FORM ADV PART II AND SCHEDULE F

2500 DALLAS PARKWAY, SUITE 214
PLANO, TX 75093

About Form ADV

Advisers use Form ADV to register as an investment adviser with the SEC. Form ADV also is used for state registration. Generally, an investment adviser that manages $25 million or more in client assets must register with the SEC. Advisers that manage less than $25 million must register with the state securities regulator where the adviser's principal place of business is located.

Form ADV has two parts. Part 1 contains information about the adviser's education, business and disciplinary history within the last ten years. Part 1 is filed electronically with the SEC. Part 2 includes information on an adviser's services, fees, and investment strategies. Currently, the SEC does not require advisers to file Part 2 electronically.

OMB APPROVAL
OMB Number: 3235-0049 Expires: February 28, 2011 Estimated Average burden Hours per response..........4.07

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

Name of Investment Adviser: SFMG, LLC					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
5310 Harvest Hill, Suite 226	Dallas	TX	75230		972-960-6460

This part of FORM ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any government authority.

Table of Contents

(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

FORM ADV Part II - Page 2	Applicant: SFMG, LLC	SEC File Number: 801- 44699	Date: 5/2009

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

☑	(1)	Provides investment supervisory services	93 %
☐	(2)	Manages investment advisory accounts not involving investment supervisory services	%
☑	(3)	Furnishes investment advice through consultations not included in either service described above	5 %
☐	(4)	Issues periodicals about securities by subscription	%
☐	(5)	Issues special reports about securities not included in any service described above	%
☐	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	%
☑	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	2 %
☐	(8)	Provides a timing service	%
☐	(9)	Furnishes advice about securities in any manner not described above	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☑ No ☐

C. Applicant offers investment advisory services for: (check all that apply)

☑	(1) A percentage of assets under management	☐	(4)	Subscription fees
☑	(2) Hourly charges	☑	(5)	Commissions
☑	(3) Fixed fees (not including subscription fees)	☐	(6)	Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

☑	A. Individuals	☑	E Trusts, estates, or charitable organizations
☑	B. Banks or thrift institutions	☑	F. Corporations or business entities other than those listed above
☐	C. Investment companies	☐	G. Other (describe on Schedule F)
☑	D. Pension and profit sharing plans		

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

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3. Types of Investments. Applicant offers advice on the following: (check those that apply)

A. Equity securities
- [x] (1) exchange-listed securities
- [x] (2) securities traded over-the-counter
- [x] (3) Foreign issuers

- [x] B. Warrants
- [x] C. Corporate debt securities (other than commercial paper)
- [x] D. Commercial paper
- [x] E. Certificates of deposit
- [x] F. Municipal securities

G. Investment company securities:
- [x] (1) variable life insurance
- [x] (2) variable annuities
- [x] (3) mutual fund shares

- [x] H. United States government securities

I. Options contracts on:
- [x] (1) securities
- [ ] (2) commodities

J. Futures contracts on:
- [ ] (1) tangibles
- [ ] (2) intangibles

K. Interests in partnerships investing in:
- [x] (1) real estate
- [ ] (2) oil and gas interests
- [ ] (3) other (explain on Schedule F)

- [x] L. Other (explain on Schedule F)

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- (1) [x] Charting
- (2) [x] Fundamental
- (3) [x] Technical
- (4) [x] Cyclical
- (5) [ ] Other (explain on Schedule F)

B. The main sources of information applicant uses include: (check those that apply)

- (1) [x] Financial newspapers and magazines
- (2) [ ] Inspections of corporate activities
- (3) [x] Research materials prepared by others
- (4) [x] Corporate rating services
- (5) [ ] Timing services
- (6) [x] Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (7) [x] Company press releases
- (8) [ ] Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- (1) [x] Long term purchases (securities held at least a year)
- (2) [x] Short term purchases (securities sold within a year)
- (3) [x] Trading (securities sold within 30 days)
- (4) [ ] Short sales
- (5) [x] Margin transactions
- (6) [x] Option writing, including covered options, uncovered options or spreading strategies
- (7) [x] Other (explain on Schedule F)

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .... Yes [✓] No [ ]

(If yes, please describe these standards on Schedule F)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- [✓] A. Applicant is actively engaged in a business other than giving investment advice.
- [✓] B. Applicant sells products or services other than investment advice to clients.
- [ ] C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- [ ] A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- [ ] B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- [ ] C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

- [ ] (1) broker-dealer
- [✓] (2) investment company
- [ ] (3) other investment adviser
- [ ] (4) financial planning firm
- [ ] (5) commodity pool operator, commodity trading adviser or futures commission merchant
- [✓] (6) banking or thrift institution
- [✓] (7) accounting firm
- [ ] (8) law firm
- [✓] (9) insurance company or agency
- [ ] (10) pension consultant
- [ ] (11) real estate broker or dealer
- [ ] (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes [✓] No [ ]

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- [ ] A. As principal, buys securities for itself from or sells securities it owns to any client.
- [ ] B. As broker or agent effects securities transactions for compensation for any client.
- [ ] C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- [x] D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- [x] E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes [x] No [ ]

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

	Yes	No
(1) securities to be bought or sold?	✓	
(2) amount of securities to be bought or sold?	✓	
(3) broker or dealer to be used?	✓	
(4) commission rates paid?	✓	

	Yes	No
B. Does applicant or a related person suggest brokers to clients?	✓	

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

	Yes	No
A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?	✓	
B. directly or indirectly compensates any person for client referrals?	✓	

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than $500 in fees per client and 6 or more months in advance

	Yes	No
Has applicant provided a Schedule G balance sheet?		✓

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Ref: 1D: 1A(1)&(3)	**Advisory Services and Fees**

Advisory Services and Fees

SFMG, LLC conducts business as Strategic Financial Management Group, ("SFMG" or "Advisor" or "Firm"). SFMG provides financial planning services, provides investment management on a discretionary basis and makes investment recommendations on a non-discretionary basis. Investment advisory services include investment selection and portfolio management advice for the client's investment portfolio on a continuing basis. Management may include the review, recommendations and/or analysis of investment assets on a periodic basis agreed to by the client and SFMG.

Portfolio Management

Portfolio management is effected through discretionary trading authority (i.e., a limited power of attorney) on a client's brokerage account. Investments utilized may include, but not be limited to, cash equivalents, stocks, bonds, mutual funds, ETFs (Exchange Traded Funds), annuities and, from time to time, alternative investments. These services also include regular quarterly reports.

Management Fees

SFMG's fee for investment advisory services is assessed at the annual rate in effect (and according to the Form ADV Part II) at the time the client engaged SFMG (or Southwest Strategies in the past) as its investment advisor. Therefore, some clients' fees are different than those listed on the current fee schedule, so clients receiving the same service from the Firm may be paying different fees. The current annual rate for new clients is as follows:

Portion of Investment Portfolio	Annual Rate
First $1,000,000	1.00%
Next $2,000,000	0.80%
Assets over $3,000,000	0.60%

This fee is negotiable under limited circumstances, is payable quarterly in advance and is cumulative (a portfolio of $1,500,000 would pay 1% on $1,000,000 and 0.80% on $500,000.) The fee is based on the market value of the client's portfolio as determined by the custodian or outside pricing service at the end of the last trading day of the previous calendar quarter and is charged each quarter at one-fourth of the above annual rate. (Some clients who have been clients for years pay in arrears. All new clients pay in advance. Each Client Agreement correctly specifies payment terms.)

SFMG may, in special circumstances, provide investment recommendations on an hourly basis at the rate of $250/hour. These fees are due at the close of the meeting or when the client is invoiced.

SFMG's management fee is payment for management of the account(s) by Advisor. Funds held pending investment may be invested in a money market fund, or funds may also be invested in mutual fund shares. Money market and mutual fund shares pay a separate management fee to their managers, which is included in the internal expenses of each fund. Money market and mutual fund fees and costs are described in the fund's prospectus, a copy of which will be furnished to the client by the custodian, and are separate from the fee

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	paid to SFMG. Any SEC fees, commissions, transaction fees, etc., that are charged against the account(s) are separate from Advisor's management fee and will be deducted from the appropriate account(s) by the custodian. *Private Placements* SFMG clients may elect to participate in private placements which invest in real estate or private securities. KMIG I, LLC is not included in SFMG's quarterly fee calculation, and RKS Group's partnerships are charged at the lowest fee rate shown on the above schedule. SFMG values RKS partnerships at tax cost basis annually, using the numbers on each investor's K1 report, which is generated by an outside accounting firm. SFMG also deducts its management fees directly from clients' accounts. The SEC deems this deduction of management fee to be a form of custody. The Firm requires that all clients holding public securities use a "qualified custodian" for those securities. These custodians provide each client at least a quarterly statement showing all holdings and transactions occurring in the account. Clients receive Part II of Form ADV, SFMG's disclosure statement, at the onset of each relationship. If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client's entering into any written or oral advisory contract with this investment advisor, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract or, in the case of an oral contract, otherwise signified their acceptance. The Client Agreement may be terminated by either party immediately upon receipt of written notice from the other party. The fees for the quarter in which termination of the agreement occurs shall be refunded on a *pro rata* basis as of the date of termination. Upon termination of the agreement, SFMG will have no obligation to take any action with regard to investments in the client's account(s).
Ref: 1D: 1A(7)	**Advisory Services and Fees (continued)** *Financial Planning* For financial planning clients, SFMG collects the pertinent data, conducts personal interviews with the client, prepares computerized analyses of the financial data and presents a written financial plan to the client based upon the objectives and priorities stated by the client. SFMG is available to help the client implement the recommendations. *Financial Planning Fees* As compensation for the preparation of client's initial financial plan, client agrees to pay SFMG a fee based upon Advisor's estimate of the total time required at the hourly rate shown below. A minimum and maximum fee is stated in the financial planning agreement. One-half of the minimum fee is due upon client's signing of the agreement. The remaining actual fee is billed to the client upon delivery of the client's plan. In no event, however, shall the total fee exceed the maximum fee, or shall the plan not be completed within six months. Renewal financial planning fees are based on actual time required to provide review and

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	updating of the client's financial plan and to provide other services as requested by the client. SFMG also provides financial planning and/or investment advice on a negotiated flat-fee basis for specific questions or situations, as requested by the client. As compensation for the rendering of financial planning and/or investment advice for specific questions or situations, as requested by the client, SFMG charges the client on an hourly basis. The initial fees and renewal fees are based on an hourly rate of $250 for professional time and $100 for staff time. Clients choosing to terminate the financial planning agreement prior to completion of the plan may do so immediately in writing and will owe Advisor for all time expended to date on the plan, not to exceed the maximum plan fee shown on the financial planning agreement. SFMG will invoice the client for work completed as of the termination date and will expect payment within 15 days of receipt of the invoice.
Ref: 3L	**Types of Investments** SFMG also recommends investments in private placements or partnerships that hold private securities. KMIG I, LLC holds private shares in First Private Holdings, Inc., which owns First Private Bank of Texas and First Private Wealth Management, Inc. RKS Group has sponsored several RKS partnerships which invest in real estate and which are held by various SFMG clients. SFMG has invested in hedge funds when deemed appropriate by the client and SFMG.
Ref: 4	**Methods of Analysis, Sources of Information and Investment Strategies** Investment vehicles SFMG recommends may use hedging strategies. Hedging is defined as making an investment to reduce the risk of adverse price movements in another asset or group of assets.
Ref: 5	**Education and Business Standards** Representatives of Strategic Financial Management Group are authorized to give investment advice and must have one or more professional credentials or licenses (CFP, CFA, CPA or equivalent) in addition to a four-year college degree, or at least 15 years of professional investment or financial experience.
Ref: 6	**Education and Business Background** **Gregory Paul Morgan** Date of Birth: 1958 • SFMG, LLC, President and Managing Member, 02/07 - present • GPM Capital Corporation, President and Sole Owner, 8/00 - 12/07 (This Corporation was a managing member of SFMG, LLC dba Strategic Financial Management Group.) • Pepperdine University, BA, magna cum laude, 1980

Complete amended pages in full, circle amended items and file with execution page (page 1).

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- Certified Financial Planner, 1987

David W. White
Date of Birth: 1952

- SFMG, LLC, Managing Member, 02/07 - present
- DWW Capital Corporation, President and Sole Owner, 4/02 - 12/07 (This Corporation was a managing member of SFMG, L.L.C. dba Strategic Financial Management Group.)
- Perryman Securities, Inc., Registered Representative, 1/04 - 1/09

- Stephen F. Austin University, BBA (Finance), cum laude, 1974

Craig Metz Greenway, Chief Compliance Officer
Date of Birth: 1958

- Strategic Financial Management Group, Chief Compliance Officer and Managing Member, 02/07 - present
- Carroll, Caton & Greenway, PC, Contract Employee, 12/93 - present
- CMG Capital Corporation, President and Sole Owner, 8/00 - present (This Corporation was a managing member of SFMG, L.L.C. dba Strategic Financial Management Group.)
- HHIG, LLC, Managing Member 11/07 - present

- University of Texas, BBA, 1980
- Certified Public Accountant, 1983
- Certified Financial Planner, 1987
- Personal Financial Specialist, 2006

Kevin Wayne Margolis
Date of Birth: 1967

- SFMG, LLC, Managing Member, 02/07 - present
- KMIG I, LLC, Managing Member, 02/07 - present
- KWM Wealth Management, LLC, President and Sole Member, 5/02 - present (This Limited Liability Corporation was a managing member of SFMG, L.L.C. dba Strategic Financial Management Group.)

- University of Texas, BBA, magna cum laude, 1989
- Certified Public Accountant, 1991
- Personal Financial Specialist, 1993

Barry Lynde Evans
Date of Birth: 1947

- SFMG, LLC, Investment Advisor Representative, 1/07 - present
- Southwest Strategies, Chief Compliance Officer, 1/05 - 12/06

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	• BLE, Inc., President & Sole Owner (BLE, Inc. was a partner of Southwest Strategies, a registered investment advisor, which was assumed by SFMG), 3/82 - present • Barron Investment Group, Inc., Vice President, Secretary, 11/87 - 12/02 • Vanderbilt University, Bachelor of Engineering, 1969 • University of Chicago Graduate School of Business, MBA, 1972 • Chartered Financial Analyst (CFA), 1977 • Certified Financial Planner (CFP), 1982 **Ryan Jay Blair** Date of Birth: 1981 • SFMG, LLC, Associate Planner, 1/06 - present • Texas Tech University, Bachelor of Science, 2005 • Certified Financial Planner (CFP), 2008
Ref: 7A&B	**Other Business Activities** Some of the principals and employees of SFMG are insurance-licensed and have the ability to sell certain insurance products with various insurance companies that include, but are not limited to, Jefferson Pilot, Lincoln Benefit Life and Presidential Life. Combining all of the principals' time, total time allocations for the various functions follow: advisory and financial planning - 98%; insurance products - 2%. Further, Kevin Margolis acts as managing member of a private issue (KMIG I, LLC) which has invested in First Private Holdings, Inc., an entity that owns First Private Bank of Texas and First Private Wealth Management, Inc. Some clients of SFMG and partners of the Firm have also invested in KMIG I, LLC. As managing member, Mr. Margolis administers the issue and receives no fee for this work.
Ref: 8C(1)	**Other Financial Industry Activities or Affiliations** SFMG has entered into agreements with Charles Schwab & Co., Inc. ("Schwab"), Fidelity Institutional Wealth Services ("Fidelity") and TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc., Member FINRA/SIPC ("TD AMERITRADE"), independent and unaffiliated broker-dealers (see Ref. 13.B for additional details), to serve as custodians for clients of the Firm. SFMG also uses Jefferson National Life Insurance Company to execute trades and hold clients' variable annuities.
Ref: 8C(3&6)	**Other Financial Industry Activities or Affiliations (continued)** SFMG acts as a sub-advisor for First Private Wealth Management, Inc. ("First Private"), a registered investment advisor, providing investment advice to First Private's clients for a percentage of the investment management fee. This fee to First Private clients is no higher than if those clients should come directly to SFMG. This sub-advisory relationship will

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	benefit both SFMG and First Private Holdings, Inc., creating a potential conflict of interest for SFMG with its clients who have participated in KMIG I, LLC.
Ref: 8C(7)	**Other Financial Industry Activities or Affiliations (continued)** Clients are sometimes referred to SFMG by registered solicitors, such as accounting firms and other investment advisors. The referring party receives a percentage of SFMG's fees, as specified in the contract and the disclosure statement between that solicitor and SFMG. If SFMG clients are referred to Carroll, Caton & Greenway, PC for accounting or tax work, Mr. Greenway may be compensated. All referred clients sign a disclosure acknowledgement letter detailing this relationship and the fee rate. The client pays the same fees to SFMG regardless of whether or not the client was introduced to SFMG by an outside party.
Ref: 8C(9)	**Other Financial Industry Activities or Affiliations (continued)** Some of the principals and employees of SFMG are also licensed insurance agents for various companies. As such, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a potential conflict of interest to the extent that SFMG may recommend the purchase of an insurance product that may result in a commission being paid to SFMG personnel in his/her capacity as an insurance agent.
Ref: 8D	**Other Financial Industry Activities or Affiliations (continued)** Mr. Margolis is the managing member of KMIG I, LLC. The minimum investment for this partnership is $10,000 and approximately 3% of SFMG's clients have invested in this partnership. The partnership invests in a local private bank holding company, First Private Holdings, Inc. This investment is not included in the quarterly investment management fee SFMG charges its clients. Mr. Greenway is the managing member of HHIG, LLC, an entity in which SFMG partners have invested which holds RKS Group private investments.
Ref: 9D	**Participation or Interest in Client Transactions** Mr. Margolis is the managing member of KMIG I, LLC in which clients and SFMG personnel have invested.
Ref: 9E	**Participation or Interest in Client Transactions (continued)** SFMG or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities SFMG recommends to its clients. Such personal trades may be placed simultaneously with or after trades are placed for clients. Employees must obtain pre-approval from Mr. Greenway, SFMG's Chief Compliance Officer, before purchasing any IPO or private placement or before placing any trade that exceeds $50,000 in value for any

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	personal account. Smaller trades in personal accounts may be placed at any time. To mitigate conflicts of interest, SFMG has established the following policies in its code of ethics in order to ensure its fiduciary responsibilities and place the interests of its clients first: • An officer, director or employee of SFMG shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with Advisor unless the information is also available to the investing public on reasonable inquiry. No person associated with SFMG shall place his or her own interests before those of clients. • All SFMG personnel are required to trade securities through Charles Schwab & Co., Inc., which sends daily trade information to SFMG. SFMG's Chief Compliance Officer reviews all personal trades in light of the SFMG's code of ethics and client trades on at least a quarterly basis. Reports of personal securities holdings are filed with SFMG's Chief Compliance Officer by all personnel and are reviewed at least annually. • Infractions of SFMG's personal trading policies may be grounds for disciplinary action, including termination. Clients are free to request copies of SFMG's code of ethics. SFMG manages assets for clients using a Limited Power of Attorney, which grants the Firm the right to place trades in clients' account(s) without obtaining prior permission from the client. The Firm may only direct the transfer of funds to an account bearing the same name, with the exception of the deduction of management fees or with a signed release by the client. SFMG does not vote proxies for its clients.
Ref: 10	**Conditions for Managing Accounts** SFMG has a negotiable minimum account size of $500,000.
Ref: 11A	**Review of Accounts** Account reviews are generally conducted on a quarterly basis, or on a frequency agreed to by the client. The review process is a standard format for all clients, unless additional information is requested. Outside of the regular review cycle for each client, reviews may be triggered by client request. Other triggers might include change in fund management, change in client's financial circumstances or major economic events. Only those individuals listed above perform reviews. All such reviews are done as described above. Financial planning reviews are done as requested by the client, or on an annual basis. The level of review may be comprehensive or based upon a specific area of client concern. Other triggering factors would be material changes in a client's financial situation or specific

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	events that require review or modification to the plan.
Ref: 11B	**Review of Accounts (continued)** Quarterly reports to investment management clients include a current portfolio statement and performance reports and an invoice for informational purposes. The custodians of client accounts provide statements on a monthly basis, or based upon account activity, that include valuation of holdings and transaction activity for the period. SFMG provides written reports to financial planning clients that may consist of current listings of assets and liabilities, cash flow projections and retirement/accumulation projections. The reports may include any, or all, of the above or other situation-specific reports dependent upon each client's requests or financial situation.
Ref: 12	**Investment or Brokerage Discretion** SFMG may, at times, participate in a trading service which enables trades to be placed through a broker other than the custodian ("Prime Broker"). When using Prime Broker services, Schwab, Fidelity and TD AMERITRADE may assess a ticket charge for each security transaction. In these instances, SFMG has the ability to select the executing broker. In selecting a broker or dealer, SFMG may consider, among other things, the broker's or dealer's execution capabilities, reputation, availability of product and quality of research. SFMG generally will seek competitive commission rates, but will not necessarily attempt to obtain the lowest possible commission for transactions for the client's account(s). SFMG may direct transactions to brokers in return for research services furnished by them to the Firm. Such research generally will be used to service all of SFMG's clients, but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account(s). Trade errors are handled differently by each custodian. Errors resulting in gains are either retained by the custodian or are booked into a trade error account. No client sustains losses as a result of trade errors.
Ref: 13	**Additional Compensation** SFMG may receive access to certain custodians' proprietary account management and data transmission services to enable SFMG to trade clients' accounts electronically. Custodians of SFMG's clients' accounts may also provide the Firm with educational and compliance material, such as newsletters and access to seminars. Additionally, Schwab, Fidelity, TD AMERITRADE make available to SFMG other products and services that benefit SFMG but may not benefit its clients' accounts. As a fiduciary,

SFMG, LLC	Tax id # **20-2107062**

Item of Form (identify)	Answer
	SFMG makes every effort to act in its clients' best interests. SFMG's recommendation that clients maintain their assets in accounts at particular custodians may be based in part on some of the products and services those custodians provide SFMG. Additional considerations in recommending custodians to clients are the nature, cost or quality of custody and brokerage services. SFMG's receipt of products and services from custodians may create a potential conflict of interest with its clients. SFMG allows most clients to choose which of the custodians they prefer. Some of these other products and services assist SFMG in managing and administering clients' accounts. These include software and other technology that provide the following: access to client account data, such as trade confirmation and account statements; the facilitation of trade execution and allocation of aggregated trade orders for multiple client accounts; research, pricing information and other marked data; facilitation of payment of SFMG's fees from its clients' accounts; and assistance with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SFMG's accounts. Schwab, Fidelity and TD AMERITRADE also provide other services intended to help SFMG manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, SFMG's custodians may make available, arrange and/or pay for these types of services rendered to SFMG by independent third parties. Custodians may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees charged by a third party providing these services to SFMG. Clients are sometimes referred to SFMG by registered solicitors, such as accounting firms and other investment advisors. The referring party receives a percentage of SFMG's fees, as specified in the contract and the disclosure statement between that solicitor and SFMG. All referred clients sign a disclosure acknowledgement letter detailing this relationship and the fee rate. The client pays the same fees to SFMG regardless of whether or not the client was introduced to SFMG by an outside party.

ACKNOWLEDGMENT OF RECEIPT OF ADVISOR'S ADV PART II

I (We) acknowledge receipt of the ADV Part II, and Schedule F of SFMG Wealth Advisors.

Signed:

__________________________________ Date: ________________

__________________________________ Date: ________________