

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1**

**OMB APPROVAL**  
 OMB Number: 3235-0049  
 Expires: February 28, 2011  
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 response . . . 4.07

Name of Investment Adviser: <b>Edelman Financial Services LLC</b>					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code	Telephone Number
<b>4000 Legato Road, 9th Floor</b>	<b>Fairfax</b>	<b>VA</b>	<b>22033</b>	<b>703</b>	<b>818-0800</b>

**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 governmental authority.**

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(Schedules 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.)

**Potential Persons who are not to respond to the collection of information contained in this form are not  
 required to respond unless the form displays a currently valid OMB control number.**

**Form ADV  
Part II - Page 2**Applicant:  
**Edelman Financial Services LLC**SEC File Number:  
801- 64567Date:  
**03/30/2009****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 **95**%
- ☐ (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 client may use to evaluate securities \_\_\_\_%
- ☐ (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities \_\_\_\_%
- ☐ (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).**

**Form ADV  
Part II - Page 3**Applicant:  
**Edelman Financial Services LLC**SEC File Number:  
801- 64567Date:  
**03/30/2009****3. Types of Investments** Applicant offers advice on the following: (check those that apply)

A. Equity securities



(1) exchange-listed securities



(2) securities traded over-the-counter



(3) foreign issuers



B. Warrants



C. Corporate debt securities

(other than commercial paper)



D. Commercial paper



E. Certificates of deposit



F. Municipal securities

G. Investment company securities:



(1) variable life insurance



(2) variable annuities



(3) mutual fund shares

☐ H. United States governmental securities

I. Options contracts on:



(1) securities



(2) commodities

J. Futures contracts on:



(1) tangibles



(2) intangibles

K. Interests in partnerships investing in:



(1) real estate



(2) oil and gas interests



(3) other (explain on Schedule F)



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) ☒ Charting(4) ☒ Cyclical(2) ☒ Fundamental(5) ☐ Other (explain on Schedule F)(3) ☒ Technical

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

(1) ☒ Financial newspapers and magazines(5) ☐ Timing services(2) ☐ Inspections of corporate activities(6) ☒ Annual reports, prospectuses, filings with the Securities and Exchange Commission(3) ☒ Research materials prepared by others(7) ☒ Company press releases(4) ☒ Corporate rating services(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) ☒ Long term purchases (securities held at least a year)(5) ☐ Margin transactions(2) ☒ Short term purchases (securities sold within a year)(6) ☐ Option writing, including covered options, uncovered options, or spreading strategies(3) ☐ Trading (securities sold within 30 days)(7) ☐ Other (explain on Schedule F)(4) ☐ Short sales**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Form ADV  
Part II - Page 4**Applicant:  
**Edelman Financial Services LLC**SEC File Number:  
801- 64567Date:  
**03/30/2009****5. Education and Business Standards.**

Yes No

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?..... ☒ ☐

(If yes, 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 given to 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          | • formal education after high school               |
| • year of birth | • 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:
- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer  | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input checked="" type="checkbox"/> (3) other investment adviser   | <input checked="" type="checkbox"/> (9) insurance company or agency                |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (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.)

Yes No

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?... ☐ ☒

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

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

**Form ADV  
Part II - Page 5**Applicant:  
**Edelman Financial Services LLC**SEC File Number:  
801- 64567Date:  
**03/30/2009****9. Participation of 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.
- ☐ 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.
- ☒ E. Buys or sells for itself securities that it also recommends 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 supervisory 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 conditions for starting or maintaining an account? Yes No
- ☒ ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, 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 triggers 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.  
**Refer to Schedule F, Item 11.A.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.  
**Refer to Schedule F, Item 11B.**

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

**Form ADV  
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**Edelman Financial Services LLC**SEC File Number:  
801- 64567Date:  
**03/30/2009****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? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

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

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 commission 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 products 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? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

(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 | Yes                      | No                                  |
| • requires prepayment of more than \$500 in fees per client and 6 or more months in advance  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Has applicant provided a Schedule G balance sheet? .....   |                          |                                     |

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

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant: <b>Edelman Financial Services LLC</b>	SEC File Number: 801- 64567	Date: <b>3/30/2008</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: <b>Edelman Financial Services LLC</b>		IRS Empl. Ident. No.: 81-0672617
Item of Form (identify)	Answer	
	<p style="text-align: center;"><b>INTRODUCTION</b></p> <p>Edelman Financial Services LLC (“EFS”) is an investment adviser firm registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (“Advisers Act”). EFS provides financial planning, investment management and insurance services to individuals, trusts, estates, charitable organizations and small businesses. Advisory personnel of EFS are also registered representatives of SMH Capital, Inc. (“SMH”), a registered broker-dealer which is a registered investment adviser and a subsidiary of Sanders Morris Harris Group, Houston, TX (“SMHG”). As SMH registered representatives, these investment advisory personnel (“Financial Advisors”) may provide brokerage services to EFS clients.</p> <p>SMHG is a financial services organization which has investment adviser affiliates and owns 76% of The Edelman Financial Center LLC (“EFC”), the parent company of EFS. The other 24% is owned by The Edelman Financial Center, Inc., which is wholly owned by Ric Edelman. Ric Edelman is also majority owner of an affiliated investment adviser, Edelman Financial Advisors (“EFA”), of which SMHG owns a minority interest. Ric Edelman serves as President and a Director of SMHG in addition to his role as Chairman and CEO of EFS. Therefore SMH, EFA and EFS are affiliated and share common ownership.</p> <p style="text-align: center;"><b>ITEM 1 – ADVISORY SERVICES AND FEES</b></p> <p>Generally, EFS Financial Advisors hold an initial meeting with clients to explain the firm’s services and charges, and to collect detailed client financial data. Emphasis is placed on identifying the client’s investment objectives and determining suitability. A financial plan is then developed and presented to the client. The professional relationship between the client and EFS may be terminated at will by either party upon written notice. Clients are under no obligation to implement the firm’s recommendations through any associated person of EFS or any EFS affiliate.</p> <p><b>Wrap Fee Asset Allocation</b></p> <p>After receiving an EFS financial plan, clients may choose to participate in the Edelman Managed Asset Program® (“EMAP”), a wrap fee asset allocation program. EMAP is comprised of widely diversified asset allocation models consisting of combinations of unaffiliated investment products which include: shares of open-end registered investment companies, exchange traded funds, and variable annuities. EMAP is also sponsored and offered through EFA, an affiliated registered investment adviser.</p> <p>Through EMAP, EFS creates for the client a well diversified asset allocation model</p>	

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

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Applicant: <b>Edelman Financial Services LLC</b>	SEC File Number: 801- 64567	Date: <b>3/30/2008</b>
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	<p>consisting of any combination of investment products from the following asset classes: shares of open-end registered investment companies, exchange traded funds (“ETF”) and/or variable annuities, none of which are sponsored by or affiliated with EFS. In establishing an asset allocation for each client, EFS considers investment objectives and risk tolerance, as described by each client during the suitability analysis. The asset allocation recommended for each client is based on these factors, as well as each client’s personal situation, including age, health, family circumstances, income, expenses, assets, debts, liquidity needs, goals, objectives, risk tolerance, suitability and other relevant factors. Clients are reminded to inform EFS if changes occur in their investment objectives or financial situation.</p> <p>Clients are permitted to impose reasonable restrictions on the management of their accounts. When imposing restrictions, clients may request that particular securities or types of securities not be purchased, or that such securities are to be sold if held in the account. However, clients cannot request that particular securities be purchased for their accounts. Moreover, clients should note that it is not possible for EFS to influence or change the mix of securities held by any mutual fund, variable annuity or ETF in which client accounts may be invested. EFS reserves the right, in its sole discretion, to reject any account for which unreasonable or overly restrictive conditions are requested. Investments are selected based on their past performance records (as applicable), manager tenure, asset allocation model turnover, fees, and a variety of academic statistics including beta, standard deviation, R-Squared, and Sharpe Ratio. These statistics are provided by third-party vendors and the investments’ sponsors, and are evaluated by the asset allocation model manager as well as the EFS investment committee on both an absolute and relative basis, relying on standards set by EFS.</p> <p>Pursuant to the Client Services Agreement clients execute with EFS, EFS is granted limited discretionary authority to effect client-approved investment strategies. That authority allows EFS to place orders through SMH (as cleared through Pershing, LLC) or TD Ameritrade Institutional (as cleared through TD Ameritrade Clearing, Inc.) a division of TD Ameritrade, Inc. (“TD Ameritrade”), for client accounts, rebalancing client accounts, and reallocating the asset classes or types in client accounts. Unless a client requires special collateral services as part of the custody services provided by Pershing (such as when account assets are used to collateralize a client’s loan obligation external to the EMAP services), EFS establishes most client accounts with TD Ameritrade.</p> <p>Trading Authorization – EMAP clients must establish brokerage accounts with one of the above mentioned custodial firms so that EFS can place securities transactions for their accounts and so that client assets are maintained with a qualified custodian. Transaction costs imposed by either of these brokerage firms are covered by the EMAP fee, except as noted below and in the client agreement. EFS has negotiated fixed fees with both brokerage firms that are based on a percentage of the value of EMAP assets maintained in client brokerage accounts. SMH is an introducing broker and clears and</p>	
Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 2		



**Schedule F of  
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Continuation Sheet for Form ADV  
Part II**

Applicant:

**Edelman Financial Services LLC**

SEC File Number:

801- 64567

Date:

**3/30/2008**

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	<p>settles transactions effected in SMH brokerage accounts through Pershing (to perform the clearance, settlement and custody functions), the fees for which also are included in SMH's fixed fee. Pershing and TD Ameritrade perform all of the necessary brokerage services for accounts maintained with them and provide custody services of client assets. In choosing which brokerage firm to use for EMAP account brokerage services, it is important to recognize, as noted throughout this disclosure document, that SMH is affiliated with EFS and certain conflicts and appearances of conflicts of interest arise as a result. It should be noted that TD Ameritrade provides benefits to EFS, including Mr. Edelman in connection with his radio and television broadcasts. See additional disclosures of conflicts in response to Items 9 and 13, below.</p> <p>Reallocations –Under the Client Services Agreement EFS has the limited discretionary authority to reallocate assets in client accounts. In a reallocation, EFS changes the target percentages of some or all of the asset classes or types relative to the total account. Reallocations occur with less frequency than rebalancing. Generally, EFS reallocates accounts in anticipation of the impact that expected long-term market volatility could have on specific asset classes or types. Clients are notified of reallocations after the transactions are effected.</p> <p>Rebalancing – Each client's account is invested in accordance with the client's asset allocation strategy. At the inception of an account, assets are invested in specific asset types, which, for EMAP accounts, are mutual funds (including funds that are used as funding vehicles for variable annuity contracts) or ETFs that invest in a variety of equity securities, fixed income instruments or cash items. Amounts invested in each asset type are determined in accordance with set target percentages of total assets in the account. Thereafter, as markets fluctuate and values change, amounts originally allocated to an asset type will either exceed or fall below the original target allocations. EFS periodically adjusts account holdings back to the original asset targets, or "rebalances" the account. However, EFS does not rebalance accounts constantly and asset allocations may drift away from their original target percentages before EFS, within its authority and judgment brings those allocations back in line to the original percentages. In a sense, when EFS rebalances an account, it sells holdings that are appreciating in value to buy other holdings that may be declining in value. However, the investment philosophy of an asset allocation strategy is to be positioned in various asset types so that when the asset type becomes profitable, the account is positioned to take advantage of the upturn.</p> <p>EMAP accounts are monitored on an on-going basis and are rebalanced or assets reallocated based on market or other conditions as warranted. Changes in the asset allocation model, which includes adding, removing or replacing securities at the discretion of EFS, are made based on significant changes in the economic, financial or political climate; changes in the tax code; the management of the securities; and/or the client's personal circumstances, including health, employment and family status. EFS may replace a particular security (or securities), if it significantly diverges from its</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 3

**Schedule F of  
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Applicant: <b>Edelman Financial Services LLC</b>	SEC File Number: 801- 64567	Date: <b>3/30/2008</b>
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	<p>relevant index in terms of risk or return, with a security that is more in line with the risk/return profile of the relevant index or if there is a different security that in EFS' opinion, would be better suited.</p> <p>Liquidations – EFS will accept and follow all liquidation instructions given by clients and seek to execute client orders in a timely manner on a best efforts basis. Occasionally, due to market conditions and time constraints imposed by custodizing firms, trades may be executed the following business day.</p> <p>Contributed cash or money market fund shares into client accounts may remain uninvested in securities for a period of time. EFS invests liquid assets in an orderly manner and believes it is in each client's benefit to invest in an orderly fashion rather than piecemeal. For this reason, a period of time may elapse between the deposit of cash or liquid assets to the account and the account reaching a fully invested position. Although clients may deposit freely tradable securities in their accounts to meet the EMAP minimum account size, EFS will liquidate those securities positions and invest the proceeds in securities matching the client's selected investment strategy. Tax consequences associated with this liquidation and reinvestment process will likely occur and clients should consult with their tax professionals before depositing securities in their EMAP accounts.</p> <p>Financial planning clients who pay for the annual financial planning services and who are ineligible or who choose not to participate in EMAP may, but are under no obligation to, implement the recommendations set forth in their financial plans through EFS Financial Advisors by opening brokerage accounts through SMH. These accounts will be custodied at Pershing. If an SMH brokerage account is established, financial planning clients may instruct their EFS Financial Advisor to purchase or sell securities recommended by EFS through that account. EFS has no discretionary authority over such financial planning accounts and does not serve as an ERISA fiduciary to any account subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, which seeks only financial planning services. EFS Financial Advisors who place orders on behalf of such accounts receive annual financial planning fees and transaction-related compensation. In such cases, EFS Financial Advisors, who are also registered representatives of SMH, receive brokerage commissions or transaction-related compensation when implementing such investment recommendations on behalf of their financial planning clients. Financial planning accounts may be custodied at any other Qualified Custodian as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended ("Advisers Act"). Clients who choose to implement an EFS financial plan through a broker-dealer other than SMH will not receive ongoing investment advice from EFS.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 4

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	<p><b>Advisory Fee Schedules</b></p> <p>I. EMAP - The fee includes periodic access to EFS Financial Advisors and discretionary management, including periodic review of all investments in the EMAP accounts. The fee also includes all asset allocation model transaction costs when transactions are effected through SMH or through TD Ameritrade, custody of assets and a subscription to the Inside Personal Finance with Ric Edelman newsletter. The minimum household account size is \$50,000 and the minimum annual fee is \$1,000. EFS may waive the minimum annual fee at its sole discretion. When calculating advisory fees, household accounts are aggregated to determine the lowest percentage if all accounts are managed as one relationship. Accounts with less than \$50,000 may effectively pay a fee that is greater than 2.00% as noted in the schedule below. Clients authorize EFS to deduct the EMAP fee from their accounts under the Client Services Agreement, which is the standard EMAP client contract. The fee is based on the average daily balance of the client asset allocation model. The first payment is prorated for assets that are placed in an account during a calendar quarter. Subsequent fees will be determined on the last day of each quarter. Fees are deducted from the client's account no later than the fifteenth (15th) day after the end of each quarter, in arrears. (For margined accounts, the fee may be added to the margin balance unless the client elects to deposit cash or liquidate securities.) The fee schedule below shows the annual percentages:</p> <p>First \$150,000.....2.00%</p> <p>Next \$250,000.....1.65%</p> <p>Next \$350,000.....1.25%</p> <p>Next \$250,000.....1.00%</p> <p>Next \$2 million.....0.75%</p> <p>Next \$7 million.....0.60%</p> <p>Next \$15 million.....0.50%</p> <p>Amounts above \$25 million.....negotiable</p> <p>The fee does not include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, SEC fees, 12b-1 fees for certain money market funds, expenses charged by the mutual funds (including management fees, transaction charges incurred for fund-level asset allocation model trades, custody of fund assets and other fund</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 5

**Schedule F of  
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	<p>expenses), variable annuities and exchange traded funds, or other fees or taxes that are required by law.</p> <p>Each financial planning client has a choice of selecting EFS to invest on his/her behalf on a limited discretionary basis by establishing an EMAP account. Alternatively, they can implement an EFS financial plan on their own. If they choose to implement the plan through EFS, they will open an SMH account and receive nondiscretionary EFS recommendations through the EFS annual financial planning services, described below. If EFS advises a non-ERISA client that it is in his or her best interest to invest solely through EMAP, the \$400 annual fee (as described in III below) will be waived, unless the non-ERISA client chooses to invest or retain assets in an SMH account. For an ERISA client, the \$400 annual fee will be waived, whether the ERISA client moves all or a portion of the SMH account assets into an EMAP account</p> <p>If EFS earned a commission on a mutual fund within the preceding 12-month period on an asset converted to EMAP, that compensation will offset or reduce the fee applicable to the EMAP account.</p> <p>If an account is terminated prior to the end of a calendar quarter, the terminating client will pay fees due up to the termination date. Fees are not negotiable, other than as disclosed in the fee schedule above. Full fee details are disclosed in the Client Services Agreement. Client should be aware that lower fees for comparable services may be available from other sources.</p> <p>Both EFS and its Financial Advisors who are authorized to recommend EMAP receive compensation based on the amount of money the client invests in the program. The amount of such compensation may be more or less than what EFS or its Financial Advisors might earn from nondiscretionary annual financial planning advice provided by EFS. Therefore, EFS and its Financial Advisors may have a financial incentive to recommend the EMAP program over other EFS programs or services.</p> <p>II. Financial Plan - EFS charges a one time fee of \$800 for financial plan development and presentation. Those who pay for a plan are under no obligation to implement their plan with EFS. Financial planning clients who pay for the annual financial planning services receive other services from EFS, as described in Section III below. References to "financial planning clients" throughout this disclosure statement are intended to describe financial planning clients who subscribe to, and pay for, the annual financial planning services. The financial planning fee is waived for employees of the firm and for pro bono cases.</p> <p>III. Annual Financial Planning Fee - EFS charges a \$400 annual financial planning fee beginning in the second year after the creation of a plan for non-EMAP financial planning advisory accounts. The fee is not negotiable. The fee includes periodic review</p>	

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	<p>of EFS-recommended investments by EFS Financial Advisors who also are SMH registered representatives and receive transaction-based compensation when financial planning clients place orders in their accounts through SMH. Included in the annual financial planning fee is a subscription to the Inside Personal Finance with Ric Edelman newsletter. Fees are billed annually at the quarter-end following the client's anniversary date. If termination occurs prior to the end of client's anniversary date, client will receive a pro rata refund of any unearned fee.</p> <p>EFS Financial Advisors receive commissions and other transaction-related fees on products sold outside of EMAP as part of any financial plan as discussed above. Clients should be aware that lower fees for financial planning may be available from other sources.</p> <p>IV. Radio Broadcasts - Ric Edelman is the host of a syndicated radio program, "The Ric Edelman Show," pertaining to investing and financial planning. He does not discuss specific securities and does not reveal any of the EMAP asset allocation model holdings or recommendations to listeners. It is a live talk show and the public is invited to call into these broadcasts and discuss their personal financial situations. In any of these circumstances, a caller may discuss a specific mutual fund, ETF or insurance product that may be held in the accounts of certain EMAP clients or under consideration at the time of the caller's question. Mr. Edelman does not give specific investment advice to callers and he may give advice to the caller that is the same as or different from the advice EFS has taken or may take for its clients.</p> <p>V. Seminars - For seminars offered to the public, fees range from \$25 to \$495 with satisfaction guaranteed or 100% of the registration fee refunded. Fee is due prior to the event.</p> <p>VI. Speaking Engagements –Ric Edelman, EFS Chairman and minority owner, is a public speaker, host of a radio show, and occasionally hosts television shows about investing, as described in more detail above. Fees for his speaking engagements range from free to \$30,000 plus first-class travel expenses, depending on sponsor, date, location, and program requested. For all speeches, 50% of the fee is required prior to the event, with the balance due at the conclusion of the event. Speaker fees are non-refundable.</p> <p>VII. Educational Products - EFS sells the newsletter, Ric Edelman's Inside Personal Finance, on a subscription basis for \$39.95 annually. Subscribers may cancel at any time and receive a full refund. EFS sells an audio CD package entitled "Mind Over Money - Why Investors Make the Mistakes They Do" for \$19.95. EFS also sells a packaged kit (Ric's Wealth Building Kit) which includes the above mentioned audio CD, book: Discover the Wealth Within You, audio book on tape: Ordinary People, Extraordinary Wealth, and a one-year subscription to the newsletter, for the price of</p>	

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	<p>\$99.95. Ric Edelman's books, including The Truth About Money (3rd ed.), The New Rules of Money, Ordinary People, Extraordinary Wealth, Discover the Wealth Within You, What You Need to Do Now, The Lies About Money, and Rescue Your Money are sold for prices ranging from \$9.95 to \$28. For all products except the newsletter, there is a fee for shipping and handling.</p> <p>VIII. Internet - (Charge determined by carrier). EFS maintains internet sites, <a href="http://www.ricedelman.com">www.ricedelman.com</a>, <a href="http://www.edelmanfinancial.com">www.edelmanfinancial.com</a> and <a href="http://www.ricetrust.com">www.ricetrust.com</a>. Information offered involving securities is generic and is intended to educate the public about finances and investing. No specific investment recommendations are offered. EMAP clients may access their own account information directly through secure websites offered and maintained by TD Ameritrade or Pershing.</p> <p style="text-align: center;"><b>ITEM 5 - EDUCATION AND BUSINESS STANDARDS</b></p> <p>Emphasis is placed on professional education and practical experience in the field, along with FINRA and state licensing as required. Generally, EFS requires that Advisors have a minimum of a college education plus five years of industry related experience or other substantially equal qualifying experience. EFS Senior Management reserves total discretion when applying these standards.</p> <p>Information on disciplinary history and the registration of EFS and its associated persons may be obtained by contacting the Public Reference Branch of the U.S. Securities &amp; Exchange Commission ("SEC") at (202) 551-8090. Alternatively, information may be obtained via the registered advisor website sponsored by the SEC: <a href="http://www.adviserinfo.sec.gov">http://www.adviserinfo.sec.gov</a> .</p> <p style="text-align: center;"><b>ITEM 6 - EDUCATION AND BUSINESS BACKGROUND</b></p> <p>Fredric (Ric) M. Edelman, born 1958. President and Director of SMHG. EFS Chairman, CEO and minority owner. Received a BA in Communications from Glassboro State College (now Rowan University), Glassboro, NJ, in 1980. Mr. Edelman was the owner and Chairman of Edelman Financial Services, Inc. from 1987 to 2005. He is a Certified Fund Specialist, a Chartered Mutual Fund Counselor, a Registered Financial Consultant, a Qualified Financial Planner, Certified Retirement Counselor®, and Board Certified in Mutual Funds and is licensed to sell securities, life and health insurance and variable annuities. He was inducted into the Financial Advisor Hall of Fame, sponsored by Research magazine, in 2004 , named the #2 Independent Investment Advisor in the nation by Barron's magazine in 2007 and received an honorary doctorate from Rowan University in 1999. Mr. Edelman is a registered representative with SMH Capital Inc. and Chairman and majority owner of Edelman Financial Advisors LLC.</p>	

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	<p>Edward P. Moore, born 1960. EFS President. Received a BS in Industrial Engineering from Virginia Tech, Blacksburg, VA, in 1983. Mr. Moore became affiliated with Edelman Financial Services, Inc. in 1990. He is the President of EFS, a CERTIFIED FINANCIAL PLANNERTM and is licensed to sell securities, life and health insurance and variable annuities. Mr. Moore is a registered representative with SMH Capital Inc. and President of Edelman Financial Advisors LLC.</p> <p>Eraine J. Parker, born 1960. Chief Compliance Officer (CCO). Received a BA in Business Administration from Georgia State University in 1988. Ms. Parker has been affiliated with EFS since 2007. She has worked in the areas of compliance and accounting within the financial services industry for over twenty years, including five years with NASD, the predecessor to FINRA. Prior to joining EFS, Ms. Parker was employed by a bank affiliated broker-dealer and registered investment adviser for twenty-three years where she served as CCO during her tenure. Ms. Parker is a registered representative and principal with SMH Capital Inc. and Chief Compliance Officer for Edelman Financial Advisors LLC.</p> <p>Lesley V. Roberts, born 1966. Chief Operating Officer (COO). Ms. Roberts has been affiliated with EFS since 1998, first as the Director of Human Resources. Prior to joining EFS she was employed as a Human Resources Manager in the airline industry. Her areas of responsibility cover Human Resources, Information Technology, Facilities, Brokerage Operations and Project Management.</p> <p>Louis A. Fanelli, born 1954. Chief Marketing Officer (CMO) for EFS and EFA. Received a BA in Communication from American University, Washington, DC in 1976. Mr. Fanelli has worked in financial services marketing and communications for more than 25 years. This includes nearly 15 years with Chase Manhattan Bank and eight years with AXA Equitable Life Insurance Co. Prior to joining Edelman Financial in 2008, Mr. Fanelli was president and owner of Integrated Marketing Solutions, LLC, a marketing consulting firm serving the financial and other service related industries.</p> <p>Domenico Conti, born 1966. Chief Financial Officer (CFO). Received a BS in Accounting from the University of Maryland in 1989. Mr. Conti has been affiliated with EFS since 2006. Mr. Conti is a CPA with active status in Maryland. He has worked in the areas of finance and accounting within various industries for over twenty years. Prior to joining EFS, Mr. Conti was employed by America Online as a Finance Officer.</p> <p style="text-align: center;"><b>ITEM 7 - OTHER BUSINESS ACTIVITIES</b></p> <p>EFS advisory personnel are also registered representatives of SMH and are licensed to sell insurance and securities products for commissions. Less than 10% of their total time and effort is attributable to the sales function; more than 90% attributable to the advisory function. In addition, Ric Edelman is the host of both radio and television</p>	

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	<p>broadcasts concerning investing and financial planning. He spends approximately 40% of his time overseeing the activities of Edelman Financial Services LLC, 40% regarding activities pertaining to Edelman Financial Advisors LLC, and 20% on financial education.</p> <p style="text-align: center;"><b>ITEM 8 - OTHER FINANCIAL INDUSTRY AFFILIATIONS</b></p> <p><b>Broker-Dealer</b></p> <p>SMHG, the parent corporation of EFC which is the parent corporation of EFS, owns SMH Capital Inc. ("SMH"), a registered broker-dealer. As such, EFS is affiliated with a registered broker-dealer. All EFS Financial Advisors are registered representatives of SMH.</p> <p>Transactions for EMAP wrap fee clients are executed and cleared through TD Ameritrade, an unaffiliated broker-dealer, or they may also be introduced through SMH and cleared through Pershing. TD Ameritrade and/or Pershing receive a fixed percentage as compensation for their services. That percentage is based on all EMAP account assets that are maintained in the custody of either firm.</p> <p>When acting as registered representatives for clients, EFS advisory personnel, execute transactions for financial planning clients through SMH. Commissions are paid to the EFS-affiliated registered representative when products are purchased and sold through them. Thus, a potential conflict of interest exists between the interests of such EFS advisory personnel and their financial planning clients. Clients are advised that they are under no obligation to effect securities transactions with SMH or through their EFS Financial Advisor.</p> <p>EFS advisory personnel, solely in their capacity as registered representatives of SMH and not as investment adviser representatives of EFS, accept orders for SMH brokerage accounts from brokerage customers who may not be financial planning clients. EFS personnel receive brokerage commissions from SMH on any products sold in this capacity.</p> <p><b>Investment Advisers</b></p> <p>EFS is affiliated, with the following subsidiaries of SMHG which are also registered investment advisers: SMH Capital Advisors Inc., SMH Capital, Inc., SOF Management, LLC, Pool Capital Partners LLC, Rikoon Group LLC and Leonetti &amp; Associates Inc., Miller-Green Financial Services Inc. EMAP may be offered to clients of these affiliates.</p> <p>EFS is affiliated with Edelman Financial Advisors LLC ("EFA"), which is majority</p>	
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	<p>owned by Ric Edelman. EFA and EFS are located in the same home office space and share a Richmond, Virginia location. Although each entity maintains its own required separate books and records, they share employees, systems and culture.</p> <p>Insurance Company or Agency</p> <p>EFS is licensed as an insurance agent in several states. Moreover, EFS advisory personnel generally are licensed to sell insurance products (life, long-term disability, long-term care) which are offered by a variety of insurance companies such as Prudential, John Hancock, Massachusetts Mutual, Principal Life , Guardian Life, Genworth, Metropolitan Life, Lincoln National and Lincoln Benefit. Such personnel have a potential conflict of interest with EFS advisory clients because of the incentive to sell policies which result in commissions or other sales revenue payable to them. Clients are not required to purchase any such insurance products through EFS or its personnel. For variable insurance products EFS also is affiliated with Harrison, Web, Garrison ("HWG"), an insurance agency affiliated with its parent corporation, SMHG. For fixed insurance products, EFS is affiliated with the Dempsey Companies.</p> <p>Other</p> <p>Edelman Business Services LLC ("EBS") is a subtenant of EFS and a wholly owned subsidiary of EFC. EBS markets The Retirement InCome for Everyone Trust® (RIC-E Trust®), which is an individual grantor trust enabling the Grantor to set aside assets for a child's retirement. Because the assets of each such trust are invested in a variable annuity, assets grow tax-deferred. The trustee is named by the Grantor. Anchor National Life Insurance Company, the issuer of the tax-deferred investment, is a subsidiary of AIG. The RIC-E Trust® is not available to residents of New York. EBS receives an administrative fee of \$300 for each RIC-E Trust® established. This fee is not associated with investment advisory services offered by EFS.</p> <p><b>ITEM 9 - PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b></p> <p>Brokerage Transactions for Commissions</p> <p>As discussed in item 8. above, certain EFS advisory personnel may place transactions through SMH either solely as registered representatives or also as Financial Advisors on behalf of certain EFS financial planning clients. As such, they have a potential conflict of interest associated with the opportunity to earn commissions on any such transactions.</p> <p>Financial planning clients who receive annual planning services also receive the benefits of on-going investment advice and recommendations from their EFS Financial</p>	

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	<p>Advisor, who is compensated for such advice, in part by the annual planning fee and in part, by the receipt of commissions or trail fees (such as 12b-1 fees on certain mutual funds) associated with the purchase or sale of securities. As such, the EFS Financial Advisors have a financial incentive to recommend products which may result in such commission revenue. However, financial planning clients are under no obligation to implement their financial plan through EFS Financial Advisors and are informed of this at the time their plans are presented.</p> <p>Transactions executed on behalf of EMAP clients are executed for a single wrap fee, which diminishes the potential conflict of interest associated with executing a large number of orders for client accounts and earning transaction based compensation following each order. In addition, EMAP invests client assets primarily in no-load shares of unaffiliated open-end registered investment companies and no-commission variable annuities. Thus, neither EFS nor its Financial Advisors earn any additional revenue from EMAP accounts beyond the wrap fee. Trading charges incurred to buy or sell exchange traded funds are included in the wrap fee and no EFS Financial Advisor receives commissions for executing such transactions. However, EFS and its Financial Advisors may have a financial incentive to recommend EMAP over other EFS programs or services given that it may result in more compensation to the firm and/or its personnel or its affiliated broker-dealer, SMH. Regarding the EMAP wrap fee and EFS' payment of transaction costs incurred by EMAP clients, SMH, Pershing and TD Ameritrade have agreed to fixed asset-based fees for transaction-related services provided to EMAP accounts. The compensation paid from the EMAP fee does not vary depending upon the number of trades effected in EMAP client accounts and EFS does not earn more of the fee if it places fewer trades. As a result of the wrap nature of the fee, EFS has no economic incentive to place more or fewer trades through SMH or TD Ameritrade for EMAP accounts.</p> <p><b>Procedures to Prevent Agency Cross Transactions</b></p> <p>SMH, an affiliate of EFS, has policies and procedures in place to ensure that transactions introduced to Pershing on behalf of EMAP clients are not crossed with transactions introduced to Pershing on behalf of SMH brokerage customers in compliance with the agency cross provisions of the Advisers Act. As a general matter, the nature of the securities acquired for EMAP and financial planning clients are not conducive to cross transactions since shares of mutual funds and variable annuities are purchased from their issuers and are not exchange traded. Although ETFs are exchange traded, EFS would not, acting as investment adviser, generally recommend that such shares be crossed from one advisory client account to another and would never act as a broker with respect to any such potential cross transaction.</p> <p><b>Recommendations Involving Financial Interest</b> EFS may give advice and take action with respect to its own account that may differ from action taken by EFS on behalf of</p>	

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	<p>other accounts. EFS is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that EFS, its affiliates or its respective Access Persons, as defined by the Advisers Act, may buy or sell for its or their own account or for the accounts of any other client. EFS is not obligated to refrain from investing in securities held by accounts that it manages except to the extent that such investments violate the Code of Ethics ("Code") adopted by EFS.</p> <p>Although all employees of EFS get the benefit of a fee reduction on EMAP accounts, employee accounts are not given preferential trading treatment, and are monitored and rebalanced on the same basis as all other unrestricted client accounts invested in accordance with the same EMAP asset allocation model strategy. Additionally, the EFS Employee 401K Plan utilizes abbreviated EMAP asset allocation models which do not include exchange traded funds and are traded separately from other EMAP asset allocation models. Since EFS employees may establish an EMAP account for themselves, in that regard they will buy and sell for themselves the same underlying securities as clients. Therefore, from time to time, employees and principals of EFS or any related person(s) will have interests in securities owned by or recommended to EFS clients, including mutual funds, exchange traded funds or insurance products. As these situations may represent a potential conflict of interest, EFS has adopted procedures relating to personal securities transactions and insider trading that are designed to prevent actual conflicts of interest.</p> <p>Code of Ethics</p> <p>The EFS Code of Ethics was adopted in accordance with Advisers Act Rule 204A-1 to govern personal transactions by Access Persons of EFS and to ensure that the interests of Access Persons do not conflict with the interests of EFS clients. All Access Persons are required to notify the Chief Compliance Officer ("CCO") or the CCO's designee in order to pre-clear certain personal securities transactions identified in the Code as requiring pre-clearance. All Access Persons must maintain their account with the firm or provide to the CCO quarterly reports of their personal transactions within 30 days of the end of each calendar quarter which may consist of monthly brokerage statements for all accounts in which they have a beneficial interest. In addition, Access Persons must direct their brokers to send copies of all brokerage statements relating to all personal securities transactions in which they have a beneficial ownership interest. The Code also requires all Access Persons and all Supervised Persons of EFS to comply with ethical restraints relating to clients and their accounts, including restrictions on giving gifts to, and receiving gifts from, clients in violation of EFS gift policy. A copy of the EFS Code of Ethics is available to any client or prospective client upon request.</p>	

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	<p><b>Insider Trading Policy</b></p> <p>EFS and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, EFS and its related persons may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is an EFS client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they are prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law.</p> <p>EFS has adopted a policy on "Protection of Material Non-Public Information" in accordance with Advisers Act Section 204A which establishes procedures to prevent the misuse of material information by EFS Supervised Persons. Among other things, these provisions include a requirement that Supervised Persons shall direct their brokers to forward copies of all personal securities brokerage statements for every account in which they or their immediate family members have a beneficial interest. These statements are submitted to and reviewed by EFS' CCO or designee, who is also a securities principal, as well as by SMH if trades were placed through it. EFS will also maintain restricted lists when necessary.</p> <p>Any officer or employee of EFS who fails to observe the above-described policies risks serious sanctions, including personal liability and or termination of employment.</p> <p style="text-align: center;"><b>ITEM 10 -CONDITIONS FOR MANAGING ACCOUNTS</b></p> <p>As noted in Item 1. above, the minimum EMAP account size is \$50,000 and the minimum annual fee is \$1,000. Annual fees for financial plans and other services are similarly described above. EFS may waive the minimum annual fee at its sole discretion. The minimum EMAP account size for employees is \$3,000.</p> <p style="text-align: center;"><b>ITEM 11 - FREQUENCY OF ACCOUNT REVIEWS</b></p> <p>EMAP accounts are monitored on an on-going basis and accounts are re-balanced based on market or other conditions as warranted. Securities for EMAP accounts are bought or sold by EFS subject to its limited discretionary authority.</p> <p>Financial planning clients' brokerage accounts at SMH are monitored periodically</p>	

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	<p>where consistent with the EFS financial plan and client instructions. Changes in the asset allocation model, which include adding, removing or replacing securities at the recommendation of the financial advisor, are made infrequently based on significant changes in the economic or political climate; the management of the securities used by the asset allocation model; and/or the client's personal circumstances, including health, employment, and marital and family status.</p> <p>On at least an annual basis the advisor must conduct a discussion with the client to update their financial and personal information and to determine what changes, if any, are warranted to meet the client's on-going needs and assess the on-going suitability of EMAP. Reviews may also be conducted at the request of a client or when otherwise warranted in the reviewer's opinion.</p> <p>Accounts are reviewed by advisory personnel of EFS. As Financial Advisors, they may offer advice on investments; college and retirement planning; life, disability, and long-term care insurance; mortgages, and other aspects of personal finance. Advisory personnel generally meet weekly to review economic, tax, financial, political, social and other relevant issues and to determine if any changes in strategy are warranted and, if so, to implement such changes. Based on these meetings, each reviewer then independently reviews individual client's situations as needed.</p> <p>Nature and Frequency of Client Reports</p> <p>EMAP clients receive quarterly and/or monthly account statements. Clients also generally have unlimited and continuous access, 365 days per year, to their account information through websites offered and maintained by TD Ameritrade and/or Pershing, the executing and custodial broker-dealers for the EMAP wrap fee program.</p> <p style="text-align: center;"><b>ITEM 12 - INVESTMENT OR BROKERAGE DISCRETION</b></p> <p>Under EMAP, clients provide EFS with limited discretionary authority to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:</p> <ul style="list-style-type: none"> <li>• Invest client assets into a diversified mix of asset classes and investment securities primarily in the form of shares of open-end registered investment companies and exchange-traded funds as well as variable annuities;</li> <li>• Modify or change the mix of asset classes and investment securities within the account; and</li> <li>• Rebalance the account periodically.</li> </ul>	

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	<p>EFS generally has no obligation or authority to take action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by client accounts. With respect to ERISA accounts, EFS generally expects clients to expressly retain the authority and responsibility for proxy voting and to specify, in writing, who has voting authority.</p> <p>Selection of Executing Brokers and Dealers</p> <p>EFS has selected Pershing and TD Ameritrade and its clearing broker affiliate as the introducing and executing broker-dealers, respectively, for transactions associated with EMAP. TD Ameritrade and Pershing offer to independent investment advisers services which include custody of securities, trade execution, and clearance and settlement of transactions. Clients choosing to participate in EMAP must consent to execution through TD Ameritrade or Pershing as part of the Client Services Agreement.</p> <p>Both SMH/Pershing and TD Ameritrade provide EFS with services typically provided to institutional investment managers (and generally that are not provided to retail customers). These services include duplicate client statements and confirmations; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; and access to mutual funds with no transaction fees. As noted above, EFS establishes client accounts generally through TD Ameritrade unless a client has other needs, such as the need to use account assets as collateral for loans. In selecting TD Ameritrade, EFS has evaluated all of the services it offers, the quality of those services and the cost indirectly borne by EMAP clients, and determined that TD Ameritrade provides overall best quality of services for the price. EFS periodically compares TD Ameritrade's services and prices against other broker-dealers qualified to provide comparable services. While another broker-dealer may offer these services at a lower overall cost, EFS is not required to move all accounts to that other broker-dealer.</p> <p>For certain clients whose transactions are executed through Pershing, SMH, an introducing broker-dealer and an EFS affiliate, may perform brokerage services with respect to client assets. Clients pay no additional commissions for such brokerage services and SMH will not enter into any transactions with client accounts on a principal basis. If any of the client assets constitute assets of any employee benefit plan (a "Plan") subject to Part 4 of Title I of ERISA, neither EFS nor its affiliates receive any compensation other than the wrap fee paid for EMAP in compliance with interpretive guidance on prohibited transactions provided by the Department of Labor.</p> <p>In general, the securities purchased for EMAP accounts are no-load mutual fund shares or variable annuities acquired directly from their issuers and are not exchange traded. With respect to ETFs, while EFS has attempted to negotiate favorable commission rates</p>	

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	<p>for EMAP transactions and believes that both TD Ameritrade and Pershing's commission rates are competitive, EFS does not otherwise seek to obtain the best combination of price and execution with respect to EMAP accounts' asset allocation model transactions. EMAP clients pay a wrap fee which includes all brokerage execution costs without regard to the number of transactions executed during the billing period. As noted in Item 1 above, however, the wrap fee does not include certain securities' related costs, including the fees embedded in the mutual funds or variable annuities in which EMAP accounts invest. In general, EFS believes that the wrap fee, which includes execution for fixed asset-based fees, custody and advice, provides clients with best execution with respect to securities transactions.</p> <p>Financial planning clients who freely choose to use an SMH registered representative affiliated with EFS to execute transactions suggested in a personalized EFS financial plan acknowledge in writing that all EFS recommendations are introduced through SMH and cleared through Pershing. ERISA clients who implement financial plans outside of EMAP are responsible for their own fiduciary determination of best execution.</p> <p><b>Batch Transaction Policy</b></p> <p>When the price or execution of a security can be impacted favorably by aggregating orders among accounts, EFS aggregates transactions on behalf of all EMAP accounts, including accounts of its investment adviser professionals, other access personnel and EFA. It is the policy of EFS that such transactions will be allocated to all participating client accounts in a fair and equitable manner. There is no preferential treatment given to any account. Transactions may be traded together to ensure best execution and to avoid price differential. There is seldom, if ever, a problem finding sufficient mutual fund shares to purchase for EMAP accounts. These shares are purchased from the issuer and sold at the net asset value next determined after an order is received. Shares of mutual funds are sold back to the issuer and since EFS only buys open-end funds, each issuing mutual fund must stand ready to buy the shares back at the share's net asset value, as determined after the redemption order is received. Similarly, EFS buys and sells highly liquid ETF interests or shares and there is seldom any difficulty finding a sufficient supply of ETFs on the market. Variable annuities and 529 College Saving Plans are purchased directly from the issuer and no aggregation of these transactions occur.</p> <p><b>Trade Allocation Policy</b></p> <p>In our effort seek best execution for our clients and treat all clients fairly and equitably over time, we utilize a rotation procedure for executing trades. All client accounts are included in the rotation. All EMAP equity trades will be executed at their respective custodian on a block basis. The order of the custodians' trade will be rotated on a daily basis and in sequential fashion. For example, if there are three custodians and</p>	

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	<p>Custodian 1 goes first on a particular day, Custodian 2 will go first the following day, and Custodian 3 will go first on the third day.</p> <p>One exception to this rotation procedure will be when a custodian has a large block order of 30,000 shares or greater. To avoid having an order of this size unfavorably impact the market and the orders that follow, such custodian will be the last to trade on that particular day. The normal rotational schedule will continue on the following day.</p> <p>In the limited circumstances where sufficient quantities of a particular security are not obtainable, a pro rata allocation may be used when a batch order in the security cannot be fully executed in a single day. The partial fill is generally allocated among the participating client accounts based on the size of each account's original order, subject to rounding in order to achieve "round lots." Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. As previously mentioned, orders for all EMAP wrap fee clients, including those of EFA and EFS, generally will be aggregated to ensure equal pricing for all clients.</p> <p><b>EMAP and Client-Directed Brokerage Transactions</b></p> <p>As part of the EMAP Client Services Agreement, clients have directed EFS to use TD Ameritrade as the executing broker-dealer to execute all asset allocation model transactions for their accounts or direct EFS to use SMH as the introducing broker-dealer and Pershing as the clearing broker-dealer to execute all asset allocation model transactions for their accounts. Clients cannot direct the use of any other broker-dealer. As a result, best execution may not be achieved in the acquisition of a given ETF, but EFS believes that overall, the wrap fee arrangement provides best execution of client transactions. Since mutual funds and variable annuities are acquired from their issuers at their current net asset value at the time of the transaction, the direction of trades to a specific broker-dealer does not change the price at which such securities are acquired.</p> <p>As noted above, EFS sponsors the EMAP wrap program. EMAP clients contractually acknowledge that account transactions will be effected through either TD Ameritrade or SMH/Pershing as a result of the wrap fee arrangement. Transactions for clients with TD Ameritrade accounts are typically placed with TD Ameritrade in one, batched order so that all such clients receive the same price on that day (and the same practice is followed with SMH/Pershing accounts). When circumstances arise that cause an order to be placed at a time other than the one, batched order, prices may vary within a day unless the order relates to mutual fund shares, the net asset value of which is determined at the same time each day (typically 4:00 pm). Once a client has selected EMAP and contractually consented to executing transactions through TD Ameritrade or SMH/Pershing as applicable, EFS will not otherwise execute EMAP transactions</p>	

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	<p>through other broker-dealers. However, EMAP clients understand that they have already paid an asset-based charge which includes commissions on transactions executed through TD Ameritrade or SMH/Pershing and will not be charged additional commissions on EMAP account transactions.</p> <p>“Soft” Dollar or Research/Execution Policy</p> <p>EFS has no formal soft dollar arrangements and does not use soft dollars to acquire any research services, whether proprietary services created and provided by a broker-dealer or third party research provided through a broker-dealer.</p> <p>Appearance of Conflicts Associated with Radio and Television Broadcasts</p> <p>As noted above, Mr. Edelman is the host of a radio show and occasionally appears as a guest on radio and television shows pertaining to investing and financial planning. He is careful not to discuss specific securities and does not reveal any of the asset allocation model holdings or recommendations given to EMAP clients. However, the public is invited to call into these broadcasts and discuss personal financial situations with Mr. Edelman. In any of these circumstances, a caller may discuss a specific mutual fund, ETF or insurance product that happens to be held in the accounts of certain EMAP clients or under consideration at the time of the caller’s question. Mr. Edelman may give advice to the caller that is the same as or different from the advice EFS has taken or may take for EMAP clients.</p> <p><b>ITEM 13 - COMPENSATION RECEIVED FROM NON-CLIENTS</b></p> <p>TD Ameritrade may sponsor the radio show, “The Ric Edelman Show,” or other events hosted by Ric Edelman. In connection with its sponsorship, TD Ameritrade may buy advertising time during the show or related event and Ric Edelman may promote TD Ameritrade by referencing its sponsorship.</p> <p>EFS’ Financial Advisors receive commissions on insurance and/or securities products purchased by financial planning clients who choose to implement their EFS Financial Plan through such personnel. Advisory personnel may also receive 12b-1 fees as a result of placing clients with mutual funds. EMAP clients do not incur sales charges, commissions or 12b-1 fees when purchasing or owning variable annuities or mutual funds.</p> <p>As a financial planning firm, EFS makes the following statement: (1) associated persons of EFS also are licensed to sell insurance policies from several insurance companies disclosed herein and may receive sales compensation from any such transactions; (2) clients are under no obligation to have EFS or its advisory personnel implement any</p>	

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	<p>suggestions made in the financial plan; (3) if asked to implement the suggestions of the financial plan, EFS intends to implement such financial planning, in whole or in part, through products offered by these companies and to clear securities transactions through Pershing or TD Ameritrade as described herein; (4) to the extent EFS or its advisory personnel implement recommendations via SMH, they are acting as agents for SMH, will use only products offered by SMH and will earn commissions; and (6) clients have total freedom to execute securities and/or insurance transactions with any company of their choice other than with respect to participation in EMAP or the receipt of on-going, annual financial planning recommendations.</p> <p>Description of Proxy Voting Policies</p> <p>EFS has written proxy voting policies and procedures as required by Advisers Act Rule 206(4)-6. Under these policies and procedures, EFS generally declines to accept proxy voting responsibility for client accounts. However, to the extent that EFS may accept a discretionary account through EMAP which requires EFS, in writing, to vote its proxies, EFS will vote such proxies in the best interests of clients. EFS has written guidelines for certain issues on which votes may be cast which may determine its vote. EFS would, if required to vote, generally cast proxy votes in favor of management proposals given that it invests, on a discretionary basis, only in mutual funds, variable annuities and exchange traded funds, which have, in large part, been chosen based on their historical track records and existing management. EFS' proxy administrator is responsible for ensuring that votes are cast in accordance with EFS' policy and records are maintained. In the event of a material conflict of interest, EFS will follow its procedures for resolving material conflicts as identified below.</p> <p>EFS acknowledges its responsibility for identifying material conflicts of interest relating to voting proxies. Senior management and advisory personnel of EFS must disclose to the proxy administrator any personal conflicts such as officer or director positions held by them, their spouses or close relatives in the company. Conflicts based on business relationships with EFS or any affiliates of EFS will only be considered to the extent that EFS has actual knowledge of such relationships. When a material conflict of interest between EFS' interests and its clients' interests appears to exist, EFS may eliminate the conflict by choosing one of several options which include: (1) vote in accordance with EFS' policies and procedures if it involves little or no discretion; (2) vote as recommended by a third party service if EFS utilizes such a service; (3) "mirror vote" the proxies in the same proportion as the votes of other proxy holders that are not EFS clients; (4) if possible, erect information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict; (5) if practical, notify affected clients of the conflict of interest and seek a waiver of the conflict; or (6) if agreed upon in writing with the client, forward the proxies to affected clients allowing them to vote their own proxies.</p>	

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	<p>Clients may obtain copies of EFS' written proxy voting policies and procedures as well as information on how proxies were voted for its account by requesting such information from EFS at the address and phone listed on page 1 of Part II of this Form ADV. EFS will not disclose proxy votes for a client to other clients or third parties unless specifically requested, in writing, by the client.</p> <p>Trade Error Policy</p> <p>EFS trading employees implement investment management trading decisions carefully. Nonetheless, if a trade error does occur, EFS corrects the trade promptly in such a manner that the affected client is not disadvantaged and bears no loss. This policy applies only to trade errors made by EFS and its employees.</p>	

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