SUMMIT FINANCIAL RESOURCES, INC.

Investment Advisory Brochure

June 30, 2017

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This brochure provides information about the qualifications and business practices of Summit Financial Resources, Inc. If you have any questions about the contents of this brochure, please contact us at 973.285.3600**.** The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Summit Financial Resources, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Summit is an SEC registered investment adviser. Registration does not imply a certain level of skill or training.

Item 2 Material Changes

There have not been any material changes since the last brochure dated March 30, 2016.

SFR recommends clients review this brochure along with the investment advisory brochure for its affiliate, Summit Equities, Inc. (SE) because we believe that the disclosures regarding SE are material to your understanding how SFR fits into the overall business model of the Summit entities (which is detailed in Item 4).

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Item 4 Advisory Business

Description of the Advisory Firm
Summit Financial Resources, Inc. (SFR) is a New Jersey corporation which is an SEC registered investment adviser. Its sole business is providing financial planning services for a fee. Such services include planning and/or consulting in the following areas: investments, income tax, estate, insurance, cash flow, fringe benefit, college funding, pension, retirement, business continuity and consulting. Some of the persons involved in financial planning at SFR and its affiliates are admitted attorneys and/or CPAs. They act exclusively in a non-representative capacity and neither they nor Summit provide tax, accounting or legal advice to clients. Clients should make all decisions regarding the tax and legal implications of their investments and plans after consultation with their independent tax or legal advisors.

SFR's affiliate Summit Equities, Inc. (SE) is registered as a broker-dealer with the Financial Industry Regulatory Authority (FINRA) and with the SEC as a registered investment adviser and is also a member of the Securities Investor Protection Corporation (SIPC). Each of the investment advisory representatives (IARs) associated with SFR is also associated with SE as both an IAR and a registered representative (RR). IARs who (i) provide financial planning services through SFR; (ii) provide investment advisory services (including asset management) and brokerage services through SE; and (iii) insurance through Summit Risk Management, Inc. (SRM) are independent contractors. (Note – in limited circumstances, IARs may offer financial planning through SE, as well.) See Item 10, below, for a discussion of these affiliates. Some IARs operate under different business names (DBAs). As a broker dealer, SE maintains a fully-disclosed clearing relationship with National Financial Services LLC, a Fidelity Investments Company (NFS).

For purposes of this Investment Advisory Brochure, the term Summit shall include SFR, SE, and SRM.

Each advisory relationship at SFR is managed by one or more IARs who serves as the primary point of contact between Summit and the client and who determines which other resources within Summit to include in the investment advisory relationship. Some IARs incorporate more of Summit's resources in their provision of investment advisory services to their clients than others. If you have any questions, please speak with your IAR.

Summit has been in business since April 30, 1982.

Types of Advisory Services

SFR offers fee-based financial planning services. The services are based on fixed fees and the final fee structure is documented in the financial planning agreement. Financial planning is designed to meet the client's financial goals, needs and objectives. The scope of the financial plan varies depending on the client and typically involves some combination of a review of the client's current financial situation, including estate planning, insurance planning, education planning, retirement planning, business succession planning and portfolio analysis. SFR does not typically advise on business value analysis, and/or liquidations, or property and casualty insurance, but these components can be referred out to third parties for inclusion. The financial planning team includes income tax and estate specialists, insurance experts and/or members of the Investment Management Committee, which is comprised of Steven Weinman, Chairman of the Board and Co-Chief Investment Officer, Robert Lamberti, Vice President and Co-Chief Investment Officer and Noreen Johnston, Director of Research. Neither SFR nor any of its affiliates offer legal, accounting or tax advice although they can work with clients' own counsel and tax professionals.

Following delivery of the financial plan, the investment advisory relationship terminates for clients who have engaged SFR for producing a financial plan. If implemented with SE, the client may use SE's brokerage and/or advisory services. If additional advisory services are selected by the client they will be covered under separate advisory agreements.

If financial planning clients choose to implement the recommendations contained in the financial plan through the IAR, the IAR will recommend that they do so through Summit. Clients are free to implement some or all of the recommendations and may do so through Summit or through other providers of such services. Charges may be lower if the plans are implemented away from Summit.

SE offers six primary types of asset management, in addition to financial planning. SFR encourages all clients and prospects to read SE's Investment Advisory Brochure for a fuller picture of Summit's business model and the conflicts of interests created thereby.

SFR does not manage any assets directly. See SE's Investment Advisory Brochure for a discussion regarding assets managed by SE.

Item 5 Fees and Compensation

SFR's financial planning fees are negotiable and are generally determined based on the nature and extent of the services being provided, the complexity of the client's circumstances, as well as the other aspects of the client's current and historical relationship with Summit. All fees are agreed upon prior to entering into an Agreement with any client. Fees are payable by check in advance and may change depending on whether or not new complexities present themselves. Any changes made to a financial plan fee will be discussed with clients in advance, and a new agreement will be signed to reflect the changes. The fees for financial planning have ranged from $2,000 to $25,000 in recent years, depending upon the complexity of the client situation. (Generally the lower charges were for individual components of a plan, such as a cash flow analysis.) The fees charged to a client for preparation of a plan and related services are paid to Summit and a portion of the fees are paid to the IAR. Since Summit began providing these services, it has had other fee ranges in effect, which may have been lower or higher, as the case may be, than those described above. As new fee structures are put into effect, they are generally made applicable only to new clients, and fees to existing clients are generally not affected. Therefore, some clients may pay different fees than those shown above. If an IAR discusses matters relating to a plan with a client's tax or legal consultants pursuant to the client's request, the client may be charged a separate fee by those consultants. There is no minimum dollar value of assets or other conditions required of a client to receive these services. In the event the client is not satisfied, the client may request a fee refund in writing. Generally, the request must be within ten days of plan presentation and within six months of entering into the contract for planning or as otherwise negotiated by the client and IAR.

Fees and related charges and expenses for asset management services provided by SE are separate and additional to fees charged by SFR and are addressed in SE's Investment Advisory Brochure.

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

SFR does not assess performance-based fees or other fees based on a share of capital gains on or capital appreciation of assets of a client.

Item 7 Types of Clients

SFR generally provides financial planning to individuals and high net worth individuals.

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

SFR develops financial plans based on clients' representation of their financial goals, risk tolerances, expected expenses, etc. The IAR will consider information provided by the client (including but not limited to current or anticipated asset values, income, expenses, tax rates) and certain assumptions (such as interest rates, inflation, life expectancy and rates of return) in developing a full or partial financial plan. The IAR may utilize some or all of the financial planning resources through Summit, such as specialists in insurance, tax, estate planning, investments, and may utilize Summit software or off the shelf programs to assist in generating the plans. Each IAR decides how to approach the financial planning process.

Some financial plans also recommend specific asset allocations, insurance or investments or outside managers. Typically these will involve long-term strategies. Clients are free to implement these recommendations through Summit, away from Summit, or not at all. In any case, SFR does not guarantee the success of any strategy it recommends and does not monitor the day-to-day performance of your specific investments (including those it may recommend itself).

The principal risks of the financial plans are that clients may provide inaccurate or incomplete information regarding their circumstances, and that the assumptions used in the plan do not turn out to be accurate. In all cases, investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 Disciplinary Information

There are no legal or disciplinary events for SFR or those persons who meet the definition of management persons for purposes of this brochure.

Item 10 Other Financial Industry Activities and Affiliations

Summit Equities, Inc. - SE is registered as a broker-dealer with the Financial Industry Regulatory Authority (FINRA) and with the SEC as a registered investment adviser. As an investment adviser, SE primarily provides six types of asset management services, which are detailed in SE's Investment Advisory Brochure. As noted above, all persons associated with SFR are also associated with SE. If SFR clients implement the investment recommendations in their SFR financial plans, the IAR will act through SE, as a broker and/or as an adviser and be compensated accordingly. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. There is a conflict in recommending implementation through SE because additional compensation is earned.

Summit Risk Management, Inc. **–** SRM is a New Jersey corporation and is licensed to sell various insurance products and may earn commissions or remunerations on such products. Many of the clients of SRM are also clients of SFR and SE. Most persons associated with SRM are also associated with SFR and SE. If SFR clients implement the insurance recommendations in their SFR financial plans, the IAR may act through SRM as an insurance agency and be compensated accordingly. There is a conflict in recommending implementation through SRM because additional compensation is earned.

Selection of Other Investment Advisers

As part of a financial plan, SFR may recommend that the client engage SE or an unaffiliated third party manager to provide asset management services. Although clients are free to implement some, all or none of the IAR's recommendations, and may do so through Summit or elsewhere, IARs have an incentive to steer clients to investment advisory programs and securities/insurance products offered by Summit (and those third party managers which have co-advisory or solicitation arrangements with Summit) and specifically to those programs/products with higher payouts. As noted throughout this Brochure, implementation of investment advisory recommendations is handled through Summit and clients are encouraged to read the SE Investment Advisory Brochure for a discussion of how IARs are compensated and the associated conflicts of interest.

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

Summit believes that it owes clients the highest level of trust and fair dealing. As part of its fiduciary duty, Summit places the interests of its clients ahead of the interests of the firm and its personnel. Summit has adopted a Code of Ethics that emphasizes the high standards of conduct that the firm seeks to observe. Summit personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in its Code of Ethics.

Summit's Code of Ethics attempts to address specific conflicts of interest that it has identified or that could likely arise. Summit personnel are required to follow guidelines in areas such as prohibitions on insider trading, personal securities transactions, conflicts of interest, gifts, confidentiality and privacy, compliance procedures, certification of compliance, training, record keeping and adherence to applicable securities laws.

Clients may request a copy of Summit's Code of Ethics by contacting 973.285.3600 or by emailing *compliance@sfr1.com*.

Personal Trading Practices

Summit's associated persons are not permitted to acquire beneficial ownership of any securities in an initial public offering (IPO) or purchase any private placements without the prior written approval of Summit's Chief Compliance Officer. SFR does not require pre-clearance for personal securities transactions other than IPOs or private placements.

Summit does not hold or trade securities for its own accounts. However, from time to time, representatives of Summit may trade in securities for their own accounts that they also recommend to clients, and they also trade in different securities that they do not feel are appropriate for certain clients. The conflict presented in this practice could lead to an IAR purchasing or selling a security in advance of a client and receiving a better price. Summit monitors such transactions to look for potential conflicts of interest and to ensure that representatives of Summit transact client business before their own when the same securities are being bought or sold at the same time.

Item 12 Brokerage Practices

SFR does not manage or execute trades for clients or for itself. See SE's Investment Advisory Brochure for a discussion of SE’s brokerage practices.

Item 13 Review of Accounts

SFR procedures mandate that all complete, final financial plans are reviewed by a senior officer of SFR or a qualified member or designee of SFR's Professional Strategy Team. Draft or interim plans may be provided to clients prior to this review.

Item 14 Client Referrals and Other Compensation

Summit receives economic benefits from third parties in a number of ways. Although none of them arise directly from the financial plans generated by SFR, they are indirectly related to the plans since SE and/or SRM receives economic benefits from such parties if client recommendations are implemented through the other Summit entities. Some of this revenue is shared with the IARs. This is addressed in SE's Investment Advisory Brochure.

Item 15 Custody

SFR does not have custody of client funds or securities.

Item 16 Investment Discretion

SFR does not have client discretion.

Item 17 Voting *Client* Securities

SFR does not vote client proxies.

SUMMIT EQUITIES, INC.

Investment Advisory Brochure

June 30, 2017

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Parsippany, NJ 07054

(973) 285-3670

www.SummitEquities.com

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Additional information about Summit Equities, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Summit is an SEC registered investment adviser. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

This Summit Equities (SE) Investment Advisory Brochure contains several changes to the last annual update, dated March 30, 2016. The material changes are the following:

1. In Items 4 and 5, Summit updated its disclosures regarding transaction charges in accounts held at SEI, Inc., an unaffiliated third party.

2. In Item 9, Summit disclosed a recent settlement with FINRA relating to certain brokerage rules.

3. In Item 12, regarding Brokerage Trade Allocation Practices, SE revised its disclosure regarding

    - SE's discretion to combine Client orders in its Managed Portfolios Program;
    - Transaction charges in accounts on the SEI platform.

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Item 4. Advisory Business

Description of the Advisory Firm

Summit Equities, Inc. (SE) is dually registered with the SEC as an investment adviser and broker-dealer. It is also a member of the Financial Industry Regulatory Authority (FINRA) and of the Securities Investor Protection Corporation (SIPC). Each SE's Investment Advisory Representative (IAR) is also registered with FINRA as a registered representative (RR) with SE. The IARs who provide (i) certain investment advisory services, including asset management, through SE, (ii) financial planning services through Summit Financial Resources, Inc. (SFR) and (iii) insurance through Summit Risk Management, Inc. (SRM) are independent contractors. (Note that in limited circumstances, IARs may offer financial planning through SE, as well.) See Item 10 below for a discussion of these affiliates. Some IARs operate under different business names (DBAs). As a broker-dealer, SE maintains a fully-disclosed clearing relationship with National Financial Services LLC (NFS), a Fidelity Investments Company.

Each advisory account at SE is managed by one or more IARs who serve as the primary point of contact between SE and the client and who determine which other resources within SE to utilize in connection with providing advice to clients. Some IARs choose to incorporate more of SE's resources in their provision of advisory services to their clients than others do. Several of the IARs own shares of SE and often refer to themselves as "principals" of Summit or of SFR. The use of the term principal connotes an ownership interest and does not imply they are registered as principals for SE or have any management responsibilities. If you have any questions, please speak with your IAR.

Two shareholders, Steven Weinman and Salvadore Salvo have the right to vote 25 percent or more of the voting shares of the firm. The firm has been in business since April 30, 1982.

Types of Advisory Services

SE offers six primary types of asset management programs for its advisory clients as well as financial planning. From time to time, individual IARs may offer custom consulting or other services. In such event, the details will be disclosed in the specific agreements with the client.

For most of the assets in its six primary asset management programs, SE provides continuous and regular supervisory or management services (as defined by the SEC) based on the client's individual goals, objectives, time horizon, risk tolerance, liquidity needs, investment assets and income ("financial circumstances") utilizing the investment strategy selected by the client. IARs obtain a financial profile for each client to aid in the construction of a portfolio that matches the client's specific situation. Many clients maintain "household" accounts, in which multiple accounts for an individual or members of a family may be managed jointly to maximize efficiencies. (The term "client" includes such households, for purposes of this brochure.) For all of the different types of asset management programs, the IAR will assist clients in assessing their goals, risk tolerance, income and tax situation and select an investment strategy and asset allocation that are appropriate for the client's specific circumstances.

Clients are advised to promptly notify SE if there are changes in their financial situation, investment objectives or if they wish to impose any reasonable restrictions upon SE's investment management services. Clients can engage SE to manage all or a portion of their assets on a discretionary or non-discretionary basis, by entering into one or more written agreements with SE. Clients may be required to enter into additional written agreements with third party custodians, investment managers, insurance companies and/or investment companies that are not affiliated with SE.

At the present time SE offers its investment management services to Clients utilizing the products and platforms described below.

1. Summit Managed Portfolios (formerly Summit Model Portfolios)

Summit Managed Portfolios (Managed Portfolios), formerly called the Summit Model Portfolios and/or the Summit Models Program, are custom designed portfolios constructed by SE's Investment Management Committee (IMC), which is comprised of Steven Weinman, Chairman of the Board and Co-Chief Investment Officer, Robert Lamberti, Vice President and Co-Chief Investment Officer (currently on leave but expected to return by the fall of 2017) and Noreen Johnston, Director of Research. The IMC meets regularly to oversee the Managed Portfolios. The IMC also conducts quarterly meetings with the larger Investment Committee, an advisory group of IARs, to discuss changes to the Managed Portfolios as well as other investment topics. SE currently offers 46 Managed Portfolios, some of which are broad, internally diversified Managed Portfolios, and others which target a specific industry or market, or a combination of target investment market exposures. The Managed Portfolios use mutual funds and exchange traded funds (ETFs) to achieve various mixes of domestic equities, international equities, fixed income, real asset alternatives and hedging strategies. One of the Managed Portfolios also utilizes exchange-listed Master Limited Partnerships (MLPs). Some of the Managed Portfolios are managed within Jefferson National Monument Advisor, a variable annuity. The Managed Portfolios are generally designed to be cost effective, tax efficient and are more strategic in nature than tactical. Although within each Managed Portfolio SE has full discretion over all assets invested in the Managed Portfolios, it is not uncommon for accounts invested in a Managed Portfolio to have few or no trades between annual rebalancings. All of the securities held within the Managed Portfolios have daily liquidity.

Each IAR utilizing the Managed Portfolio platform works with the client to develop an allocation strategy best suited to the client's financial circumstances. One or more Managed Portfolios may be used to achieve the client's goals. Each Managed Portfolio is allocated similarly for all clients in that Managed Portfolio and annual rebalancing is done, as necessary, to drive each Managed Portfolio account to desired weightings, which may deviate from the actual target by modest variances deemed to be immaterial by the IMC. A client may hold only one Managed Portfolio in each account, but many clients hold multiple Managed Portfolios among different accounts to achieve their recommended allocations. Occasionally, a client may request and SE may permit non-Managed Portfolio positions to be maintained in a Managed Portfolio account. This includes, but is not limited to, tax loss harvesting strategies where certain depreciated investments can be sold in an effort to realize a tax loss to offset capital gains and be temporarily replaced by other investments that are not substantially identical (as defined by the IRS) but are otherwise highly correlated. (Note that such trades are not done on a discretionary basis.) Whether the positions will be subject to fees is determined on a case-by-case basis.

SE serves as the broker of record for assets invested in the Managed Portfolio programs and all of the assets are either custodied at SE's clearing firm, NFS, or at Jefferson National Monument Advisor, a variable annuity.

As a broker, SE charges transaction charges on certain trades/positions and receives additional compensation on certain positions. See discussion in Item 5.

2. Strategic Asset Allocation (SAA)

The SAA program enables IARs to custom design portfolios for clients, taking into account the client's financial circumstances. Neither the IAR nor Summit has discretion over the assets and the IAR must get approval from the Client before entering any trades. SAAs may include assets for which regular and continuous supervision or management are provided as well as assets for which other consultative services, including periodic monitoring, managing, supervising, reporting and/or servicing is provided.[1]

Although most SAAs are primarily allocated among mutual funds and ETFs, they may also hold individual positions in stocks, bonds, traded and non-traded REITs, hedge funds (including funds of funds), unit investment trusts (UITs) and variable insurance and/or annuities or other securities. Mutual funds, UITs, ETFs and variable insurance and annuity products often provide diversification but may be concentrated in a particular asset class or investment style. The risk in these investments is determined by the risk in underlying holdings (*e.g.*, a stock mutual fund's risk is determined by the risk of the stocks in the fund). Further, some of the selected securities may be less liquid than those utilized in the Managed Portfolios. The IARs may consult with members of the IMC regarding particular securities but they are not required to, and some choose to rely solely on their own due diligence regarding the securities recommended. Given the long-term nature of many SAA strategies, an SAA may have little or no activity during a given period. If you have any questions, please speak with your IAR or contact *research@sfr1.com*.

SE serves as the broker of record for SAAs. Most are custodied at NFS, but the assets can also be held at a mutual fund company, hedge fund, insurance company, etc. If direct investments (*e.g.*, hedge funds, non-traded REITs) are utilized, the assets may be identified on the NFS statements but the actual securities are often held with and valued by the issuer of the security.

3. Third Party Managers (TPMs)

In the TPM program, the IAR reviews the client's financial circumstances and recommends an unaffiliated third party investment manager. Some of the TPMs are sub advisors under agreements with SE and others will have separate advisory agreements directly with the client. Some of the third party managers operate on the NFS platform (such as Envestnet and Alliance Bernstein); some operate on separate platforms (such as SEI Managed Account

[1] For certain assets, such as those invested in hedge funds and non-traded REITS, or those managed by third parties who have a direct relationship with the Client, Summit and the IAR provide ongoing advice and monitoring rather than what the SEC refers to as "continuous and regular supervisory services."

Solutions "MAS"). In some cases, SE acts as a solicitor on behalf of the TPM. TPMs actively manage the assets on a continuous basis and have discretion to buy, sell and trade stocks, bonds, mutual funds and/or other securities in accordance with the program selected by the client. Some outside managers custody the assets at NFS and others select different custodians. Depending on the TPM, the IAR will provide either consultative or continuous and regular supervisory services to assets in TPM programs and may recommend periodic rebalancing among the TPM's offerings. Clients are advised to review the Investment Advisory Brochures for the TPM. In some cases, the IAR can create custom allocations on TPM's platform. If you have questions about a particular TPM or program, please ask your IAR or contact *research@sfr1.com*.

The primary TPMs currently recommended by SE are SEI and Envestnet platform managers, Alliance Bernstein and AssetMark/Genworth. Other TPMs may be suggested by IARs based on their clients' particular circumstances. The SEI MAS program is a wrap program that utilizes third party managers and/or model mutual funds, although the IAR is able to recommend other investments to complement or replace the ones managed by SEI. SEI considers such assets to be outside of the TPM program.

4. Flexible Managed Accounts (FMA)

The FMA program is similar to the SAA program except that (1) the IAR has discretion to execute trades without contacting the client first; and (2) Summit may or may not serve as the broker of record for these accounts. The IAR reviews the client's financial circumstances and exercises discretion to buy and sell securities in the client's account. The securities used in these accounts generally include mutual funds, ETFs, MLPs, UITs, equities, fixed income, hedge funds, non-traded REITs and insurance products such as variable annuities, among others. Given the long-term nature of many FMA strategies, an FMA may have little or no activity during a given period. These accounts may be custodied at NFS or elsewhere as selected by the client. Where they are custodied at NFS, SE serves as the broker of record.

Some of the TPMs constitute "wrap programs." The investment advisory brochure for the specific TPM will indicate if it is a wrap program and contain important disclosures about the program. Clients are encouraged to read those brochures and ask the IAR if they have any questions.

5. SEI Mutual Fund Portfolios

Although similar to the SAA program, in that the IARs design portfolios for clients, taking into account the client's financial circumstances, the SEI Mutual Fund Portfolios program uses actively managed SEI mutual fund asset allocation portfolios to help meet client investment objectives. The IAR and client can decide whether to subject the accounts to automatic quarterly rebalancing so the allocation selected by the client remains consistent over time. The IAR provides ongoing advice and monitoring and does not have discretion over the assets and must get approval from the client before entering any trades (except for automatic rebalancing, if selected). Given the long-term nature of most of the strategies, an SEI Mutual Fund Portfolios account may have little or no activity during a given period. Assets in the program are custodied at SEI, which is unaffiliated with Summit. As permitted by SEI, other assets may be held in the accounts, as well.

6. Outside Investment Monitoring

In some cases, clients ask their IARs to oversee assets managed by other advisors or at other brokers. Often, these are assets held in retirement plans. In these cases, the IAR provides ongoing consultative services which take into account the client's financial circumstances. Services include periodic investment monitoring, reporting and/or servicing to the Client. These are similar to SAAs, except that SE does not serve as the broker of record, the assets are held away from NFS and the IARs typically do not have the ability to direct the trades, which must occur through the broker of record.

7. Financial Planning

Fee-based financial planning services are generally provided by SE's affiliate, SFR, although SE occasionally performs such services. The services are based on fixed fees and the final fee structure is documented in the financial planning agreement. Financial planning is designed to meet the client's financial goals, needs and objectives. The scope of the financial plan varies depending on the client and typically involves some combination of a review of the client's current financial situation, including estate planning, insurance planning, education planning, retirement planning and business succession planning and portfolio analysis. SE does not typically advise on business value analysis, and/or business liquidations, or property and casualty insurance, but these components can be referred out to third parties. The financial planning team includes income tax and estate specialists, insurance specialists and/or members of the IMC. Although some members of the SE financial planning team are admitted attorneys and/or CPAs, they act in a non-representative capacity. Neither they, nor any Summit entity, provide tax, accounting or legal advice to clients. Clients should make all decisions regarding the tax and legal implications of their investments and plans with their independent tax or legal advisors.

Following delivery of the financial planning, the investment advisory relationship terminates for clients who have engaged SE as investment advisor for the limited purpose of producing a financial plan. If implemented with SE, the client may use SE's brokerage and/or advisory services. If additional advisory services are selected by the client they will be covered under separate investment management agreement(s).

If financial planning clients choose to implement the recommendations contained in the financial plan through SE, the IARs will typically recommend products and services offered through SE and its affiliates and they may act in their capacities as RRs and/or insurance agents. Clients are free to implement none, some or all of the recommendations and may do so through SE and its affiliates or through other providers of such services. Charges may be lower or higher if the plans are implemented away from SE and its affiliates.

Clients or SE may terminate an advisory program at any time by providing notice of such election to the other party. Refunds for financial plans are addressed in Item 5, below.

In addition to these core investment advisory services and platforms (*i.e.*, Managed Portfolios, SAA, TPMs, FMA, SEI Mutual Fund Portfolios, Outside Investment Monitoring accounts and Financial Planning), clients and IARs may negotiate other types of services for a retainer, flat fee or otherwise. These arrangements will be documented separately with the client, the IAR and SE.

All investments have risk and there is no guarantee that utilizing the financial planning, asset management and/or advisory consulting services of SE or its IARs will produce favorable results.

Other Aspects of Asset Management

In its provision of investment advice and asset management, SE utilizes various types of investments including, but not limited to, mutual funds, ETFs, MLPs, equities, UITs, fixed income, hedge funds, traded and non-traded REITs and insurance products such as variable life insurance and variable annuities.

SE offers the same suite of services to all of its clients. However, each IAR determines, based on his own analysis, management style and preferences, in conjunction with each client's specific profile and financial circumstances, which services and products to recommend. Clients may impose reasonable restrictions on SE regarding investing in certain securities or types of securities in accordance with their values or beliefs (or based on their employer or regulatory restrictions) except in the Managed Portfolios or with certain TPMs. However, if the restrictions prevent SE from properly servicing the client account, or if the restrictions would require SE to deviate from its standard platform of services, SE reserves the right to end the relationship. If there is little or no trading activity in the account, it is possible a client may pay more in advisory fees than commission charges if the account was a non-managed account.

Summit does not manage any wrap fee programs, although some of the TPMs offer them.

Assets Under Management

As of December 31, 2016, SE provided advisory services to clients with respect to $2,810,000,000 of their assets, approximately $1,100,000,000 of which was on a discretionary basis. This includes assets for which regular and continuous supervision and management are provided as well as assets for which other consultative services, including periodic monitoring, managing, supervising, reporting and/or servicing. It omits all assets over which SE serves solely as a broker, including 529 plans, most variable annuities as well as the non-advisory accounts it maintains as an introducing broker.

Item 5. Fees and Compensation

Investment Supervisory Services Fees

When a client engages SE to provide investment management services within their account, Summit charges a fee. IARs set their own asset-based fees and/or consulting (aka placement) fees and/or flat fees for their services, so long as the maximum asset-based fees do not exceed those on the fee schedule, below. IARs consider various factors in determining what fee to charge, which may include the nature and size of the overall client relationship with the IAR, the type of advisory, brokerage or insurance products or services likely to be provided through SE and its affiliates. Clients may negotiate with the IAR about the fees. As discussed below, clients with assets with TPMs or in Outside Investment Monitoring accounts typically pay fees directly to other parties as well as to SE. Assets held in accounts for which SE serves as a broker (Managed Portfolios, SAA and certain FMAs) at NFS also pay service charges.

Since SE began providing these services, it has had other fee schedules in effect, which may have been lower or higher, as the case may be, than those described below. As new fee schedules are put into effect, they are generally made applicable only to new clients, and fees to existing clients are generally not affected. Therefore, some clients may pay different fees than those shown below.

ADVISORY PROGRAM	**MAX. FEE CHARGED BY SE**
SUMMIT MANAGED PORTFOLIOS:	
NFS	1.25%
Jefferson National Monument Advisor	1.00%
STRATEGIC ASSET ALLOCATION:	1.50%
FLEXIBLE MANAGED ACCOUNTS:	1.00%
THIRD PARTY MANAGERS:	
SEI Platform Managers	1.50%
Envestnet Platform Managers	1.50%
Alliance Bernstein	1.00%
AssetMark/Genworth	1.35%
Other	1.00%
OUTSIDE INVESTMENT MONITORING ACCOUNTS:	1.00%
SEI MUTUAL FUND ACCOUNTS:	1.50%

Fees are negotiable and most accounts do not pay the maximum charges. Also some IARs reduce charges for larger accounts.

The fees charged for assets in the Managed Portfolios, SAA, FMA, SEI Mutual Fund Portfolios and Outside Investment Monitoring programs are included in the written agreements between SE and the client. For TPMs, the fees may be covered in the written agreements between SE and the client or in agreements directly between the client and the TPM. If an IAR and client agree to a consulting fee at the inception of the advisory relationship, this will be addressed in an agreement between SE and the client.

Payment of Fees

Under the current investment management contract, clients authorize Summit or NFS to deduct asset-based advisory fees from the account on a monthly basis in the month the services are provided. The monthly dee is calculated by multiplying the average daily account value of the prior month by the annual fee, divided by 365, multiplied by the number of actual days in the month. For example, the January fee is based on the average daily balance from December.

(Note that NFS calculates the average daily account balance based on all days within the period, including weekends and market holidays, which means that Friday valuations account for at least 3/7th of the average. SE has no reason to believe this practice impacts the fees charged.) This applies to all Managed Portfolios, SAA and FMAs custodied at NFS. This fee will appear on the monthly statement issued by the custodian as a management fee. From time to time, certain direct investments, which have their own internal fees that are paid to SE in its capacity as a broker dealer (such as hedge funds, non-traded REITs, etc.), may be excluded from the advisory fee. Some accounts, which have been open for a long time, may prepay fees. If you have questions about your particular fees, ask your IAR.

Advisory fees for TPMs, SEI Mutual Fund Portfolios and Outside Investment Monitoring accounts are generally paid quarterly in arrears based upon the quarter ending account values. In most cases, fees are calculated by the custodians and are deducted from the accounts managed. For the primary TPMs used by SE, the client pays separate fees to those managers and to SE (although both fees may be deducted from the assets managed by the TPM and held at the qualified custodian). This fee will appear on the quarterly statement issued by the custodian as a management fee. In some cases for TPMs (and assets held in SAA and FMAs that are not custodied at NFS), the clients direct SE to deduct fees from a separate account at NFS for which SE services as the broker. Clients are advised to review the Investment Advisory Brochures and applications/contracts/agreements with the TPMs and/or sponsors of the investments for complete information on how fees are charged by such parties because their processes for charging fees may change from time to time. Moreover, since IARs can negotiate their own fee arrangements, some clients pay flat rates for services rather than asset based charges, which may be deducted differently. If you have questions about a particular account or custodian, please contact your IAR or us at *compliance@sfr1.com*.

SE's financial planning fees are negotiable and are generally determined based on the nature and extent of the services being provided, the complexity of the client's circumstances, as well as the other aspects of the client's current and historical relationship with SE. All fees are agreed upon prior to entering into an Agreement with any client. Fees are payable by check in advance and may change depending on whether or not new complexities present themselves. Any changes made to a financial plan fee will be discussed with clients in advance, and a new agreement will be signed to reflect the changes. The fees for financial planning have ranged from $2,000 to $25,000 in recent years, depending upon the complexity of the client situation (generally the lower charges were for individual components of a plan, such as a cash flow analysis.) The fees charged to a client for preparation of a Plan and related services are paid to SE and a portion of the fees is paid to the IAR. Since SE began providing these services, it has had other fee ranges in effect, which may have been lower or higher, as the case may be, than those described above. As new fee structures are put into effect, they are generally made applicable only to new clients, and fees to existing clients are generally not affected. Therefore, some clients may pay different fees than those shown above. If an IAR discusses matters relating to a Plan with a client's tax or legal consultants per the client's request, the client may be charged a separate fee by those consultants. There is no minimum dollar value of assets or other conditions required of a client to receive these services. In the event the client is not satisfied, the client may request a fee refund in writing. The request must be within ten days of plan presentation and within six months of entering into the contract for planning.

Other types of fees and expenses

Clients are responsible for the payment of all third party fees, if applicable (including but not limited to custodian fees, platform fees, wire fees, inactivity fees, foreign transaction fees, margin interest, liquidation fees, ACAT fees, regulatory fees), which are separate and distinct from the fees and expenses charged by SE and do not offset the fees charged. Please see Item 12 of this brochure regarding broker/custodian. Additionally, where SE serves as the broker of record, clients are also responsible for transaction charges, if any, associated with each trade, which are deducted by the custodian. For most advisory trades executed by SE at NFS, SE charges advisory clients a flat service fee of $10 for mutual fund and equity trades (not including standardized options and limit and stop orders), and $22 for bonds and UITs trades. Alternative investments (*e.g.*, hedge funds and non-traded REITs) are also charged an annual custody and valuation fee of $35 for registered products and $125 for non-registered products. The annual custody and valuation fee is charged by CUSIP. Such custody and valuation fees are capped at $500 per account per year. Service fees are assessed to cover ticket charges incurred by SE as well as an approximation of other charges incurred by SE in connection with maintaining the account at NFS (such as postage, account verification, other administrative charges, tax documents and insurance). In the aggregate, charges to clients for these costs are not fully recouped through the added service fees, but any particular client may be assessed slightly more or less than the actual costs associated with his account. As noted above, clients may select the FMA program, which enables them to purchase products through brokers or agents not affiliated with SE which may offer lower or higher transaction costs.

The custodians for the Third Party Managers and sponsors for other investments (such as hedge funds, REITs, variable annuities, etc.) may impose other charges. As noted throughout, clients are encouraged to review all documentation provided by those managers for full and current details regarding their practices. For the two SEI programs, clients will incur transaction charges for investments directed by the IAR rather than by the TMP for certain investments. Each case will vary so please contact compliance@sfr1.com or your IAR if you have any questions.

Additionally, all collective investments, including mutual funds and ETFs, and direct investments, such as REITs, variable annuities and variable life insurance, hedge funds, MLPs, UITs, etc., have their own internal fees which are also disclosed in each product's offering documents and vary considerably. These internal charges often include operating expenses, management fees, redemption fees, 12b-1 fees, distributor fees, offering fees, concessions and other fees and expenses and can increase the expense ratio of the investment. These fees are in addition to the fees charged by SE. If clients transfer in particular share classes of mutual funds, which shares may be liquidated after being transferred to SE, they may also incur contingent deferred sales charges (CDSC) from the mutual fund company. Many of the private placements are alternative investments, which often incur higher costs than many traditional securities such as equities, mutual funds and ETFs. Some, such as hedge funds and private equity funds, also charge incentive or performance fees. Variable annuities and variable life insurance also charge mortality and expense charges, administrative charges, sub-account investment management fees and other applicable fees associated with sub-account options. SE encourages all clients to closely review the offering documents for all such investments with their IARs and to consider the aggregate costs.

Clients should contact their IAR or *research@sfr1.com* with any questions about particular products.

Outside Compensation for the Sale of Securities to Clients

When SE acts as a broker (*i.e.*, in the Managed Portfolios, SAA and FMA programs custodied at NFS and the TPM Envestnet Platform accounts), SE receives certain fees for many mutual fund shares purchased by their clients. Their fees may be characterized as marketing fees, 12b-1 fees, no-transaction fee (NTF) revenue sharing (which is addressed below), administrative fees, revenue sharing arrangements, service fees, trails, among other terms. NFS receives these fees and credits a percentage of them back to SE. Essentially, these are fees charged by the mutual fund companies, generally as part of their operating expenses, or paid by the mutual fund companies/affiliates. The fact some of the fees are directed to SE does not directly increase the fees paid by the clients although these fees, in the aggregate, can impact a mutual fund's expense ratio. Some of these funds pay percentages based on assets managed; others may provide higher payouts as the total assets SE clients invest with the mutual fund family increases; and others are based on average ticket size. Since these fees are not paid uniformly on all mutual funds, SE and its IARs have an incentive to steer clients into funds which provide greater compensation to either or both of them. (Note that SE shares the 12b-1 revenue it receives with the IARs but does not share the compensation it earns from NTF revenue sharing programs with the IARs.) SE credits the amount of 12b-1 fees and NTF revenue sharing earned in ERISA accounts back to the clients.

SE can execute many mutual fund trades through NFS without incurring a ticket charge (NTF funds). In such circumstances, SE does not charge the clients the $10 service fee which it otherwise charges. Certain NTF funds participate in a program devised by NFS which NFS calls an NTF Managed Account Program. When SE clients purchase funds that participate in this program, SE receives the 12b-1 revenue (paid by the mutual fund companies to NFS and through NFS to SE.) These typically pay 25 basis points or less but can vary widely depending on the fund. (Note that many mutual funds which are not NTF funds also pay 12b-1 fees to SE in similar amounts. The material difference is that the clients also incur $10 service fees for trades in such funds.)

Other NTF funds participate in a program devised by NFS which NFS calls its NTF Mutual Funds Program. SE refers to this program as "NTF revenue sharing". For funds that participate in this program, NFS pays SE revenue based on the average "buy ticket" size of trades in eligible funds during the calendar month. If the average trade size in eligible NTF funds in a calendar month is between $10,000 and $24,999.99, SE receives 8 basis points in revenue on all eligible assets (including those purchased in prior months). If the average trade size in a given month is larger than that, NFS pays SE 10 basis points in revenue on the eligible assets. If the average ticket size in eligible funds is lower than $10,000, however, SE receives no NTF revenue for that month (even for positions which may be eligible in prior and subsequent months).

A basis point is 1/100th of 1%. So, a $5,000 value trade in an NTF fund that pays 25 basis points in 12b-1 trails generates revenue to SE of $12.50 annually, if the position is held that long. If the same trade is eligible for NTF revenue sharing instead of 12b-1 fees, SE could earn up to $5 annually on the same investment, depending on the average ticket size for all eligible buy trades during the next 12 months. In both cases, the client saved the $10 service charge. (If the fund is not an NTF fund and pays trails, SE will receive the service charge and the 12b-1 fees.)

The IMC selects the securities it determines are most likely to enhance the performance in the Summit Managed Portfolio programs without regard to whether there is a service charge, 12b-1 fee, NTF revenue sharing arrangement or otherwise. Although the IMC considers fund (and the share class) expense ratios as part of its due diligence when selecting mutual funds to include in the Managed Portfolios, it does not limit its selection of funds to NTF funds, since the expectation is the positions will be held long term and the service charges are not expected to be significant. Moreover, NTF funds often have higher expense ratios than non-NTF funds, among no-load funds. The IMC believes these arrangements do not adversely impact their product selection. Nonetheless, the fact these compensation arrangements exist create conflicts of interests.

The IARs have conflicts in selecting securities for the SAA and FMAs, too, since they can influence the selection of securities. In general, the Managed Portfolio accounts use a higher percentage of passive investments (which do not generate 12b-1 fees or NTF revenue sharing) than the SAAs. SE believes this is due to the IARs' research into the selected allocations as a means to meet their clients' objectives but acknowledges that the IARs are also incentivized to recommend investments which provide higher total payouts. In 2016, based on assets, 12b-1 fees on SAA and FMA assets custodied at NFS was less than 2 basis points (0.00017%) higher than in the Managed Portfolio accounts.

In 2016, SE earned less than 1 basis point (0.000022%) in NTF revenue sharing on all accounts custodied at NFS.

For assets managed under the Envestnet platform, the Envestnet Platform Managers have sole investment discretion. SE earns 12b-1 fees and NTF revenue on these assets but does not influence the Platform Managers' individual investment selection. In addition to advisory fees, accounts in the Envestnet Program pay an annual asset based custody fee, between 5 and 25 basis points, based on account size, with a minimum fee of $425 per year.

SE participates in a Transfer Cost Credit Program with NFS where NFS will reimburse SE 4 basis points (0.04%) of certain assets relating to moving new registered representative client assets to NFS. This creates an incentive for SE to encourage IARs who join SE to transfer client assets to NFS rather than a different custodian.

Through NFS, SE is also eligible to receive revenue sharing/rebates on money market positions held at NFS, although in the current low interest rate environment, those payments have been suspended.

Some products, such as direct investments, pay concessions or marketing fees to SE and its IARs. These are disclosed in the issuer's offering materials. Generally, if SE receives an up-front charge in its capacity as a broker (whether a sales load, placement fee, dealer concession or otherwise) for an investment purchased through one of SE's fee-based advisory programs SE will waive the advisory fee on the position in the amount paid as an up-front charge.

SE does not participate in any revenue sharing arrangements directly with mutual funds. The only revenue sharing arrangements are through NFS, as SE's clearing broker, and as disclosed in Item 6.

SE endeavors to use the lowest cost share class available to the client. In the past, B or C Class shares classes were used from time to time. Some B or C share accounts continue to be managed, but generally no such shares are purchased for clients, except for smaller accounts and when approved by the client. Further, those assets are excluded from management fees. Many mutual fund companies have offered newer, lower-cost share classes in recent years that are available to fee-paying advisory clients. SE periodically reviews its holdings in order to convert higher cost shares to lower cost shares, if available, and endeavors to offer clients the lowest eligible share class. Even so, SE cannot ensure that all clients will hold the lowest cost shares at any given time. Further, some TPMs are more careful about utilizing the lowest cost share class than others.

Except as noted herein, SE does not credit the clients' advisory accounts for amounts received from other parties.

As part of a financial plan, an IAR may recommend changes to a client's insurance coverage. If clients request their IAR assist them in implementing the recommendations in a financial plan, the IARs, in their capacity as insurance agents, may suggest insurance products, which will generate commissions to them. Most of SE's IARs have the ability to place insurance as brokers through many insurance companies, including American International Group, Guardian, Lincoln National, MetLife, New York Life, Penn Mutual, Principal, Prudential and William Penn and/or as agents or brokers of Mass Mutual. The IARs often access these insurance products through Summit Risk Management (SRM), an affiliate of SE, which operates as a Mass Mutual General Agency, or through unaffiliated agencies, including ASH Brokerage and Stonegate Brokerage, among others. Even though the insurance products are typically not included in an advisory program, clients are advised that some of these insurance carriers pay allowances and benefits to some of the agents and brokers (which include trips, training support, educational conferences among other benefits), which vary considerably from year to year. Mass Mutual regularly supplements these benefits by paying SRM (an affiliate of SE) and the IARs (who are insurance agents) additional allowances and benefits (including subsidies on health insurance and retirement contributions). All of these allowances and benefits are customary in the industry and are in addition to the commissions generated on insurance sales and are based on the volume of business they conduct on an annual basis. These payments are significant to the revenue of the SE affiliates and to the IARs. Although this arrangement creates a conflict of interest and incentivizes IARs to recommend that clients use Mass Mutual or other insurance carriers which provide higher compensation, IARs who sell insurance recommend insurance carriers based on what they believe is appropriate for the client. The Director of Insurance also monitors insurance recommendations to mitigate these conflicts.

If there is little or no trading activity in an account, it is possible a client may pay more in advisory fees than commission charges if the account was a non-managed account.

Commissions are not SE's primary source of compensation.

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

SE does not assess performance-based fees or other fees based on a share of capital gains on or capital appreciation of assets of a client, although a small percentage of assets are held with fund of hedge fund managers through SAAs that share part of their performance fees with SE. In 2016 the aggregate revenue from these sources was extremely modest and amounted to less than 0.0004% of SE's total revenue. If you have questions about a particular investment, please contact your IAR or us at *compliance@sfr1.com*. This is the only revenue sharing in which SE participates, other than through NFS.

Item 7. Types of Clients

SE generally provides investment advice and/or management supervisory services to the following types of clients:

- Individuals
- High Net Worth Individuals
- Corporations and/or Business Entities
- Pension & Profit Sharing Plans
- Charitable Organizations

Minimum Account Size

Managed accounts may be subject to minimum account size. The Managed Portfolios have minimum account sizes ranging from $10,000 to $100,000, which can be waived at SE's discretion. Some TPMs have minimums of $100,000 to $1,000,000. Any minimum account size is outlined in the investment management agreement entered into by the client. Exceptions to minimum account size requirements may be negotiated.

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

Methods of Analysis

As discussed in Item 4, SE and its IARs primarily recommend investments in ETFs, mutual funds and publicly-traded MLPs in the Managed Portfolio, SAA and FMA programs. They also recommend certain outside managers in the TPM program. The analysis for these securities and managers is conducted in the following way.

Managed Portfolios and Certain TPMs - Members of the IMC conduct due diligence on securities, investment managers and strategies for Managed Portfolios and certain TPMs. While any or all sources of information may be used, the IMC's principal sources of information include (i) fund databases; (ii) financial publications; (iii) management interviews and contacts; (iv) industry trade association statistics; (v) government data; (vi) capital markets data; and (vii) third party research materials that analyze the overall investing landscape as well as specific market sectors and strategies. As appropriate, the IMC also reviews materials supplied by the investment managers including annual reports, factsheets, presentations, fund prospectus/offering memorandum, performance and related investment data, if available. When reviewing the investment strategy and process, performance, risk management and expenses of a prospective investment, the IMC evaluates some or all of the following items, among others:

- Are the assets under management large enough to efficiently manage a diversified portfolio but small enough to navigate supply constrained market sectors;
- Is there a stable investment team with the experience and depth required by the investment strategy;
- Is there consistency of the investment objective and the strategy followed;
- Is there a clearly defined investment style and management process;
- Is there a well-designed benchmark index (*e.g.*, universe of securities, weighting methodology);
- Does the organization have a disciplined management of risk exposures (*e.g.*, market, interest rates, credit, inflation, currency, liquidity);
- Is there attractive absolute and risk-adjusted performance, consistent with return and risk objectives. A track record from a different but similar investment vehicle may be used to evaluate performance;
- Are volatility and returns during market drawdowns consistent with risk exposures;
- Are there positive or neutral supply/demand trends and investor sentiment;
- Are the investment characteristics (*e.g.*, geography, industry sectors, valuation, capitalization range, credit quality) consistent with the investment mandate;
- Are the types of securities that may be held in the portfolio sufficiently liquid and well understood (i.e., in line with the specific mandate);
- Are the costs, including management fees, operating expenses, sales fees and administrative expenses, marketing expenses, etc., reasonable (i.e., moderate or low for the specific mandate);
- Is the product structure attractive and what are the potential tax implications.

SAA, FMA and SEI Mutual Fund Portfolios – Given the number of IARs providing advice at SE, the methods of analysis, investment strategies and investment selections will vary based upon the individual IAR providing the advice. As noted in Item 4, in the SAA, FMA and SEI Mutual Fund Portfolios programs, IARs are not limited to using securities which have been reviewed by the IMC. IARs may conduct their own research and due diligence when making a securities recommendation. Several tools available to IARs include (i) Morningstar; (ii) Fi360; (iii) Bloomberg; (iv) financial publications; and (v) other sources to construct portfolios and research track records and fundamentals regarding the particular investments recommended.

Investment Strategies

Certain strategies and investment products pose different risks and are subject to additional due diligence, as detailed below.

ETFs: Shares in an ETF can be traded throughout the day on an exchange and are bought and sold at a market price that may differ from Net Asset Value (NAV). When conducting due diligence on ETFs, members of the IMC review additional data on liquidity and trading costs, often including:

- Tracking error versus the benchmark index (for passive ETFs);

- Premium/discount between the market price of the shares and NAV;
- Bid/ask spread;
- Trading volume.

Active Strategies: Active investment strategies (including open-end mutual funds and certain TPMs) seek to outperform a benchmark by selecting a portfolio of securities that differs from the benchmark portfolio. Active strategies involve manager risk and are typically more expensive than passive strategies that track benchmark indices. When conducting due diligence on active strategies, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the investment strategy's portfolio management team. Additional factors evaluated by members of the IMC during the due diligence process include:

- Understanding the investment guidelines and discretion given to the investment team;
- Understanding the current risk/reward environment for taking on active risk exposures;
- Reviewing performance versus a universe of similar strategies;
- Considering investment tools that may be used (*e*.g., leverage, derivatives, shorting);
- Reviewing whether return premium compensates for active portfolio management and trading expenses.

The IMC looks at the experience and track record of the manager of each mutual fund and ETF utilized in the Managed Portfolios as well as certain TPMs in an attempt to determine if that manager has demonstrated reasonable results and an ability to invest over a period of time and in different economic conditions. The IMC also monitors these mutual funds, ETFs and TPMs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund, ETF or TPM analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as the IMC does not control the underlying investments in a mutual fund, ETF or TPM, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund, ETF or TPM which could make the holding(s) less suitable for the client's portfolio.

Master Limited Partnerships (MLPs): MLPs are limited partnerships that are publicly traded on exchanges. Many MLPs provide exposure to a commodity-related industry such as oil and gas. Unlike ETFs and mutual funds, which provide exposure to a basket of issuers and are managed by a professional investment manager, MLPs are individual operating companies, much like equities. Not all MLPs are profitable or pay distributions to investors. The SE investment team screens the universe of MLPs to identify large, liquid securities that pay distributions.

Investment Platform Due Diligence -TPMs: SE and its IARs also recommend some investment platforms that provide integrated portfolio management, administration and reporting. These investment platforms typically offer asset allocation portfolios designed to meet different investment objectives and a broad array of separately managed accounts (SMAs) and investment funds. These platforms are supported by investment specialists in asset allocation, portfolio construction and manager due diligence as well as technology platforms that facilitates custody, trading, tax management and reporting.

While members of the IMC conduct due diligence on the investment platforms to validate their business models, ability to identify and access attractive investment managers to the platform and the costs of the platform compared to direct investments, the IMC typically does not conduct diligence on the actual TPMs offered on the platform. When conducting due diligence on investment platforms, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the management team. The investment platforms offer a wide spectrum of investments with different asset classes, strategies and risk exposures. Depending on the TPM's internal due diligence processes, the IMC may rely heavily on the due diligence performed by the investment platforms and often conducts additional screening on the TPM's available investments to identify strategies that are suitable for a particular client's objectives, risk tolerance and other preferences.

Additional Investment Strategies

Some IARs may supplement SE's primary strategies by providing access to alternative investments – including non-traded REITs, hedge funds and funds of hedge funds. Although this is often done in its capacity as a broker, not an investment adviser, sometimes these investments will be managed as part of an SAA or FMA program.

Non-Traded REITs: The IMC screens potential investments in non-traded REITs to eliminate those securities that primarily invest in debt or in speculative areas of the real estate markets. Non-traded REITs have limited liquidity with no available market price and the underlying properties are valued infrequently. In addition, management practices differ markedly from public REITs. Dividends may be paid out of offering proceeds and borrowing if operating cash flow is not sufficient. The property portfolio is typically a "blind pool," that is, built up over time. When conducting due diligence on non-traded REITs, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the REIT's management team. Additional factors typically evaluated by members of the IMC during the due diligence process include:

- Sponsor/advisor track record managing prior REITs through a successful liquidity event;
- Conflicts of interest that may result from the relationship between the REIT sponsor and the advisor;
- Other real estate investments controlled by the sponsor that may compete for new acquisitions or tenants;
- Pace of capital raising and expected timeframe until the offering is closed to new investments;
- Size and timing of the management team's investment;
- Investment opportunity (*e.g.*, supply/demand trends, valuation of private vs. public markets);
- Timing of the investment in the commercial real estate market cycle and current capitalization rate trends;
- Diversification and quality of property portfolio (*e.g.*, occupancy rate, average remaining lease terms, tenants credit quality);
- Investment limits (international properties, leverage) are reasonable;
- Leverage is in line with industry peers;
- Ability to sufficiently access capital markets for financing needs;

- Dividends are materially covered by Modified Funds From Operations (MFFO);
- Dividend payments are consistent with capitalization rates provided by the underlying investments and target leverage;
- Offering, operational and liquidation fees are not excessive and are competitive with evolving industry practices.

Alternative Fund of Funds: Hedge funds and commodity pools are complex investments that often entail greater risks than traditional strategies. Hedge funds and commodity pools may utilize a variety of techniques including the use of leverage, derivatives and short sales and may exhibit a wider range of returns than traditional investment strategies. In addition, hedge funds and commodity pools may invest in less liquid investments, have investment terms that limit liquidity and charge higher fees including performance-based fees.

SE typically recommends alternative funds of funds that research, select and build portfolios of underlying funds, thereby providing an added layer of due diligence compared to investing in funds directly. This approach provides exposure to a diverse group of managers and strategies which may help to mitigate manager risk. Fund of funds typically charge a layer of fees that are in addition to the fees charged by the underlying managers. Members of the IMC conduct due diligence on alternative fund of funds to identify specialist teams that have appropriate knowledge of the universe of managers and strategies, good relationships with alternative managers and a portfolio construction and manager selection process that is consistently applied. When conducting due diligence on alternative fund of funds, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the portfolio management team. Additional factors typically evaluated by members of the IMC during the due diligence process include:

- Criteria for hiring and firing managers;
- Frequency of manager turnover;
- Trends in assets under management;
- Fee arrangement with the underlying funds;
- Portfolio construction and rebalancing;
- Views on identifying and managing commonalities between managers (i.e., position or overlap exposure);
- Understanding of the current risk/reward environment for taking on active risk exposures;
- Performance versus a universe of similar strategies;
- Investment tools that may be used by the underlying funds (*e.g.*, leverage, derivatives, shorting);
- Return premium that compensates for the additional layer of fees;
- Operational controls; and
- Major service providers (e.g., accounting, auditing, administration).

Investment Platform Due Diligence—Alternative Investments: SE and its IARs also recommend investment platforms that provide access to alternative strategies such as hedge funds. These platforms are supported by a deep bench of alternative investment specialists that conduct due diligence encompassing the investment and operational risks of the investment funds available on the platform. In some cases, these efforts are outsourced by the platforms to third parties. This independent due diligence bolsters the efforts of the IMC. These platforms provide access to alternative investments that are sometimes only directly available to large institutional investors and utilize technology that facilitates investment execution and reporting. Members of the IMC conduct due diligence on alternative investment platforms to validate their business models, ability to access attractive hedge funds to the platform and the costs of the platforms compared to direct investment. This review covers platform documents, the due diligence reports provided by the platform, fund performance and investment terms such as fees and liquidity. When conducting due diligence on alternative investment platforms, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the management team. The IMC may select a small group of investment funds with specific characteristics from the larger universe of funds available on the platform.

General Risks

Although the IMC and IARs consider many risks before recommending a security or investment manager to clients (or investing on their behalf), there are a myriad of circumstances which may cause the investments to lose value. Their assessment of any investment manager or security's likely future performance is inherently a prediction and it is subject to uncertainty and risk that the outlook might prove wrong. An outcome contrary to what the IMC or IAR anticipated may arise from a number of factors, such as: an erroneous assessment of the value offered by the investment manager/security, a change in strategy by the selected manager, market changes, unanticipated changes to interest rates or the tax code, among others.

SE's IMC and IARs invest in and recommend securities they believe to be appropriate for the client based on an understanding of the client's investment objectives and risk tolerance. Summarized below are relevant risks broadly relating to the types of securities SE primarily invests in for client accounts; however, securities may be subject to additional risks specific to that security or issuer. Clients are strongly encouraged to review the prospectus disclosures and offering documents relating to the securities held in their portfolios if they have any questions, as these documents discuss in more detail the risks relating to the particular product. Additional information regarding the general characteristics and risks relating to the types of securities that SE primarily invests in for client accounts are explained in SE's "Product Risk Disclosure" document posted on SE's website at *www.summitequities.com*. Clients with additional questions regarding a particular security should contact their IAR.

If there is little or no trading activity in the account, it is possible a client may pay more in advisory fees than commission charges if the account was a non-managed account.

Specific Risks

Clients participating in the Managed Portfolios should understand the underlying holdings within the Managed Portfolios (mutual funds, ETFs and MLPs) involve risk and the potential of loss. Money markets used in Managed Portfolios are generally considered low risk but are not guaranteed and may be subject to loss and or change in market value. Mutual funds and ETFs often provide diversification but may be concentrated in a particular asset category or class within a category. Investments in funds impose risk due to exposure to economic forces or factors for which the future is uncertain. Some of these are unique to individual funds, but many are common to many funds. Thus, a U.S. stock fund will typically move to a greater or lesser extent with the overall U.S. stock market. A fund's risk depends on how closely its return is coupled with given indexes, the riskiness of each index and how closely the indexes tend to move together.

The level of overall investment market diversification will vary depending on the Managed Portfolio or Managed Portfolios used as well as the underlying exposures of the underlying funds or MLPs. The risk in a Managed Portfolio or collection of Managed Portfolios is a function of the underlying asset classes utilized and the particular weighting of the Managed Portfolios if more than one is used to meet the portfolio design. Further, all investment strategies involve risk and the investment performance and success of any strategy cannot be predicted or guaranteed. Past performance should not be used to forecast future result.

Hedge funds are speculative in nature and may use leverage or other aggressive investment practices. As a result, client returns may be highly volatile, and clients may lose all or a portion of the investment in the fund. Clients who invest in commodities (through hedge funds that specialize in this asset class) should know that commodities are subject to world events, liquidity, shifting market preferences, trade signal disruption, supply/demand imbalances, currency movement and many other things that cannot be successfully predicted, but do have a significant impact on future results.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

This list of risks is not exhaustive. When clients invest in mutual funds, ETFs, UITs and newly issued municipal bonds, for example, they receive prospectuses and official statements which identify the risk factors associated with those securities and issuers. Clients are encouraged to review such disclosure documents. Similarly, clients are encouraged to review the offerings documents for private investments and the investment advisory brochures for all TPMs for additional risk disclosures. Please contact your IAR or *research@sfr1.com* if you have questions about your investments.

Item 9. Disciplinary Information

On May 1, 2017 Summit finalized the terms of a settlement with FINRA relating to two matters. Without admitting or denying the allegations, Summit consented to an Acceptance, Waiver and Consent with FINRA in which FINRA asserted and found that (i) from 2001 – 2012 Summit failed to reasonably supervise one of its registered representatives who sold securities through a different brokerage firm that was unaffiliated with Summit, which FINRA deemed to be in violation of NASD Rules 3010, 3040 and 2110 and FINRA Rule 2010; and (ii) from 2011 – 2015, Summit failed to reasonably supervise and train its registered representatives regarding multi-share class variable annuities, or have sufficient written policies regarding such products, which FINRA deemed to be a violation of NASD Rules 3010(a) and (b), and FINRA Rules 2330(d) and (e), 3110(a) and (b) and 2010. Summit agreed to pay a fine of $325,000 and to a censure.

Summit notes that the representative who sold securities through the other brokerage firm is no longer associated with Summit. Further, even though Summit did not provide the guidance regarding multi-share class VAs, Summit's RRs are professional financial planners who were qualified to, and did, make appropriate suitability determinations regarding the share classes they recommended to their VA clients. Finally, Summit has significantly expanded and enhanced its management, compliance, supervisory and legal personnel as well as its overall compliance and supervisory structures and training programs since the conduct that gave rise to the violations.

Item 10. Other Financial Industry Activities and Affiliations

SE is registered as a broker-dealer with the Financial Industry Regulatory Authority (FINRA) and the Securities Exchange Commission (SEC) as in investment adviser. As noted above, most SE management persons and its IARs are also registered representatives with FINRA. SE is also associated with other affiliates which have overlapping employees and clients and which may receive fees, commissions or other remuneration from non-clients which may be the result of a sale or product or service by the affiliate to the client.

Summit Financial Resources, Inc. – SFR is a New Jersey corporation which is an SEC registered investment adviser and whose sole business is that of providing financial and planning services for a fee to individuals, partnerships, corporations, trusts and estates. Such services may include planning and/or consulting in the following areas: investments, income tax, estate, insurance, cash flow, fringe benefit, college funding, pension, retirement, business continuity and consulting. Many of SFR clients are also clients of SE. This is the same type of financial planning provided by SE, as described in Item 5, above. All persons associated with SFR are also associated with SE.

Summit Risk Management, Inc. – SRM is a New Jersey corporation and is licensed to sell various insurance products and may earn commissions or remunerations on such products. Many of the clients of SRM are also clients of SE. Most persons associated with SE are also associated with SRM. All SE IARs are insurance brokers through SRM.

Selection of Other Investment Advisers

As detailed in Item 5 above, in its capacity as a broker or insurance agent, SE and its affiliates receive fees, commissions and other remuneration from non-clients including mutual fund companies, insurance companies and NFS which may be the result of a sale or product or service by the affiliate to the client.

As noted in Item 4, SE may recommend TPMs as providers of investment management services for clients. SE's fee is typically added to the fee charged by the TPM. This relationship and the fees are usually disclosed in each contract between the client and each TPM or in a separate agreement between the client and SE. This practice theoretically creates a conflict of interest in that the IAR has an incentive to direct clients to those managers who provide SE with a larger fee split. Some TPM programs provide higher payouts to the IARs than SE's other advisory programs, but it will depend on the fee agreement negotiated between the client and the IAR. It is not necessarily determinable in advance whether utilizing any particular TPM will generate more revenue to SE or the IAR than other advisory platforms, particularly since most TPMs do not generate 12b-1 revenue.

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

SE believes it owes clients the highest level of trust and fair dealing. As part of its fiduciary duty, SE endeavors to put the interests of its clients ahead of the interests of the firm and its personnel. SE has adopted a Code of Ethics that emphasizes the high standards of conduct the firm seeks to observe. SE personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

SE's Code of Ethics attempts to address specific conflicts of interest it has identified or that could likely arise. SE personnel are required to follow guidelines in areas such as prohibitions on insider trading, personal securities transactions, conflicts of interest, gifts, confidentiality and privacy, compliance procedures, certification of compliance, training, record keeping and adherence to applicable securities laws.

Clients may request a copy of SE's Code of Ethics by contacting (973) 285-3670 or by emailing *compliance@sfr1.com*.

Personal Trading Practices
SE associated persons are not permitted to acquire beneficial ownership of any securities in an initial public offering (IPO) or purchase any private placements without the prior written approval of SE's Chief Compliance Officer. SE does not require pre-clearance for personal securities transactions other than IPOs or private placements.

SE does not hold or trade securities for its own accounts, although from time to time, representatives of SE may trade in securities for their own accounts that they also recommend to clients, and they also trade in different securities that they do not feel are appropriate for certain clients (this includes related securities, such as warrants or options). The conflict presented in this practice could lead to an IAR purchasing or selling a security in advance of a client and receiving a better price. Summit monitors such transactions to look for potential conflicts of interest and to ensure that representatives of SE transact client business before their own when the same securities are being bought or sold at the same time.

Item 12. Brokerage Practices

Ticket Charges
SE's clearing and custody broker-dealer is NFS. NFS was chosen, in part, based on its relatively low transaction fees, quality of execution and access to mutual funds and ETFs. As noted above in Item 5, for most advisory trades executed by SE at NFS, SE charges a flat service fee of $10 for mutual fund and equity trades (not including standardized options and limit and stop orders), and $22 for bonds and UITs trades. These charges appear on each transaction confirmation as service fees. SE receives a suite of services from NFS, pursuant to its clearing agreement, but does not receive benefits outside of the clearing relationship from NFS or from any other broker. Nor does SE receive referrals from a broker dealer or third party in exchange for using that broker dealer or third party to execute trades.

As noted above, SE routinely recommends but does not require clients to execute transactions through SE as the broker of record, except in the Managed Portfolio and SAA programs (for most security types). For accounts on the SEI programs, SEI directs most trades and the transaction charges are bundled with its fees. Trades directed by the IAR in securities other than SEI funds incur transaction charges unless waived by SEI (through its no-transaction fee platform or otherwise). Such charges are typically $.03/share for equities with a $15.00 minimum, and $35.00 for mutual funds.

Trade Allocation

SE combines or "batches" Client trades in the Managed Portfolios Program when it executes changes to the models if it determines it is in the best interest of its clients to do so. When trades are batched, the transactions will be averaged as to price and typically will be allocated pro rata among the SE clients invested in the particular the Managed Portfolios Program(s) that participated in the batch trade. Transactions for each client in SAA and FMA Programs will be effected independently as will trades in Managed Portfolios Program that are not initiated by the Investment Management Committee (such as when clients deposit or withdraw funds from an account.)

Best Execution

SE maintains a fiduciary duty to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it is a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market and the specific needs of the client.

SE's primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution and broker skill. Based on these criteria, the firm may not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker.

SE routinely routes order flow to NFS and relies on the executing broker's regular and rigorous best execution review as permitted in accordance with FINRA Rule 5310. SE periodically evaluates the extent to which clients receive best execution and price improvement to ensure the services provided by SE, as the introducing broker, remain competitive and are in the best interest of the firm's clients. For fixed income orders, in order to provide best execution, SE typically seeks bids from several executing brokers. SE does not receive any investment research and/or services in connection with directing orders to any executing broker.

Soft Dollar Arrangements

SE does not engage in soft dollar arrangements.

Item 13. Review of Accounts

Managed Portfolios are reviewed on a continuous basis at the direction of the Co-Chief Investment Officers. TPMs, SAA, FMA and SEI Mutual Fund Portfolios are reviewed on a continuous and regular basis by the IAR providing supervisory services to the account. The Outside Investment Monitoring accounts may be reviewed on a regular or on a periodic basis – as determined by the client and IAR at inception of the relationship. Additional reviews may be triggered by material market, economic, or political events, or by changes in client's financial situations, such as retirement, change in employment or marital status, physical move, inheritance or other life events.

Each client will receive written reports from the custodian that detail the client's positions and activity. Many IARs also provide their clients with periodic performance reports, which may show performance across multiple accounts within a household. Clients are advised to always compare those reports to the ones provided by the qualified custodians, which are the official records of the accounts.

Item 14. Client Referrals and Other Compensation

Economic Benefits Provided by Third Parties for Advice Rendered to Clients

SE and its IARs receive economic benefits from third parties in a number of ways. Many of those are addressed in Item 5, above.

Generally, IARs are compensated through SE on a percentage of the fees (but not transaction charges) charged to the clients' accounts (often referred to as a "grid" or "net" payout). The payout percentage varies based upon the advisory program or TPM selected. Moreover, IARs with higher total revenue generally receive higher "grid" payouts. Most of the revenue paid to SE from clients as well as third parties (as detailed above) are also split with the IARs. For example, IARs earn a percentage of the 12b-1 trailing revenue from mutual funds, identified in Item 5 in the same proportion as the grid. (In contrast, SE does not split NTF revenue sharing with the IARs.) Additionally, SE affiliates and many IARs receive significant allowances from Mass Mutual or other insurance companies, as discussed in Item 5. SE retains a portion of the investment advisory fee before applying the IAR's commission grid to calculate the IAR's compensation. On several of the asset management programs, the amount retained by SE is smaller than others. In some cases, such as with SEI, nothing is retained and the IAR's compensation is based on the entire investment advisory fee. This creates an incentive to IARs to steer clients to programs which generate higher revenue to them, although SE believes the IARs focus on each client's specific needs in recommending an advisory program or combination of programs.

IARs often receive other types of support from third parties, primarily mutual fund companies, TPMs and sponsors of alternative investments and variable annuities. These payments may be made to IARs in their capacity as securities or insurance brokers or as insurance agents, not as IARs. These payments frequently include reimbursement for marketing costs (such as paying for client meetings or mailing expenses). These tend to be modest and are often a few hundred dollars. The firms may also pay for travel and attendance at due diligence meetings, conferences, client relationship building events and other events that benefit the IAR by educating them about the sponsors' products and services and support provided to clients. These types of reimbursements are intended to result in the IARs' promotion of their investment products and create an incentive for the IARs to steer clients to invest with sponsors who deliver these economic benefits.

As noted previously, SE also has agreements whereby it gets solicitation fees for referring clients' assets to be managed by such TPMs. The IARs typically provide advisory services in connection with those assets as well.

Compensation to Non-Advisory Personnel for Client Referrals

SE compensates its own IARs as well as some third parties for client referrals. Terms of the compensation for third parties are disclosed to the client at the time of the solicitation and upon request.

Item 15. Custody

The SEC defines custody as holding client funds or securities, directly or indirectly, or having the authority to obtain possession of them. For example, advisers are deemed to have custody where the adviser can transfer a client's assets, even with written or oral permission from the client, unless certain conditions are met as detailed by the SEC in an FAQ. SE does assist clients with asset transfers from their accounts at NFS or some of the other custodians (such as mutual fund companies and the custodians selected by the TPMs) which actually hold the assets. Therefore, it is deemed to have custody over certain assets. For those assets, SE is obligated to adhere to additional safeguards which include ensuring the assets are maintained with a "qualified custodian" (a legal term by the SEC), notifying the clients of the name and address of the qualified custodian, having a reasonable belief the qualified custodian sends statements no less than quarterly and engaging an independent public accountant to examine those assets on a surprise basis every year. The accountant performing the "surprise" examination will contact some of SE's advisory clients to confirm their holdings with those listed on the records of the adviser. SE is also deemed to have custody with respect to certain of its assets because it can deduct advisory fees from those accounts.

SE urges clients to compare the account statements they receive from their account custodian with any performance report or statements SE or its service providers may create for them.

Item 16. Investment Discretion

SE has discretionary authority over the accounts invested in the Managed Portfolio Program. The IMC determines the securities to be bought or sold, the amount of securities to be bought or sold and the timing of the purchases and sales of the securities.

For FMAs and certain Outside Investment Monitoring accounts the IAR determines the securities to be bought or sold, the amount of securities to be bought or sold and the timing of the purchases and sales of the securities.

For discretionary accounts, SE endeavors to use the lowest cost share class available to the client.

The exercise of discretion is noted in the investment management agreements signed by the clients.

Item 17. Voting Client Securities

SE will not request or accept voting authority for clients. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18. Financial Information

Firms that require clients to prepay fees of $1,200, six months or more in advance, must include a copy of an audited balance sheet in their IA brochures. A small number of SE's clients do pay this amount in advance. Below is an audited statement of financial condition of Summit Equities, Inc. as of December 31, 2016, excluding the notes. The audit was conducted by WithumSmith+Brown, PC in accordance with the standards of the Public Company Accounting Oversight Board and included examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statement. The audit also included assessment of the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation. The audit opinion was dated February 24, 2017.

STATEMENT OF FINANCIAL CONDITION
12/31/2016

ASSETS		
Cash and cash equivalents	$	3,046,090
Receivable from clearing organization and other receivables.		3,688,973
Furniture, Fixtures and Equipment, net		399,041
Total Assets		$ 7,134,104

LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts Payable to clearing organization	$	95,785
Current Liabilities		3,202,773
Long Term Liabilities		75,752
Total Liabilities		3,374,310
Stockholders' equity		
Common stock, no par value, Class A; authorized 1,250 shares; 60.720 issued and 39.250 shares	$	7,500
outstanding		15,178
Class B; non-voting; authorized 1,250 shares; 166.060 issued and		
Additional paid-in capital		1,137,172
Retained earnings		3,536,802
Treasury stock, 21.470 shares of Class A held at cost		(332,320)
Treasury stock, 38.400 shares of Class B held at cost		(604,538)
Total stockholders' equity		3,759,794
	$	7,134,104