Restrictions.** Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel, and accountants to determine what restrictions may apply and whether an investment is appropriate.
- **Trading Limitations.** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject an investor to loss. Also, such a suspension could render it impossible for an investor to liquidate positions and thereby expose the investor to potential losses.
- **Conflicts of Interest:** In the administration of client accounts, portfolios, and financial reporting, the Adviser faces inherent conflicts of interest which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.
- **Supervision of Trading Operations.** The Adviser, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts. Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

Risks associated with certain types of Securities:

- **Exchange-Traded Funds (ETFs):** ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.

Exchange-Traded Notes (ETNs): An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

ETFs and ETN's are two forms of Exchange Traded Products, not to be confused with other forms, as more fully explained below.

Exchange Traded Products (ETPs) are types of securities that derive their value from a basket of securities such as stocks, bonds, commodities or

indices, and trade intra-day on a national securities exchange. Generally, ETPs take the form of Exchange Traded Funds (ETFs) or Exchange Traded Notes (ETNs).

Non-traditional ETPs employ sophisticated financial strategies and instruments, such as leverage, futures, and derivatives, in pursuit of their investment objectives. Leveraged and inverse ETPs are considered risky. The use of leverage and inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Typically, these products have one-day investment objectives, and investors should monitor such funds on a daily basis. Non-traditional ETPs are generally categorized as leveraged, inverse, or leveraged-inverse:

- **Leveraged:** Uses financial derivatives and debt to multiply the returns of an underlying index, commodity, currency, or basket of assets. Leveraged ETPs may include the terms "double," "ultra," "triple," or similar language in their security name/description.
- **Inverse:** Uses various derivatives to seek to profit from the decline in the value of an underlying index, commodity, currency, or basket of assets; used typically to hedge exposure to downward markets. Inverse ETPs may include the term "contra," "short," or similar language in their security name/description.
- **Leveraged-Inverse:** Uses swaps, futures contracts, options, and other derivative instruments to seek to achieve a return that is a multiple of the opposite performance of the underlying benchmark or index. Leveraged-inverse ETPs may include a combination of leveraged and inverse terms such as "ultra-short" in their security name/description.
- The Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC) seek to warn retail investors of the risks associated with investing in non-traditional ETFs and issued an Investor Alert entitled "Leveraged and Inverse ETFs: Specialized Products with Extra Risks for Buy-and-Hold Investors," which is available on FINRA's and the SEC's web sites.
- Investors who choose to invest in non-traditional ETPs should be aware of the risks, some of which are outlined below:

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- Non-traditional ETPs are complex products that have the potential for significant loss of principal and are not appropriate for all investors. Investors should consider their financial ability to afford the potential for a significant loss.
 - Non-traditional ETPs seek investment results for a single day only. The effect of compounding and market volatility could have a significant impact upon the investment returns. Investors may lose a significant amount of principal rapidly in these securities.
 - Non-traditional ETPs may be volatile under certain market conditions. Investors holding non-traditional ETPs over longer periods of time should monitor those positions closely due to the risk of volatility.
 - Non-traditional ETPs are focused on daily investment returns, and their performance over longer periods of time can differ significantly from their stated daily objective. Investors may incur a significant loss even if the index shows a gain over the long term.
 - Non-traditional ETPs use a variety of derivative products in order to seek their performance objectives. The use of leverage in ETPs can magnify any price movements, resulting in high volatility and potentially significant loss of principal.
 - Non-traditional ETPs may suffer losses even though the benchmark currency, commodity, or index has increased in value. Investment returns of non-traditional ETPs may not correlate to price movements in the benchmark currency, commodity, or index the ETP seeks to track.
 - Some non-traditional ETPs may have a low trading volume, which could impact an investor's ability to sell shares quickly.
 - Non-traditional ETPs may be less tax efficient than other ETPs. As with any potential investment, an investor should consult with his or her tax advisor and carefully read the prospectus to understand the tax consequences of non-traditional ETPs.
 - The specific risks associated with a particular ETP are detailed in the fund's prospectus. Additional risks may include adverse market condition risks, investment strategy risk, aggressive investment techniques risk, concentration risk, correlation risk, counterparty risk, credit risk and lower-quality debt securities risk, energy securities risk, equity securities risk, financial services companies risks, interest rate risk, inverse correlation risk, leverage risk, market risk, non-diversification risk, shorting risk, small and mid-cap company risk, tracking error risk, and

special risks of exchange traded funds, among others. Investors should refer to the ETP's prospectus to obtain a complete discussion of the risks involved in that ETP before investing.

Structured Notes are securities issued by financial institutions whose returns are based on, among other things, equity indexes, a single equity security, a basket of equity securities, interest rates, commodities, and/or foreign currencies. Thus, your return is “linked” to the performance of a reference asset or index. Structured notes have a fixed maturity and include two components – a bond component and an embedded derivative. Financial institutions typically design and issue structured notes, and broker-dealers sell them to individual investors.

Some common types of structured notes sold to individual investors include principal protected notes, reverse convertible notes, enhanced participation or leveraged notes, and hybrid notes that combine multiple characteristics. Some of the risks associated with Structured notes are outlined below:

- **Complexity.** You and your broker should take time to fully understand the manner in which your return on a structured note is calculated. You should understand the reference asset(s) or index(es) and determine how the note’s payoff structure incorporates such reference asset(s) or index(es) in calculating the note’s performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees.
- **Market risk.** Some structured notes provide for the repayment of principal at maturity, which is often referred to as “principal protection.” This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause you to lose some, or all, of your principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.
- **Issuance price and note value.** The price you will pay for a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference

between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring, or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

- **Liquidity.** Your ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for your structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. You should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.
- **Payoff structure.** Structured notes may have complicated payoff structures that can make it difficult for you to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses for you. You should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with your broker. For example, the payoff on structured notes can depend on:
 - **Participation rates.** Some structured notes provide a minimum payoff of the principal invested plus an additional payoff to you based on multiplying any increase in the reference asset or index by a fixed percentage. This percentage is often called the participation rate. A participation rate determines how much of the increase in the reference asset or index will be paid to investors of the structured note. For example, if the participation rate is 50 percent, and the reference asset or index increased 20 percent, then the return paid to you would be 10 percent (which is 50 percent of 20 percent).

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- **Capped maximum returns.** Some structured notes may provide payments linked to a reference asset or index with a leveraged or enhanced participation rate, but only up to a capped, maximum amount. Once the maximum payoff level is reached, you do not participate in any additional increases in the reference asset or index. For example, a note may provide the investor 100% of all funds invested at the end of two years, plus an enhancement of any rise in the performance of the S&P 500 up to 20%. If the performance of the S&P 500 increases 25% in those two years, you only receive a return of 20%.
 - **Knock-in feature.** If the reference asset or index falls below a pre-specified level during the term of the note, you may lose some or all of your principal investment at maturity and also could lose coupon payments scheduled throughout the term of the note. This pre-specified level may be called a barrier, trigger, or knock-in. When this level is breached, the payout return changes on the note.
For example, if the reference asset or index falls below the knock-in level and its value is lower than on the date of issuance, instead of receiving a return of your principal, you may instead receive an amount that reflects the decline in value of the reference asset or index. For certain types of structured notes, you may actually receive the reference asset that has declined in value during the term of the note.
 - **Credit risk.** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.
 - **Call risk.** Some structured notes have “call provisions” that allow the issuer, at its sole discretion, to redeem the note before it matures at a price that may be above, below, or equal to the face value of the structured note. If the issuer “calls” the structured note, investors may not be able to reinvest their money at the same rate of return provided by the structured note that the issuer redeemed.

Tax considerations. The tax treatment of structured notes is complicated and, in some cases, uncertain. Before purchasing any structured note, you may wish to consult with a tax advisor. You also should read the applicable tax risk disclosures in the prospectuses and other offering documents of any structured note you are considering purchasing.

- ***Real estate risk***, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.

- ***Commodity risk***, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.

- ***Alternative investments/private funds risk***, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
- volatility of returns;
- restrictions on transferring interests in the investment;

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- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
 - absence of information regarding valuations and pricing;
 - delays in tax reporting;
 - less regulation and higher fees than mutual funds;
 - risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.

- ***Closed-end funds risk***, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

ITEM 9 – Disciplinary Information

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management. There are no legal or disciplinary events that are reportable under this Item for FEG.

ITEM 10 – Other Financial Industry Activities and Affiliations

Many related persons of FEG maintain individual Insurance licenses with various insurance companies. Those individuals will receive normal sales commissions or agent fees when transacting insurance sales on behalf of clients.

Because of these inherent conflicts of interests, and the fact that advisory personnel have a financial incentive when transacting business via these insurance firms with which they are licensed and/or appointed, clients are always free to execute insurance transactions via any firm of their own choosing. In addition, in an effort to mitigate against these conflicts, a separate firm Principal reviews all insurance proposal activity in order to detect and prevent unsuitable transactions.

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

Code of Ethics:

Financial Enhancement Group maintains a Code of Ethics that requires every aspect of our business to be conducted in a fair, lawful and professional manner. Strict compliance with all laws and regulations governing the securities industry is paramount. It is our obligation to respect and protect the right to privacy of all our clients. Confidential or proprietary information obtained in the course of doing business will not be used for personal gain or shared with others for their personal benefit. All efforts are made to avoid actual or potential conflicts of interest, and to ensure disclosure of any actual or potential conflict of interest. In addition, the Code requires that certain transactions by firm personnel be pre-approved, and that firm personnel report all reportable holdings and transactions to firm management on a regular basis. A copy of our Code of Ethics is available to existing and prospective clients upon request – just call our main office in Anderson, or request a copy from your Advisory Representative, who will ensure that a copy is mailed out to you at no charge.

Participation or Interest in Client Transactions and Personal Trading:

Registered and non-registered employees of FEG can manage his/her own accounts. As such, firm personnel can own the same securities or other investments that client accounts contain. Client transactions are executed either prior to or simultaneously with those of the firm personnel. All employee transactions are reviewed by the Compliance Department to ensure that any conflicts can be identified and addressed.

FEG does not conduct ‘Principal’ transactions, does not engage in Cross-Trades between advisory clients, and does not participate in Agency Cross Transactions (wherein an advisory client buys or sells to or from a FEG brokerage client).

Trade Rotation Policy:

FEG's policy is to provide a fair and equitable method of trade rotation in placing trades for client's accounts. To meet this objective, FEG has established a written trade rotation procedure.

Generally, FEG utilizes a trade rotation log when trading on multiple platforms, which lists the trade rotation schedule for certain client accounts. The log is designed as an internal control to help FEG ensure that it does not treat client accounts unfairly to the extent reasonably practicable and that no client account (or group of accounts) receives placement priority over any other participating accounts.

Trade Errors:

In the event a trading error occurs in a client account, it is this firm's policy to restore the account to the position it should have been in had the trading error not occurred. This firm will make clients whole for any losses in trades identified in error by reimbursing the client account or re-executing the applicable order, but will not reimburse any market gains. The firm corrects all trade errors through a Trading Error Account maintained by the firm's custodians and will retain net losses. Any gains are swept from the trading error account on a regular basis never exceeding thirty-day intervals and contributed to charity.

ITEM 12 – Brokerage Practices

FEG will recommend that advisory clients establish brokerage account(s) with Charles Schwab, a FINRA-registered Broker-Dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although FEG does recommend that clients establish accounts at Charles Schwab, it is the client's decision to custody assets with Charles Schwab, and clients are free to choose any Broker/Dealer or account Custodian that they desire.

The firm considers the following factors before suggesting a particular brokerage firm to clients: the products offered, the level of service, the quality of trade execution, the record keeping and reporting capabilities, software and related technological capabilities, the trading platforms offered,

and the ability to meet client needs. In assessing the reasonableness of their commissions, the firm compares various brokerage firm rates on an ongoing basis. In considering all these parameters, this firm recommends that clients use Charles Schwab.

The firm remains flexible in the use of other brokerage firms upon client request or where otherwise appropriate. Clients could receive lower overall commission rates, enhanced execution, or other services at another broker/dealer. Each client must evaluate each broker/dealer carefully to ensure that the broker selected provides them with the best blend of cost, clearance and settlement, and other services.

However, clients who direct their brokerage accounts to broker/dealers of their own independent choosing may not receive best execution on their trades. For example, such clients usually cannot participate in block orders with other firm clients and the lower transaction costs such trades afford. In such transactions, share prices are averaged across client accounts participating in the block transaction (although clients could still be subject to a minimum commission charge).

FEG participates in the Charles Schwab Institutional advisor program. Charles Schwab Institutional is a division of Charles Schwab, Inc. ("Charles Schwab") member FINRA/SIPC/NFA. Charles Schwab is an independent and unaffiliated SEC-registered broker-dealer. Charles Schwab offers to independent Investment Advisors services which include custody of securities, trade execution, clearance, and settlement of transactions.

Advisor receives some benefits from Charles Schwab through its participation in the program. (Please see the disclosure below and under Item 14 below.)

ITEM 13 – Review of Accounts

Joseph Clark and/or Adam Harter, Chief Investment Strategist and/or Donald Hodson, Chief Compliance Officer, review client accounts on an ongoing basis as part of the Portfolio management process. Such reviews are conducted at least quarterly.

Each month, clients receive a statement detailing asset holdings and transactions directly from the broker/dealer, bank, or other qualified custodian that holds and maintains client's investment assets. Each quarter, clients receive written statements prepared by FEG detailing holdings and investment performance as compared to appropriate benchmark indexes depending on the model. Performance is calculated for the current period, year-to-date, and 'Since Inception' of the account.

FEG clients are contacted through weekly video commentary, telephone calls, and quarterly statement letters. In addition, FEG clients are invited to two group events each year. Through these contacts FEG provides our outlook for the financial markets, our investment strategies, review changes in the client's financial situation, and any other topic clients would like to explore.

We are pleased to discuss any topic of interest to a client at the client's convenience, and clients are free to contact their Representative or any other member of our management team at any time with questions, comments, or concerns.

ITEM 14 – Client Referrals and Other Compensation

As disclosed under Item 12 above, Advisor participates in Charles Schwab's institutional customer program and Advisor does recommend Charles Schwab to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through its participation in the program that are typically not available to Charles Schwab retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account

information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

Charles Schwab could also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by Charles Schwab through the program could benefit Advisor but may not benefit its client accounts. These products or services could assist the Advisor in managing and administering Client accounts, including accounts not maintained at Charles Schwab. Other services made available by Charles Schwab are intended to help Advisor manage and further develop its business enterprise.

The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and could indirectly influence the Advisor's choice of Charles Schwab for custody and brokerage services.

We have individuals who are not affiliated with us to introduce prospective clients to us. The individuals (called Promoters, Solicitors, or Collaborative Partners) are paid a fee that is based on the advisory fee that you pay to us. If you are introduced to us by a Promoter, Collaborative Partner, or Solicitor, we will provide you with a separate written disclosure statement indicating that a referral fee is being paid to an individual who is unaffiliated with or firm.

ITEM 15 – Custody

When authorized by clients, we will directly debit client advisory fees from client accounts, which under applicable regulations is deemed a form of custody. All funds are held by the Brokerage firm or Custodian firm of the client's choosing. The Brokerage firm or Custodian firm sends monthly or quarterly statements directly to clients on a regular basis. Because the custodian does not calculate the amount of our advisory fee to be deducted, it is important for clients to review their custodial statements carefully and thoroughly. FEG encourages all clients to carefully compare quarterly, or other reports provided by this firm to custodial or brokerage statements issued by the applicable brokerage or custodial firms and should immediately bring any discrepancies or questions to the attention of their Advisory Representative.

Effective August 2020, FEG does maintain custody. This custody is held within a limited number of client accounts for whom the firm or one of our employees acts as a Trustee.

We have a contract in place with an independent public accounting firm to conduct the required surprise custody audit, which is filed with the SEC on ADV-E. Accounts of these clients will also be maintained with an outside custodial firm, and clients will receive statements and other regular reports from their custodian, which they should review carefully.

ITEM 16 – Investment Discretion

Financial Enhancement Group does maintain Discretionary authority in client accounts, and clients must authorize the use of Discretion when opening their account when signing the Investment Advisory Contract/Agreement. Discretion is limited discretion, allowing this firm to execute trades, rebalance accounts, and buy and sell investments within client accounts, in accordance with the Advisory Agreement and client investment objectives.

As noted in Item 4 of this Brochure, firm advisory services can be tailored to each client – as such, if a client requires any restrictions on any types of investments, stocks, or market segments, the client needs to inform their Advisory Representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client’s restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.

ITEM 17 – Voting Client Securities

Financial Enhancement Group does not, and will not, vote client proxies. Clients retain the authority to vote proxies and will be responsible for ensuring that all proxy materials are sent directly to them.

ITEM 18 – Financial Information

FEG does not require prepayment of more than \$1,200 in fees per client six months or more in advance – as such, a Balance Sheet is not required and therefore not attached.

ITEM 19 – State Registered Advisors

As FEG is an Advisor registered with the Securities Exchange Commission, this item is not applicable.