

**Part 2A Appendix 1 of Form ADV**

**Wrap Fee Program Brochure**

**Merit Financial Group, LLC**

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**December 15, 2023**

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Merit Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer by telephone at (678) 867-7050 or email at [compliance@meritfa.com](mailto:compliance@meritfa.com). 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 Merit Financial Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Merit Financial Group, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Wrap Fee Program Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## Item 2: Material Changes

This document includes material updates to the firm's Brochure that have occurred since the last annual amendment was filed on March 31, 2023. These material changes relate mainly to recent acquisitions and may not be material to all of the firm's clients. Each of the material changes is described in more detail below.

### October 9, 2023

- We amended Item 10 to include a new heading "Preferred Units Purchase Agreement" to disclose that we entered into a purchase agreement and disclosed certain conflicts of interest associated with this arrangement and how we intend to mitigate them.

### December 15, 2023

- We amended Item 4 with language in the *Financial Wellness Program* paragraph of this section to disclose the ownership conflict of interest associated with a specific financial wellness program offered by certain Merit Investment Adviser Representatives ("IARs").
- We also amended Item 4 in the *Tax-Exempt Marketplace Services* paragraph of this section to include the services to employees of public-school systems and tax-exempt 501(c)(3) organizations for their retirement accounts through their employer custodied at TIAA.

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## Item 4. Services, Fees & Compensation

### General information

Merit Financial Group, LLC (hereinafter “Merit,” “the Firm,” “we,” “our,” or “us”) was established as an SEC registered investment advisory firm in 2007. Our mission is to provide coordinated, objective advice to help you achieve your financial goals through professional wealth management. We provide our clients with a wide array of advisory services, including asset management, financial planning, retirement plan advice, participant and other consulting, employee wellness programs and educational workshops.

Merit Holdings, LLC is the ultimate owner of Merit Financial Group, LLC. Merit Intermediate Holdings, LLC, is principal owner of Merit Holdings, LLC. In addition, WPCG Management InvestCo 2.0, LLC (“WPCG”), an affiliate of Wealth Partners Capital Group, LLC (“Wealth Partners”) and Catapult Investments, LLC (“Catapult”), a subsidiary of HGGC, LLC (“HGGC”) (collectively, “Indirect Owners”), through their ownership interest in Project Alpha Acquisition, LLC (“Alpha”) hold an indirect equity interest in Merit Financial Group, LLC (“Merit”). The Indirect Owners’ interest in Merit is structured so that Merit maintains operational autonomy in managing its business. The relationship between the Indirect Owners, Alpha and Merit is defined by an operating agreement that provides that neither the Indirect Owners nor Alpha have the authority or the ability to operate or manage Merit’s business in the normal course. Accordingly, the Indirect Owners and Alpha are not “control persons” of Merit. Wealth Partners also holds equity interests in certain other investment advisers (“WPCG Affiliates”) and HGGC may, from time to time, hold equity interests in other investment advisers and/or financial services industry members (“HGGC Affiliates”) (collectively, “Indirect Affiliates”). Each of the Indirect Affiliates, including Merit, operates autonomously and independently of the Indirect Partners and each other. Merit does not have any business dealings with these Indirect Affiliates and does not conduct any joint operations with them. Merit carries out its asset management activity, including the exercise of investment discretion and voting rights, independently of the Indirect Affiliates. Except as described in this Form ADV, the Indirect Affiliates do not formulate advice for Merit’s clients. In certain cases, managers and products selected by Merit may include those of Indirect Affiliates. However, none of the Indirect Owners or Indirect Affiliates have any involvement or influence in Merit’s selection of managers and/or products. As such, the Indirect Owners’ ownership interest in Merit through Alpha does not, in Merit’s view, present any material conflict of interest for Merit with respect to its clients. Consequently, information about individual Indirect Affiliates is not listed in Section 7.A of Schedule D of Part 1A of Form ADV. A list of all Indirect Affiliates is available to Merit clients upon request.

The firm also has a network of offices that provide advisory services under local *doing business as* (“DBA”) names. We provide investment advisory services to clients through licensed individuals who are Investment Adviser Representatives of our firm (referred to as your “investment adviser representative” or “IAR” throughout this brochure). Your investment adviser representative could be an independent contractor of our firm. Investment adviser representatives may have their own legal business entities whose business names and/or trademarks may appear on marketing materials as approved by us, or on client statements as accepted by your account’s custodian. Clients should understand that these businesses are legal entities of the investment adviser representative and not of our firm or the custodian. A complete list of our approved DBA names can be found by searching for Merit Financial Group, LLC CRD# 142457 at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Merit is the sponsor of a wrap fee program (the “Wrap Program” or “Program”). Clients who participate in the Program pay a consolidated fee (“wrap fee”) that includes both the investment advisory fee and transaction execution costs. The wrap fee is based on a percentage of the value in the client’s account in the Program (“wrap fee account”).

This Wrap Fee Program Brochure describes the asset management services that we offer through our Wrap Fee Program, which is administered through our custodians; LPL Financial and Charles Schwab & Co., Inc. (“Schwab”) (collectively “Custodians”). Information contained in this brochure applies specifically to the Wrap Fee Program. You will find additional information about the Firm in our Form ADV Part 2A, which is referenced variously herein, and provided in conjunction with this document.

Wrap fee programs create conflicts of interest for advisers and risks to investors. Examples include incentives for advisers trading less frequently than may be in the client’s best interest, engaging in transactions that reduce costs to the adviser but increase expenses borne by the client, or mis-billing by failing to incorporate certain covered transactions costs into the wrap fee – to the extent that advisers or their supervised persons have incentives to lower their internal costs. Clients may pay more or less by participating in the Wrap Program than if they arranged to receive the same or similar services in a non-wrap account. For example, accounts with low trading volumes, high cash balances, or significant fixed income weightings may be able to receive similar services at a lower cost outside of a wrap fee program. In order to mitigate this conflict of interest, Merit periodically reviews our advisory fees for wrap accounts compared with advisory fees for non-wrap accounts. Clients should be aware that while the advisory fee in a wrap fee account is typically higher than a non-wrap fee account, that is not always the case.

Clients should also be aware that a wrap fee account may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative typically will not agree to monitor your account or provide ongoing advice with respect to the account. So, if you plan to follow a buy and hold investment strategy for the account or do not wish to receive ongoing investment advice or management services, you should consider opening a brokerage account rather than a wrap fee account.

When deciding whether one of our advisory services is appropriate for your needs, you should bear in mind that fee-based accounts often result in lower costs than commission-based accounts during periods of heavier trading. However, during periods of lighter trading a fee-based account may result in higher costs. Depending on various factors, the total cost for a fee-based account versus a commission-based account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates, and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your investment adviser representative.

### Asset Management Services

We generally follow an established investment management process with a long-term orientation. For most clients, we believe that a long-term diversified approach is the most suitable investment strategy. As part of our asset management services, we may create a portfolio consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds, fee-based variable annuities and other public and private securities or investments. We also manage a group of standard model asset allocation portfolios that are used in client accounts, when appropriate.

Each portfolio is designed to meet the client's particular investment goals, risk tolerance and financial circumstances. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned strategies and securities. The investment adviser representative recommends a strategy after obtaining a reasonable belief that it is in the client's best interest. Once a portfolio has been determined and agreed by the client, we review the portfolio periodically or as often as necessary and will rebalance and/or recommend modifications to the portfolio as needed.

Each investment adviser representative remains responsible for managing client portfolios directly or using Merit Investment Management to assist with managing client portfolios. The experience of our investment adviser representatives, who may also serve as portfolio managers, will vary from one individual to another. Along those same lines, performance results will also vary from one investment adviser representative to another.

We will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, we will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management.

Clients may impose certain reasonable written restrictions in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives we consider to be incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### General Fee Information

Although clients do not pay a transaction charge for transactions in a Wrap account, clients should be aware that Merit and/or your investment adviser representative pays the Custodian(s) transaction charges for those transactions. The transaction charges paid by us vary based on the type of transaction (e.g., mutual fund, equity or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees to custodian(s). Transaction charges paid by the firm/IAR for equities and ETFs are \$0 to \$9. For mutual funds, the transaction charges range from \$0 to \$45. Because Merit and/or your investment adviser representative pays the transaction charges in Wrap accounts, there is a conflict of interest in cases where the mutual fund is offered at both \$0 and \$45. Clients should understand that the cost to the Adviser of transaction charges may be a factor that the Advisers consider when deciding which securities to select and how frequently to place transactions in a Wrap account.

Our investment adviser representatives, in their separate capacity as registered representatives of LPL, will not receive a portion of the commissions or 12b-1 fees charged to you from an account where Merit serves as investment adviser. These commissions may include 12b-1 fees, surrender charges and IRA and qualified retirement plan fees. LPL retains all these commissions on accounts managed by Merit.

In many instances, LPL Financial makes available mutual funds in Wrap accounts that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory

programs, which can be titled, for example, as “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative” or “platform” share classes (“Platform Shares”). The Platform Share class offered for a particular mutual fund in Wrap accounts in many cases will not be the least expensive share class that the mutual fund makes available, and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund.

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

Merit has a financial incentive to recommend Class A or Non-transaction Fee (“NTF”) Shares in cases where both Class A or NTF and Platform Shares are available. This is a conflict of interest which might incline your investment adviser representative to render advice that is not disinterested. Although the client will not be charged a transaction fee for transactions, Merit pays LPL a per transaction charge for mutual fund purchases and sales in the account. Merit generally does not pay transaction charges for Class A or NTF Share mutual fund transactions accounts, but generally does pay transaction charges for Platform Share mutual fund transactions. The cost to your investment adviser representative and/or Merit of the transaction charges generally may be a factor which Merit and/or your investment adviser representative considers when deciding which securities to select and whether or not to place transactions in the account and presents a conflict of interest.

Merit’s internal policy regarding Mutual Fund shares class selection is that Merit Investment Management team will make the appropriate shares class selection based on account type and account size, per our Merit Investment Management Policies and Procedures. Account balances below a specified threshold in standard model portfolios will invest in a Mutual Fund share class that are NTF funds, that pay a 12b-1 fee, but are not always Class A shares. This policy is reviewed on a quarterly basis. All model portfolios managed by individual investment advisers and not part of the standard model portfolios must be invested in Platform shares or best available share class based on the net expense ratio.

The lack of transaction charges to Merit for Class A or NTF Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a client to own, presents a significant conflict of interest between Merit and/or your investment adviser representative and the client. In short, it costs us less to recommend and select Class A or NTF share mutual funds than Platform shares, but Platform shares will generally outperform Class A or NTF mutual fund shares on the basis of internal cost structure alone. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your investment adviser representative the advisory fee for management of an account.

Clients participating in the Program are generally charged for direct asset management based on a percentage of assets under management of up to 2.5% annually.

The annual fee for asset management services is divided and paid quarterly through a direct debit to your account. The annual fee is billed either quarterly in advance based on the market value of the assets under management on the last day of the preceding quarter or quarterly in arrears based on the market value of the assets under management on the last day of the calendar quarter. Fees billed quarterly in advance are adjusted pro-rata for contributions and withdrawals to the account for accounts maintained at LPL Financial. For accounts maintained at Fidelity Institutional and Charles Schwab (or their affiliates), when we apply our fees in advance, fees will only be prorated for intra-quarter deposits or withdrawals of \$100,000 or greater. Fees billed quarterly in arrears are not adjusted for contributions or withdrawals to the account. Our fees may be negotiable and in certain circumstances, a tiered fee schedule may be provided.

Investment adviser representatives are free to negotiate the fees to be charged for the services provided within the parameters set by Merit as disclosed in ADV Part 2A **Item 5 – Fees and Compensation**. It is possible that different investment adviser representatives may charge different fees for providing the same service to clients. The specific level of services you will receive and the fees you will be charged will be specified in your advisory services agreement.

Merit believes that its annual fee is reasonable in relation to the services provided and fees charged by other investment advisers offering similar services/programs. However, our fees may be higher or lower than fees charged by other financial professionals offering similar services.

We do not usually offer direct billing as an option. Fees are generally automatically deducted from the client's managed account in accordance with the permission the client grants within the executed Asset Management Agreement and/or brokerage account application. Clients will receive at least quarterly account statements from the custodian reflecting the account holdings and value, and all deposits and disbursements from the account(s), including the amount of the fees paid to us. Please see ADV Part 2A, **Item 5 – Fees and Compensation** for more information.

In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. Upon notification of termination or within a reasonable time after learning of your termination of our services, we will seek to return pro-rata, a refund of unearned advisory fees.

### Step-Out Trades

In certain circumstances, Merit may choose to execute trades for client accounts with a broker-dealer other than the custodian where the client maintains their account if we reasonably believe that another broker-dealer can obtain a more favorable execution under the circumstances. Occasionally, the firm will use a broker-dealer other than the custodian where the client maintains their account to execute large transactions if we determine that it is in our clients' best interest and that other broker-dealer has the capability to handle such large transactions and to reduce or eliminate any potential negative price fluctuation. This generally will occur when the size of the transaction in any one security is so large that it could cause the price of the security to fluctuate, up or down, resulting in an unfavorable execution price for our clients. Where the firm trades through a broker-dealer other than the custodian where the client maintains their account, the wrap fee does not include the compensation that is paid to that broker-dealer. This compensation is embedded into the price of the security which is paid by the client. These additional costs are in addition to the wrap fee paid by the client.



## Other Types of Fees & Expenses

Our fees are separate and distinct from the internal fees and expenses charged by third-party managers, mutual funds, exchange traded funds (“ETFs”) or other investment pools to their shareholders. Fund company fees and expenses may include a management fee, administrative fees, operating costs, other fund expenses, sometimes a distribution fee, also known as a 12b-1 fee, and any other asset-based costs incurred by the fund. Some funds may also impose sales charges, either as an initial or deferred sales charge, also known as front-end or back-end loads. Some mutual funds or ETFs that are redeemed within a certain time frame may incur a short-term redemption fee. Further information on the fees and expenses of individual holdings can be found in the prospectuses of the relevant mutual funds or ETFs in your portfolio. You may also incur variable annuity/insurance fees and surrender charges. Neither Merit nor its IARs receive any portion of the above fees in connection with Merit’s investment advisory services.

Custodians may also deduct certain fees and expenses directly from your account, such as administrative service fees, fees associated with certain money market and mutual funds, or fees on other services it offers, which are typically driven by a client’s particular situation and needs. Examples of the latter could include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, wire transfer fees, overnight check fees, account closing fees, paper statement delivery fees, non-standard asset fees, insufficient fund fees, returned check fees, or fees imposed by regulators. Merit does not receive any of these fees. Please see ADV Part 2A, **Item 12 - Brokerage Practices** for more information.

Clients should review all fees charged by funds, our Firm and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Clients participating in the Program may pay higher or lower fees than clients purchasing such services separately from other investment advisers, depending on the cost of services if provided separately and the level of trading in a particular client’s account.

We may recommend or offer to our clients the services of other wrap program sponsors. Those services are described in our ADV Part 2A, **Item 4 - Advisory Business**. This Wrap Fee Program Brochure only addresses the Program which Merit sponsors.

## **Item 5: Account Requirements & Types of Clients**

We serve individuals, high net worth individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. We may impose a minimum fee or minimum account balance for our asset management services, as set forth in the Asset Management Agreement.

## **Item 6: Portfolio Manager Selection & Evaluation**

The Wrap Fee Program does not select third-party portfolio managers to manage wrap accounts. All portfolio management of the Program is performed by Merit Investment Management and the Firm’s investment adviser representatives.

### Advisory Business

Item 4 above discusses in detail the Wrap Fee Program which Merit sponsors, including how we tailor the client’s portfolio to fit their needs, financial objectives, and risk tolerance, as well as any reasonable restrictions that the client may wish to place on the account. Item 4 also discusses how

the Firm manages wrap fee accounts and the various conflicts of interest that wrap fee programs like ours present to the client, in particular around fees and expenses.

In addition to that Program, the Firm also offers a variety of other asset management services, needs based financial analysis, as well as comprehensive financial planning and consulting. Other asset management services include non-wrap accounts and recommendations to use a portfolio management program sponsored by LPL Financial, LLC or another third-party portfolio manager. We offer retirement plan consulting services, both as an ERISA 3(21) and 3(38) fiduciary. We also offer services to help clients realize the value of their employer's benefits package, and to help employers improve their employees' financial well-being. We also offer advisory services on a non-discretionary basis.

We generally do not review and consider the performance of our firm's performance information or have a uniform and consistent basis to review that information. Each investment adviser representative remains responsible for managing client portfolios directly or using us to assist with managing client portfolios.

The experience of our investment adviser representatives who may also serve as portfolio managers will vary from one individual to another. No specific experience standard applies to our investment adviser representatives who will manage accounts, although all must have the knowledge and appropriate registrations to perform these services. Along those same lines, performance results will also vary from one investment adviser representative to another.

Please see ADV Part 2A for more information in the following areas: ***Item 4 - Advisory Business, Item 6 - Performance Based-Fees and Side by Side Management, Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss, and Item 17 - Voting Client Securities.***

### **Item 7: Client Information Provided to Portfolio Manager**

Our Firm and its investment adviser representatives are the only Portfolio Managers under the Program. No information is shared with any other Portfolio Manager.

### **Item 8: Client Contact with Portfolio Manager**

Clients are always free to directly contact their investment adviser representative with any questions or concerns they have about their portfolios or other matters.

### **Item 9: Additional Information**

#### Disciplinary Information

Neither our Firm nor its management persons have any disciplinary matters that require disclosure.

Please see ADV Part 2A for more information in the following areas: ***Item 10 - Other Financial Industry Activities and Affiliations, Item 11 - Code of Ethics, Item 13 - Review of Accounts, Item 14 - Client Referrals and Other Compensation, and Item 18 - Financial Information.***

#### Financial Information

We do not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore have no disclosure with respect to this item.