

## FORM ADV Schedule F

### Continuation Sheet for Form ADV Part II

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801- 29892

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## VEST PREMIERE

### Introduction

H.D. Vest Advisory Services<sup>SM</sup> (HDVAS) was established in 1987 and is a wholly-owned subsidiary of H.D. Vest, Inc. (H.D. Vest). H.D. Vest is a non-bank subsidiary of Wells Fargo & Company. HDVAS was created to offer clients an ongoing consultative investment management approach. HDVAS sponsors the fee-based investment program *VestPremiere*. HDVAS sponsors wrap fee programs other than *VestPremiere*; brochures for these other programs may be obtained by contacting your Advisory Consultant.

*VestPremiere*, HDVAS' flagship portfolio management program that utilizes limited trading authorization, is designed for individuals and institutions with investment portfolios valued at \$100,000 or more. HDVAS reserves the right to terminate the Advisory relationship if the market value of assets in the account falls below the minimum. Investor portfolios are allocated to various investments that are selected from a wide universe of no-load or load-waived mutual funds, Exchange Traded Funds (ETFs), or a variable annuity (collectively referred to as "Investment Products"). Back-end or level-load funds may not be held in the account. No sales loads are charged for mutual funds, ETFs or annuities purchased within the *VestPremiere* account; however, H.D. Vest Investment Services<sup>SM</sup> ("HDVIS"), a broker/dealer affiliate of HDVAS, will receive applicable Rule 12b-1 fees. Dividend and interest distributions generated by the investments held will be used to offset fees and facilitate rebalancing needs and may not be automatically re-invested in the investments that generated them, unless so directed by the client. ERISA accounts hold only mutual funds, ETFs and annuities that do not charge 12b-1 fees.

Clients may also hold individual stocks, bonds and/or other securities in their portfolios without a commission as allowed in the discretion of HDVAS, although retaining individual securities that are not a part of the HDVAS-recommended Investment Products is not generally recommended. In addition, *VestPremiere* offers a tax-deferred variable annuity to provide investors with an asset allocation strategy managed on a tax-deferred basis. Variable annuity allocation models and sub-account selection may be managed to meet rider requirements whether or not the rider is added to a contract.

Clients of HDVAS are entitled to expect high standards of conduct in all of their dealings with us. To assist us in fostering an ethical culture among our employees and Advisory Consultants, we have developed a Code of Ethics ("COE"). Because of the sensitive nature of client data, HDVAS personnel who have access to material, non-public information regarding client holdings or recommendations given to clients, including directors, officers, employees, Registered Representatives and Investment Adviser Representatives, are required to adhere to the COE.

The following principals are the foundation upon which the Code of Ethics is built.

- **Integrity:** Adherence to a code of moral values is the foundation of ethical behavior. The position of trust we are placed in mandates that we perform our duty in an honest and professional manner.
- **Competence:** This is a measure of a person's ability to perform a duty. The duties we are required to perform include satisfying our clients' investment needs and complying with all applicable laws and regulations. In fulfilling these obligations, we will do so competently and in good faith. Where necessary, this includes acquiring additional training to ensure competency and proficiency.
- **Professionalism:** Crucial to proper business conduct is the ability to act in a professional manner. HDVAS believes that every client deserves to be treated in a professional manner and should have a positive experience when dealing with HDVAS. Clients should expect to be given the relevant information they need to make good decisions including compensation and fees associated with their accounts. It is unprofessional to engage in any conduct that reflects adversely upon HDVAS, its Advisory Consultants or the profession.
- **Fiduciary Duty:** This capacity requires that when conducting business and dealing with clients, it is the clients' best interests that are served. While conflicts of interest inevitably arise, we endeavor to make sure conflicts are disclosed and every effort is made to direct conflict situations to conclusions that benefit clients, based on their suitability.
- **Objectivity:** When making decisions and providing advice, it is fundamental that we do so without distorting the facts by personal prejudices or feelings. Every effort should be made to ensure that decisions made and conclusions drawn are free from emotional influences.

Persons covered by the COE are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- To defraud such client in any manner;
- To mislead such client, including by making a statement that omits material facts;
- To engage in any act, practice or course of conduct that operates or would operate as a fraud or deceit upon such client;
- To engage in any manipulative practice with respect to such client; or
- To engage in any manipulative practice with respect to securities, including price manipulation.

The principles listed above should govern all conduct of Covered Persons, although more specific guidelines on conduct are outlined below or in the relevant rules and regulations, and in the H.D. Vest Compliance Manual(s).

Covered Persons are required to comply with all applicable city, state, and federal securities laws and the H.D. Vest Compliance Manual(s).

Interested parties may obtain a copy of the Code of Ethics by contacting their Advisory Consultant or by contacting HDVAS directly at (800) 821-8254.

## FEE SCHEDULES

Investors pay an annual fee, assessed quarterly, for portfolio management, monitoring and reporting services. Because the fee is charged only one quarter in advance, there is no long-term commitment or contractual obligation. All fees are negotiable and calculated on an incremental basis. Client fees will be reflected on the appropriate HDVAS Services Agreement located in the Client Profile Questionnaire. **Please review the *Additional Compensation* section for further information.**

Fees are set pursuant to customer agreement. The following table represents the maximum fees associated with a *VestPremiere* account:

<i>VestPremiere</i>	<i>Maximum Annual Fee</i>
First \$250,000	2.50%
Next \$250,000	2.00%
Next \$500,000	1.50%
Next \$1,000,000	1.00%
Next \$3,000,000	0.75%
Greater than \$5,000,000	0.50%

The annual advisory fee charged is based on the account's Average Capital Base (ACB). The ACB is calculated as the beginning market value of the account for the previous quarter, plus any time-weighted deposits [computed as amount of deposit times (days invested/days in period)] minus time-weighted withdrawals [computed as amount of withdrawal times (days remaining/days in period)] during the quarter. Each account is charged this annual fee, which is billed on a quarterly basis, for services provided by the Advisory Consultant and HDVAS.

The following example demonstrates how the ACB would be calculated on a hypothetical account:

ACB = beginning market value *plus* time-weighted balances (days invested/days in the period) *minus* time-weighted withdrawals (days remaining/days in the period).

*Assume that HDVAS is pre-billing for third quarter of 2007 (July 1 through September 30). The beginning market value for the previous quarter as of April 1 is \$300,000. A deposit of \$20,000 is made on April 21 that remains in the account for 71 days. A withdrawal of \$10,000 is made on May 25, 37 days before the end of the period. There were 91 days in the previous quarter. To calculate the Average Capital Base, we take:*

\$300,000.00	Beginning market value
+ \$15,604.40	Deposit of \$20,000 [\$20,000 multiplied by (71 / 91)]
- <u>\$4,065.93</u>	Withdrawal of \$10,000 [\$10,000 multiplied by (37 / 91)]
\$311,538.47	ACB applicable to pre-billing of fees for third quarter 2007

*In this example, assuming the maximum fees are applied, HDVAS will assess the following annual rates. Quarterly rates are pro-rated based on the number of days in the billing quarter. Third quarter consists of 92 days.*

*As fees are tiered, the quarterly advisory fees for this hypothetical account are calculated as follows:*

\$250,000 multiplied by [2.5% (92 / 365)]	\$1,575.34
\$61,538.47 multiplied by [2.0% (92 / 365)]	<u>\$ 310.22</u>
Total Quarterly Fee	\$1,885.56

The total annual advisory fee is paid directly to HDVAS as the Advisory Services Management fee, of which HDVAS will retain a portion between 0% and 1.45% of assets under management. The remaining fee is paid out to the Advisory Consultant(s) who is handling the client's account. The amount of the advisory fees paid to the Advisory Consultant depends on a number of factors including the amount of assets the Advisory Consultant has under management with HDVAS, the Advisory Consultant's level of payout, and the fee negotiated with individual advisory clients. Please review the *Additional Compensation* section for further information.

Fees are automatically deducted from the client's account, payable in advance on a quarterly basis. When an account is initially invested by HDVAS, pro rata billing will take place following the end of the quarter in which the account was opened. All subsequent fees will be billed in advance on a quarterly basis.

Clients may terminate the Advisory Services Agreement within five days of signing without incurring any fees. If the client wishes to terminate the agreement after the account has been invested, the client will receive the value of the account when the securities are liquidated. Pro rata fees will apply to termination of the agreement thereafter. Termination will be effective upon receipt of written notification to HDVAS at the following address:

H.D. Vest Advisory Services  
Attn: Brokerage Operations  
6333 North State Highway 161  
Fourth Floor  
Irving, Texas 75038

Oral notification or notice to the Advisory Consultant is not sufficient to terminate the agreement. Upon termination of the investment advisory relationship with HDVAS, the account will be treated as a commission-based brokerage account with HDVIS, and the transaction charges and other fees in the brokerage account agreement will apply. The client will be

responsible for all transaction and other charges assessed in connection with maintaining, trading, or transferring the account following termination of the agreement.

### **Related Accounts**

Related accounts within each individual program may be linked together to reduce the annual advisory fee or to meet the program minimum. Clients must affirmatively notify HDVAS of the accounts that are proposed to be linked. Clients may only link accounts within the *VestPremiere* program and not with any other product offered by HDVAS. Related accounts are limited to immediate family members or as accepted by HDVAS. Each portfolio of linked accounts should meet the program minimum; however, exceptions may be made at the discretion of HDVAS.

### **SERVICES OFFERED AND PROVIDED FOR ACCOUNTS**

The following sections outline the responsibilities of the Advisory Consultant and HDVAS.

#### **Services offered by the Advisory Consultant for *VestPremiere* may include:**

- Educating investors on the benefits of a fee-based money management strategy;
- Gathering data to be used in the preparation and implementation of the investment portfolio;
- Assisting the client in the completion of the Client Profile Questionnaire, which is used to determine a client's investment objectives and risk tolerance level;
- Presenting the portfolio recommendation and allocation based on the information provided in the Client Profile Questionnaire and other sources;
- Completing all other paperwork required to implement an investment recommendation;
- Conducting performance reviews (no less than annually), and providing answers to any questions clients may have about their portfolios;
- Explaining investment decisions and why rebalancing may be necessary;
- Periodic review of client investment objectives, trading activity, and portfolio makeup to evaluate the suitability of the program for the client; and
- Monitor any substituted investment products used within the client's portfolio.

#### **Services provided by HDVAS for *VestPremiere* include:**

- Recommending portfolio allocations based on the information contained in the Client Profile Questionnaire and other sources;
- Development and management of asset allocation models for a variety of risk tolerances and objectives;
- Opening an account upon receipt of the required paperwork;
- Reviewing and implementing the client's portfolio allocation and Investment Product selection based on the information contained in the Client Profile Questionnaire;
- Generating and distributing quarterly performance reports to the Advisory Consultant;
- Collecting fees, generating disbursement requests and performing accounting functions;
- Maintaining the registrations of HDVAS and all Advisory Consultants with the SEC and appropriate state securities commissions;
- Preparing and updating the Wrap Fee Disclosure Brochure as mandated by the SEC and state securities commissions;
- Supervising activities of Advisory Consultants;
- Selecting Investment Products to be utilized within recommended allocation models based on investment philosophy and other relevant criteria;
- Conducting investment management tasks, including monitoring and rebalancing portfolios to keep them within their target allocations;
- Evaluating the ongoing suitability of the Product mix;
- Maintaining data that drives economic models used in evaluating asset classes;
- Evaluating new methods of applying statistical analysis to economic data;
- Research and recommendation of Investment Products; and
- Arranging for the execution of trades in client portfolios through HDVIS.

### **COSTS**

The *VestPremiere* program may cost the client more or less than purchasing such services separately. Factors bearing upon the relative cost of the program include:

- The type and size of the account;
- The historical and/or expected size or number of trades for the account;

- The number and range of supplementary advisory and client-related services provided for the account.

Costs of the programs include:

- Services detailed in the *Services Offered and Provided for Accounts* section above;
- Investment advice;
- Transaction fees and clearing of trades by WFI;
- Execution of trades by HDVIS;
- Quarterly performance reports;
- Fee calculation and invoicing;
- Support to Advisory Consultants and their clients with questions regarding their accounts;
- Periodic review of Investment Products in the program; and
- Custody of assets.

## COMPENSATION OF PROGRAMS

The Advisory Consultant recommending *VestPremiere* to the client receives compensation as a result of the client's participation in the program. The amount of this compensation may be more or less than what the Advisory Consultant would receive if the client participated in other HDVAS programs or paid separately for investment advice and brokerage and other client services. Therefore, the Advisory Consultant may have a financial incentive to recommend *VestPremiere* over other programs and services.

## ADDITIONAL FEES

Clients may incur additional third-party fees including deferred sales loads charged by products transferred into the *VestPremiere* program and 12b-1 fees. HDVIS will receive the 12b-1 fees associated with investments in *VestPremiere* accounts. Additional third-party fees are incurred for clients in the *VestPremiere* variable annuity. These charges include mortality and administrative charges up to .75% and a \$30 policy fee assessed annually; optional riders could be selected involving additional fees. Refer to the annuity prospectus for additional information and costs. No part of the amount charged for a rider is paid as compensation to either HDVAS or its affiliates.

The annual advisory fee does not include management fees and operating expenses charged by each Investment Product held in the *VestPremiere* account. Further information regarding the charges and fees assessed by the Investment Products is available in the product's prospectus.

Mutual funds can differ significantly in terms of the expenses you pay as an owner, and in terms of the compensation HDVAS and its affiliates earn as a result of your investment. For example, not all mutual funds pay additional compensation in the form of a Rule 12b-1 fee, and the amount of the Rule 12b-1 fee can differ between funds. Rule 12b-1 fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder. Even within the same fund, some fund families offer multiple share classes, some of which may pay HDVAS or its affiliates a Rule 12b-1 fee while others do not. HDVAS prices the investment advisory and administrative services it offers in terms of the total revenue we expect to receive, including Rule 12b-1 fees we receive from mutual fund companies. If we did not receive Rule 12b-1 fees, or received significantly less in Rule 12b-1 fees than anticipated, we would potentially have to increase the fees we charge for our advisory programs, or impose additional charges associated with reporting or trading activity. In selecting investments for your account, HDVAS may utilize mutual funds that pay a Rule 12b-1 fee, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee, and/or has a lower expense ratio. In addition, HDVAS endeavors to provide competitive money market "sweep" accounts (which is generally the investment in which any free cash balances in your account are invested). However, HDVAS does not offer the same menu of money market sweep accounts to all of its clients. HDVAS may utilize a sweep investment that pays a Rule 12b-1 fee even if an investment that does not pay a 12b-1 fee is available. This results in additional compensation for HDVAS. Please consult the specific fund prospectus for more information, and ask your Advisory Consultant if you have any questions about Rule 12b-1 fees, or how they affect your investments or the compensation earned by HDVAS and your Advisory Consultant.

## *VestPremiere* Investment Transaction Charges

Transaction and clearing charges may be assessed by third parties other than HDVAS. While the Advisory Agreement is in effect, generally HDVAS does not charge clients a transaction fee for trades associated with (a) selling Investment Products transferred into an account, or (b) Investment Products bought or sold at the request of the client that are not in the HDVAS

recommended model. However, additional transaction and other charges could apply if there are a significant number of transactions or substitutions relative to the size and age of the account, or if the client directs HDVAS to execute specific transactions including the liquidation or transfer of some or all positions held in the account. HDVAS, in its discretion, will determine when any additional charges will apply and will notify the Advisory Consultant prior to applying these charges to the account. The transaction fee will generally be equal to the transaction fee indicated in the HDVIS brokerage account agreement. For transaction cost information, please review the transaction charges table below. HDVAS pays transaction-related fees, including clearing charges and custodian fees for IRA accounts, to WFI, an affiliate, once HDVAS begins management of the client's funds. Any transaction charges incurred are assessed by WFI as the clearing firm and are separate from any advisory management fees or any additional fees charged in connection with the investment products held in the account.

## Transaction, Clearing, and Custodial Fees

### Transaction-Related Charges

<b>Mutual Funds</b>	Mutual Funds – Non-NTF Funds	\$9.50
	Exchanges (same fund family) – Non-NTF Funds	\$4
<b>Equities, Fixed Income, and Unit Investment Trusts</b>	Equities	\$18
	Exchange Traded Funds (ETF)	\$18
	Options	\$16 + 1.50/contract
	Foreign Securities	\$75
	Corporate Listed Bonds	\$16
	Corporate OTC Bonds	\$20
	Municipal, Treasury, Government Agency and Zero Coupon Bonds	\$20
	Mortgage-Backed Securities or CMOs	\$30
	CDs**, Commercial Paper and Banker's Acceptances	\$20
	Unit Investment Trusts	\$20

### Clearing and Custodial Fees

<b>IRA Accounts</b>	IRA Maintenance Fee for all IRA types except Education Savings Accounts	\$50
	IRA Maintenance Fee for Education Savings Accounts	\$20
	IRA Maintenance Fee for Qualified Retirement Accounts	\$50
	Termination Fee	\$95
<b>Brokerage Fees</b>	*SEC Fees	Cost
	Overnight Delivery	\$15
	Outgoing Wire Transfer	\$25
	Return Deposit Item	\$15 per returned item
	Deposit of Cancelled, Stopped or Escheated Certificates	\$75
	Checking Account Fees	\$16 - \$63 plus up to \$75 annually
	Outgoing Full Account Transfer (non-retirement accounts)	\$95
	Margin Debit Balance Interest	WFI Base Rate plus up to 3.5%
	Cash Debit Balance Interest	WFI Base Rate plus 3.5%
	Limited Partnerships/Private Placements – Hold	\$100 per position per year (\$500 max per acct per year)
<b>Security Registration</b>	Limited Partnerships – Purchase	\$200
	Physical Certificate in client name or third-party name	Cost charged to WFI
	Physical Certificate due to corporate reorganization	No Fee
	Government/Mortgage-Backed Securities/GNMAs	\$50 per certificate
	Limited Partnerships	Cost charged to WFI

\* SEC fee charged on all liquidations of equity and option securities.

\*\*A finder's fee of \$4-\$25 per thousand may be assessed on the purchase of CDs. This fee will be paid to the Advisory Consultant.

HDVAS accounts are held through HDVIS, which clears on a fully disclosed basis through Wells Fargo Investment, LLC ("WFI"), an affiliated broker/dealer. HDVIS generally directs transactions to WFI for execution. As such, costs and/or fees for account transactions may not be as favorable as those that could be obtained if HDVIS directed a transaction to be executed at another broker/dealer. HDVIS, WFI and Wells Fargo Bank, NA are affiliates of HDVAS. Investment products offered through HDVAS are not guaranteed by the FDIC or any other governmental agency, are not deposits of or guaranteed by the bank or any bank affiliate, and may lose value. Advisor's Edge annuity accounts are held directly with the insurance carrier.

## SELECTION OF INVESTMENT PRODUCTS

Investment Products for *VestPremiere* are selected based on the model portfolio objective and asset class requirements. Investment Products are screened on criteria such as:

- **Size** – The Investment Products must be large enough to transact high-volume business efficiently, retain talented, professional managers and respond effectively to a changing market environment.
- **Investment categories** – The Investment Products are categorized into asset classes such as Large-Cap Domestic, Small-Cap Domestic, International Equities, Emerging Markets Equities, Fixed Income, Real Estate and Inflation Hedge. Investment Products may be further categorized for analysis based on the manager's style of investment, federal tax exempt status or other traits.
- **Purity and consistency within the category** – The Investment Products should remain primarily invested in the category that they have been assigned. Purity and consistency of investment within the category is required to properly evaluate returns, assess risk and effectively manage an investment strategy for the client. Investment Products that remain pure and consistent to the investment category to which they are assigned are favored over those that do not.
- **Verifiable track record** – Investment Products must employ managers with a proven track record. Most of those selected have at least one manager with three years of documented investment experience within the category assigned.
- **Competitive performance** – Performance when compared against a peer group and relevant benchmark must be competitive. Consistency in competitive performance during both up and down markets is also considered.
- **Expenses** – Management fees and operating expenses must be reasonable when compared to other Investment Products in the same category.
- **Accessibility** – Investment managers should be readily accessible.
- **Reporting** – Results must be communicated in a timely, accurate and understandable manner.

Investment Product selection ultimately is based on the analysis and recommendation of the HDVAS Senior Portfolio Manager.

Some investment options included in *VestPremiere*-recommended models are affiliated with and/or have expense-sharing arrangements with HDVAS, or its affiliates (see *Additional Compensation and Conflicts of Interest* section). Recommended Investment Products are monitored on a periodic basis to ensure that they remain suitable for HDVAS clients. Sources of information used to monitor performance include: Morningstar, Bloomberg, Wells Fargo Wealth Management Group's Due Diligence Group, and Investment Product sponsor materials.

If, in the judgment of the Senior Portfolio Manager, a mutual fund, ETF or VA sub-account fails to meet the needs of HDVAS clients for any reason, it is replaced by one that is deemed to better meet those needs through the screening and analysis process previously described. Examples of circumstances under which a mutual fund, ETF or VA sub-account may be replaced include but are not limited to the following:

- Loss of one or more of the firm's key investment management personnel;
- Material deviation from the firm's stated investment philosophy;

- Poor investment performance over a period of time;
- Mutual fund is closed to new investors;
- Material change in the selection criteria outlined above in Selection of Investment Products.

If a client and/or Advisory Consultant determines that a security no longer meets the needs of a client, the replacement of the security is at the discretion of the client and/or Advisor.

The maximum amount of a client's account that may be invested in a single mutual fund or a VA sub-account, including Wells Fargo Advantage mutual funds, an affiliate of HDVAS, at any point in time will depend on the size of the account and the model being incorporated, and can potentially represent 100% of the individual account.

HDVAS is responsible for selecting Investment Products, including Investment Products affiliated with HDVAS, for a client's investment models. Information regarding recommended investments and any changes to models or allocations is provided to the Advisory Consultant prior to implementation. The client may request changes or substitutions to his/her portfolio when completing the initial agreement or any time during the management of the portfolio. HDVAS will consider the impact of the substitution and its ability to manage the portfolio with the exception. The exception may be rejected if, in the judgment of HDVAS, it unreasonably interferes with management of the portfolio. If the requested substitution is approved, HDVAS will classify the substituted security based on the asset class to which the security belongs, and will manage the portfolio considering the parameters set for the asset class within the allocation. HDVAS will not assume responsibility for ongoing due diligence or evaluation of substituted securities. By entering into the *VestPremiere* Advisory Agreement, the client consents to the use of affiliated funds in the client portfolio, and to HDVAS and the Advisory Consultant retaining their respective share of any other fees or payments that are made to HDVAS or HDVIS in connection with the Investment Products. The client's consent for continued or future use of affiliated products may be revoked at any time during the life of the agreement by providing written notice of the revocation to HDVAS.

For qualified retirement plan accounts under ERISA, only investment products with no 12b-1 fees can be held within the account.

## PERFORMANCE REVIEW

Advent, a software system, is used to calculate performance numbers and assist in the review process. The process of reviewing accounts consists of pricing all positions, reconciling account positions, and updating performance records. The size and timing of contributions and withdrawals are weighted into the performance calculations as recommended by the Chartered Financial Analyst Institute. Returns shown are after fees are deducted, and include dividend(s) (distributions) in the calculations. The method of accounting for distributions in calculating performance varies upon whether the mutual fund paying the distribution is included in the recommended *VestPremiere* program allocation, or is a substitution. HDVAS uses an accrual accounting method for mutual funds that are included in the *VestPremiere* program allocation. Under this method, distributions are accrued to the quarter in which the distributions have been declared. This accrual method of accounting for distributions is not used for funds or securities that are substitutions into the program allocation. For substitutions, the distributions are reflected on a cash accounting basis in the quarter in which they are actually paid.

The review process for the Advent system is to ensure that the system is set up for the correct accounting method, that dollar-weighted returns are calculated for a given month, and that time-weighted returns are calculated using linked monthly returns. The accuracy of the performance numbers generated by the Advent system for accounts relies on the accuracy of the Advent software, which is supported by Advent. HDVAS is responsible for how the performance is calculated, and for ensuring that the Advent system calculates performance in the manner designated by HDVAS. HDVAS does not perform a formal review of performance information; however, a uniform methodology is used except as noted above. The accuracy of any performance numbers published by an individual money manager are the responsibility of the money manager.

## CLIENT INFORMATION

HDVAS utilizes a Client Profile Questionnaire to collect financial information and other pertinent data, to determine an investor's investment objectives and risk tolerance level. This information is given to and used by HDVAS to formulate a portfolio to help meet an investor's needs. The client has an obligation to update the Client Profile Questionnaire and notify the Advisory Consultant if there are changes to the information provided, including but not limited to the client's financial situation, investment objectives, or risk tolerance. The client must also inform the Advisory Consultant if there is other



information not reflected on the Client Profile Questionnaire that is relevant to assessing the client's investment objectives or risk tolerance.

## **CLIENT RESTRICTIONS**

If a client wishes to restrict their account to certain types of investments, they should discuss this with their Advisory Consultant. Based on the restrictions desired by the client, the Advisory Consultant and/or HDVAS may determine that they are unable to service the account.

## **TYPES OF CLIENTS**

The *VestPremiere* program is available to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, banks or thrift institutions, corporations, as well as other business entities.

## **EDUCATION AND BUSINESS BACKGROUND**

### **Advisory Consultants**

HDVAS requires all Advisory Consultants to be registered through HDVAS, and to meet all applicable federal and state licensing requirements.

### **Solicitors**

The requirements for Solicitors vary by state. States may require one or more FINRA examinations, or they may not require any examinations at all. Solicitors may not give independent investment advice for a fee, nor may they manage accounts for a fee. Clients referred by a Solicitor will be required to fill out additional documentation describing the nature of the relationship between and among the client, the Solicitor and HDVAS.

## **HDVAS PERSONNEL**

The key personnel of HDVAS include:

### **Roger C. Ochs, JD, MBA, CFP®, CLU/ChFC, President**

**Education:** Mr. Ochs, born in 1961, holds a bachelor of business administration degree from Angelo State University, a master of business administration degree from Trinity University and a juris doctor degree from Southern Methodist University School of Law.

**Business Background:** As president of the firm, Mr. Ochs manages the day-to-day operations and directs the future of H.D. Vest Financial Services®, He has held multiple management positions within the organization, overseeing sales, marketing and technical support for Advisors since joining the firm in 1987. Prior to joining H.D. Vest, Ochs worked with Prudential-Bache Securities as a financial planner.

### **Jaco Jordaan, CFA, CFP®, ChFC, Senior Portfolio Manager**

**Education:** Mr. Jordaan, born in 1974, holds a bachelor of business administration degree from the University of Texas at Austin and a master of science degree in financial analysis from the College for Financial Planning.

**Business Background:** Mr. Jordaan is the senior portfolio manager for H.D. Vest Advisory Services. He rejoined H.D. Vest in 2007 and is responsible for the asset allocation and portfolio management functions. Mr. Jordaan was most recently a portfolio manager and vice president with PNC Wealth Management where he developed, implemented and managed portfolios for high-net-worth clients, trusts and endowments. He performed independent research and evaluation of both individual securities and mutual funds. Prior to PNC Wealth Management, Mr. Jordaan was with H.D. Vest Financial Services for seven years, where he held positions in Customer Service, Financial Planning and Recruiting.

### **CASEY J. GRIFFIN, CHIEF COMPLIANCE OFFICER (HDVAS and HDVIS)**

**Education:** Mr. Griffin, born in 1976, holds a Bachelor of Business Administration degree from the University of North Texas.

**Business Background:** Mr. Griffin is the Chief Compliance Officer for HDVAS and HDVIS and is responsible for overall compliance with applicable securities regulations as determined by the Securities and Exchange Commission, FINRA, state securities commissions and various other regulatory bodies. Since joining H.D. Vest in August of 1998, Mr. Griffin has held various supervisory positions within HDVIS and HDVAS, including overseeing sales supervision and as the Senior Compliance Manager responsible for surveillance.

**Joel V. Bennett, CPA, CCM, CMA, Chief Financial Officer**

**Education:** Mr. Bennett, born in 1962, holds a bachelor of science degree in business administration from the University of Texas at Dallas.

**Business Background:** Mr. Bennett is treasurer of H.D. Vest and the financial operations principal for HDVIS. He is also senior manager of the Finance department and is responsible for strategic business planning, management reporting, budgeting and accounting. Mr. Bennett has been employed with H.D. Vest since 1990. Previously, he worked at City National Bank as assistant controller. He is a certified public accountant, certified cash manager and certified management accountant.

**Neal E. Heifetz, Executive Manager, Operations**

**Education:** Mr. Heifetz, born in 1957, holds a bachelor of science degree in accountancy from Bentley College.

**Business Background:** Mr. Heifetz is an assistant secretary with H.D. Vest, HDVAS and HDVIS. Mr. Heifetz is the executive manager of operations for HDVAS and HDVIS and is responsible for the activities of all annuity, brokerage and mutual fund operations. Mr. Heifetz has been with H.D. Vest for 10 years and in the financial services industry for nearly 27 years. Prior to joining H.D. Vest, Mr. Heifetz was director of operations at CoreLink Financial. Mr. Heifetz also held management positions at various financial institutions prior to joining H.D. Vest.

**Jeffrey J. Klein, CFP®, CFS, CSA Executive Manager, Strategic Business Units**

**Education:** Mr. Klein, born in 1964, holds a bachelor's degree in economics from Southern Methodist University.

**Business Background:** Mr. Klein is an assistant secretary with H.D. Vest, HDVAS and HDVIS. As executive manager of strategic business units, Mr. Klein directs the growth and development of Advisory Services, Insurance Services, Recruiting, Marketing, Communications, and Advisor Relations. Mr. Klein has been employed with H.D. Vest since 1990. Mr. Klein's experience includes four years of direct sales in life, disability and nonqualified retirement planning and two years in the employee resource management field. .

**The Investment Policy Advisory Board (IPAB)** was established to advise H.D. Vest Advisory Services on the application of Modern Portfolio Theory in portfolio design. The IPAB provides input on asset class inclusion, tactical positioning of portfolios, assumptions underlying portfolio construction, and other topics that impact portfolio asset allocation.

The Investment Policy Advisory Board members of HDVAS include:

**Ronald M. Florance, CFA,** Director of Asset Allocation and Strategy, Wells Fargo Wealth Management Group (WMG)

**Education:** Mr. Florance, born in 1961, holds a bachelor of arts degree in applied mathematics and economics from Brown University.

**Business Background:** Ronald Florance is a senior vice president and director of asset allocation and strategy for Wells Fargo Wealth Management Group. Mr. Florance rejoined Wells Fargo in 2005, where his responsibilities include providing comprehensive strategic asset allocation, financial planning and investment management solutions for affluent and high-net-worth individuals and families. Prior to joining Wells Fargo, Mr. Florance was responsible for asset allocation strategy for Bank of America and he served as a senior portfolio manager at City National Investments.

**Jaco Jordaan, CFA, CFP®, ChFC,** Senior Portfolio Manager, HDVAS (see above)

**Dean Junkans, CFA,** Chief Investment Officer, Wells Fargo Wealth Management Group

**Education:** Mr. Junkans, born in 1959, holds a bachelor's degree in economics from the University of Wisconsin at River Falls. He also holds a master's degree in applied economics from Purdue University.

**Business Background:** Mr. Junkans is the chief investment officer for Wells Fargo Wealth Management Group. In this capacity, he oversees investment management process and strategy for WMG. . Prior to joining Wells Fargo, Mr. Junkans served as vice president and senior portfolio manager of American National Bank's Trust Investment Group as well as a funds management officer for Farm Credit Services.

**Gary Schlossberg,** Vice President and Senior Economist, Wells Capital Management

**Education:** Mr. Schlossberg, born in 1948, holds a bachelor of science degree in economics from the City College of New York as well as a master of arts degree in economics from Pennsylvania State University.

**Business Background:** Mr. Schlossberg is a vice president and senior economist at Wells Capital Management (WCM). Mr. Schlossberg analyzes the economic and investment environment for WCM and for other investment groups within

Wells Fargo & Co. In that capacity, he participates in daily conference calls to the organization's investment managers and sales people throughout the country. Prior to joining Wells Fargo in 1974, Mr. Schlossberg worked as a researcher at the U.S. Treasury and Federal Reserve Board covering international economic conditions.

**Kandarp Acharya**, CFA, Senior Vice President and Director of Quantitative Analysis and Strategy, Wells Fargo Wealth Management Group

**Education:** Mr. Acharya, born in 1964, holds a bachelor of engineering degree from the M.S. University in Baroda, India, a master of business administration degree with honors from the University of Chicago, and a master of science degree in electrical and computer engineering from Marquette University.

**Business Background:** Mr. Acharya is Director of Quantitative Analysis and Strategy at Wells Fargo Wealth Management Group. In this capacity, he helps to guide asset allocation policy for the group. Mr. Acharya previously worked with Wells Fargo Funds Management, LLC, as the Overlay Portfolio Manager and Quantitative Strategist for managed accounts. He served in a similar capacity for Strong Capital Management, Inc., from March 1999 until joining Wells Fargo Funds Management in 2005 as part of an acquisition by Wells Fargo and Company of certain business lines of Strong Financial Corporation. Mr. Acharya joined Strong Capital Management in 1994.

## **BUSINESS ACTIVITIES; OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

The principal executive officers of HDVAS provide management services to other companies affiliated with Wells Fargo and HDVAS that may or may not provide advisory services. Companies affiliated with and/or under the same control with HDVAS include H.D. Vest, Inc., the parent company of HDVAS, HDVIS, the H.D. Vest Insurance Agencies (HDVIA), H.D. Vest Technology Services, Inc., and H.D. Vest Mortgage Services, Inc. HDVAS may recommend that clients use HDVIS or HDVIA to implement investment advice. HDVIS, a registered broker/dealer and member of the NASD, provides brokerage services to HDVAS clients and will handle the recommended implementation at clearing or transaction cost. Except as specifically noted, HDVIS and HDVIA will not receive a sales load for the transactions (HDVIS will, however, receive Rule 12b-1 fees related to a client's investments). HDVIS clears accounts on a fully disclosed basis through WFI. Wells Fargo Bank, NA acts as custodian for IRAs held at WFI. Wells Fargo Funds Management, LLC is the Registered Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest (and therefore of HDVIS and HDVAS), provides investment advisory and administrative services to the Wells Fargo Advantage funds and receives advisory and administrative fees from those funds. H.D. Vest is a non-bank subsidiary of Wells Fargo & Co. As such, H.D. Vest is affiliated with the Wells Fargo family of companies.

In addition to the investment advisory services provided through HDVAS, Advisory Consultants may provide legal, tax accounting, payroll or other products or services that are not affiliated with HDVAS. The responsibilities of H.D. Vest relate specifically to investment advisory services and do not apply to any other products or services you may obtain from your Advisor. HDVAS does not provide support or supervise any outside services. Please refer to the Advisory Consultant's Investment Adviser Representative Information Form for more detailed information.

## **CONDITIONS FOR MANAGING ACCOUNTS**

HDVAS provides for the management of advisory accounts and generally requires a minimum investment of \$100,000 for *VestPremiere* accounts. Exceptions may be made at the discretion of HDVAS.

## **REVIEW OF ACCOUNTS**

Accounts are reviewed periodically by HDVAS to determine if they remain in line with the asset allocation selected for the account. Accounts generally are not rebalanced unless an asset class deviates from the tolerance weighting for that asset class. Accounts are reviewed for adherence to the assigned asset allocation at least twice a year, though review may happen as frequently as quarterly depending on market conditions and resources available to perform the review and rebalancing. Accounts are also modified when the asset class weightings within the model portfolios, or the Investment Products used to satisfy the various asset class allocations, are changed.

*VestPremiere* accounts are not rebalanced or modified on an aggregate basis, but rather accounts are addressed on an individualized basis as part of a rolling process over time. Accordingly, performance of accounts with similar asset allocations will vary depending on when a particular account is reviewed and rebalanced or modified. The order of account rebalancing is based on the "representative number" assigned to your Advisory Consultant, and then by account number (e.g., all of the

accounts of Representative number 100 will be rebalanced before the accounts of Representative 500). Representative numbers are assigned in sequential order when an Advisory Consultant joins H.D. Vest; therefore, where your accounts fall in the rebalancing process depends on how long your Advisory Consultant has been affiliated with HDVAS or HDVIS.

The process of rebalancing or modifying all or a significant number of the accounts in the program (as is required when a significant number of accounts are out of balance due to market movements or a strategic change to model portfolios is made) usually takes three to six weeks. However, the process can take up to an entire quarter depending on the number of accounts involved, the number and nature of the changes being made, and the level of customization and special client requests associated with the accounts that have to be rebalanced or modified.

For all programs, trading activity is reviewed by the Sales Supervision department on a daily basis. Advent coordinators, via use of the Advent computerized system, review accounts as daily downloads of new data are incorporated into the system and as quarterly performance reports are produced.

Advisory Consultants provide clients with detailed, quarterly performance reports, which are prepared by HDVAS and describe account performance and positions including:

- Statement of Investment Objectives and Strategic Asset Allocation;
- Portfolio Performance Summary;
- Time-Weighted Return;
- Portfolio Review – Growth of Dollar;
- Time-Weighted Return by Asset Class;
- Portfolio Performance History; and
- Portfolio Appraisal.

In addition to these quarterly performance reports, WFI delivers monthly statements to clients when there is trading activity in the account during the month. Accounts with no trading activity receive quarterly statements from WFI. Annuity clients will receive statements on a quarterly basis. These reports are provided to keep the client informed of the account performance and any activity in the account. The client has an obligation to review all reports and statements on a timely basis, and to notify HDVAS promptly if any investments or activity in the account are inconsistent with the client's objectives or instructions.

## **ADDITIONAL COMPENSATION AND CONFLICTS OF INTEREST**

HDVAS and HDVIS may receive compensation from product sponsors in connection with clients' assets invested in their products. Product sponsors will likely pay HDVIS from the 12b-1 fees disclosed in the mutual fund and annuity prospectus. HDVIS will receive a portion of the clearing and custodial charges paid to WFI. In selecting investments for your account, HDVAS may utilize mutual funds that pay a Rule 12b-1 fee, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee and/or has a lower expense ratio. In addition, in providing a money market "sweep" account (which is generally where any free cash balances in your accounts are invested), HDVAS may utilize an investment that pays a Rule 12b-1 fee even if higher-yielding investments that did not pay a 12b-1 fee were available. This results in additional compensation for HDVAS. (See "Additional Fees," above.)

HDVAS has negotiated agreements with several mutual fund companies to provide their funds with no up-front commissions for purchases made in HDVAS' advisory programs. These funds, their investment advisers and/or distributors are called load-waived funds. Although the up-front commission has been waived, HDVIS will still continue to receive compensation from these companies based on assets under management. This compensation will be in the form of cash, and reimbursement or payment for expenses associated with administration, marketing and training programs. HDVIS will also receive applicable rule 12b-1 fees on load-waived funds. Because HDVAS and HDVIS are under common ownership, this compensation creates a conflict of interest with regard to recommendations of purchases in load-waived mutual funds.

Additionally, HDVAS utilizes the services of Solicitors, who refer clients for the *VestPremiere* programs. Solicitors are paid a referral fee based on the same payout schedule as the Advisory Consultants. (Please review the *Fee Schedule* section for detailed information.) The fee is paid pursuant to a written agreement between the Solicitor and HDVAS. The amount of the fee and the nature of the arrangement are disclosed to the client at the time of the referral. Clients utilizing the services of a Solicitor will not be subject to a higher fee schedule because of the referral fee arrangement.

Wells Fargo Funds Management, LLC is the Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest and of HDVIS and HDVAS,

provides investment advisory and administrative services to the Wells Fargo Advantage funds and receives advisory and administrative fees from those funds. Other affiliates of HDVAS may provide sub-advisory and other services for the Wells Fargo Advantage funds and are paid for these services. Additional information about these fees can be found in each product's prospectus.

HDVIS receives revenue from Wells Fargo Fund Management, LLC relating to customer assets held by Wells Fargo Advantage funds. HDVAS and HDVIS may also receive indirect benefits or compensation from its affiliates, including in connection with the referral of business among Wells Fargo subsidiaries. To the extent that HDVAS recommends Wells Fargo Advantage funds, HDVAS may receive a greater fee than when recommending a non-affiliated fund. By entering into a *VestPremiere* agreement, the client consents to the use of these affiliated funds in the *VestPremiere* account, and to HDVAS or its affiliates receiving and retaining that compensation. This consent may be revoked at any time by contacting HDVAS in writing.

Within the universe of mutual funds used in *VestPremiere*, a select group of investment companies has agreements with HDVIS to provide payments to help defray the educational, training, record-keeping and other costs associated with bringing these products to clients. These payments are calculated as a percentage of assets and/or initial sales, or a combination of both. The amount paid from mutual fund companies can range from 0.00% to 0.10% on assets and 0.00% to 0.25% on sales, or some combination of both. For example, for every \$10,000 initial investment, HDVIS might receive up to \$25 in additional compensation in year one, and up to \$10 annually if these assets stay invested. HDVIS may also receive additional lump sum payments, which could be significant in amount.

In exchange for sharing costs, these fund companies receive enhanced access to HDVIS' and HDVAS' sales force, and may interact with their Advisors during training events, conference calls, and meetings. They also receive heightened visibility through the distribution of sales literature and newsletters, and by means of links, information, and lists posted on H.D. Vest intranet pages.

All of these above-referenced payments are in addition to the sales charges disclosed in the fee tables found in the prospectuses of the mutual funds of these fund families. Over the course of managing your relationship, HDVAS and your Advisory Consultant may recommend products from these mutual fund families and from Wells Fargo Advantage Funds. Advisory Consultants do not, however, receive any portion of, or any additional compensation as a result of, these payments or compensation arrangements between HDVIS and the product sponsors. Advisory Consultants may, however, separately receive reimbursement for marketing expenses, client functions and attendance at due diligence, training and education meetings sponsored by HDVAS, HDVIS or the product sponsors in accordance with FINRA rules.

Additional information about these arrangements can be found on the H.D. Vest website (<http://www.hdvest.com/investor-mutualfunds.html>) under the heading **H.D. Vest's Relationship with Mutual Funds, Insurance Companies and Wells Fargo Advantage Funds**. Mutual fund policies can be found in a fund's prospectus and Statement of Additional Information. We strongly encourage you to read and carefully consider this information before investing.

The following product sponsors (or their distributors or investment advisers) paid HDVIS additional compensation for training and support, account administration, record-keeping, or other services during the past year:

<b>Mutual Funds</b>
Invesco AIM
American Beacon
American Funds
DWS
Franklin Templeton Investments
The Hartford
John Hancock Funds
Lincoln Financial Distributors
MFS Investment Management
OppenheimerFunds
Phoenix Investment Partners
Putnam Investments

## II. VEST PREMIERE CUSTOMIZER

### Introduction

H.D. Vest Advisory Services<sup>SM</sup> (HDVAS) was established in 1987 and is a wholly owned subsidiary of H.D. Vest, Inc. (H.D. Vest). H.D. Vest is a non-bank subsidiary of Wells Fargo & Company. HDVAS was created to offer clients a consultative investment management approach. HDVAS sponsors the fee-based investment program *VestPremiere Customizer*. HDVAS sponsors wrap fee programs other than *VestPremiere Customizer*; brochures for these other programs may be obtained by contacting your Advisory Consultant.

*VestPremiere Customizer*, a portfolio management program managed by HDVAS, is designed for individuals and institutions with investment portfolios valued at \$25,000 or more. HDVAS reserves the right to terminate the Advisory relationship if the market value of assets in the account falls below the minimum. Investor portfolios are allocated among a selected group of no-load mutual funds, load-waived mutual funds, or Exchange Traded Funds (ETFs) (collectively referred to as “Investment Products”). An Advisory Consultant assists the client in determining the appropriate asset allocation, Investment Product, selection and rebalancing option. Back-end or level-load funds may not be held in the account. No sales load is charged for mutual funds purchased within the *VestPremiere Customizer* account; however, H.D. Vest Investment Services (“HDVIS”), a broker/dealer affiliate of HDVAS, will receive applicable Rule 12b-1 fees. Dividend and interest distributions generated by the investments held will be used to offset fees and facilitate rebalancing needs and may not be automatically re-invested in the investments that generated them, unless so directed by the client. ERISA accounts hold only mutual funds and ETFs that do not charge 12b-1 fees. Portfolios are rebalanced periodically pursuant to a limited trading authorization, allowing HDVAS to maintain an allocation consistent with the option selected in the Client Profile Questionnaire.

Clients of HDVAS are entitled to expect high standards of conduct in all of their dealings with us. To assist us in fostering an ethical culture among our employees and Advisory Consultants, we have developed a Code of Ethics (“COE”). Because of the sensitive nature of client data, HDVAS personnel who have access to material, non-public information regarding client holdings or recommendations given to clients, including directors, officers, employees, Registered Representatives and Investment Adviser Representatives, are required to adhere to the COE.

The following principals are the foundation upon which the Code of Ethics is built.

- **Integrity:** Adherence to a code of moral values is the foundation of ethical behavior. The position of trust we are placed in mandates that we perform our duty in an honest and professional manner.
- **Competence:** This is a measure of a person’s ability to perform a duty. The duties we are required to perform include satisfying our clients’ investment needs and complying with all applicable laws and regulations. In fulfilling these obligations, we will do so competently and in good faith. Where necessary, this includes acquiring additional training to ensure competency and proficiency.
- **Professionalism:** Crucial to proper business conduct is the ability to act in a professional manner. HDVAS believes that every client deserves to be treated in a professional manner and should have a positive experience when dealing with HDVAS. Clients should expect to be given the relevant information they need to make good decisions, including compensation and fees associated with their accounts. It is unprofessional to engage in any conduct that reflects adversely upon HDVAS, its Advisory Consultants or the profession.
- **Fiduciary Duty:** This capacity requires that when conducting business and dealing with clients, it is the clients’ best interests that are served. While conflicts of interest inevitably arise, we endeavor to make sure conflicts are disclosed and every effort is made to direct conflict situations to conclusions that benefit clients, based on their suitability.
- **Objectivity:** When making decisions and providing advice, it is fundamental that we do so without distorting the facts by personal prejudices or feelings. Every effort should be made to ensure that decisions made and conclusions drawn are free from emotional influences.

Persons covered by the COE are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- f. To defraud such client in any manner;
- g. To mislead such client, including by making a statement that omits material facts;
- h. To engage in any act, practice or course of conduct that operates or would operate as a fraud or deceit upon such client;
- i. To engage in any manipulative practice with respect to such client; or
- j. To engage in any manipulative practice with respect to securities, including price manipulation.

The principles listed above should govern all conduct of Covered Persons, although more specific guidelines on conduct are outlined below or in the relevant rules and regulations, and in the H.D. Vest Compliance Manual(s).

Covered Persons are required to comply with all applicable city, state, and federal securities laws and the H.D. Vest Compliance Manual(s).

Interested parties may obtain a copy of the Code of Ethics by contacting their Advisory Consultant or by contacting HDVAS directly at (800) 821-8254.

## FEE SCHEDULES

Investors pay an annual fee, assessed quarterly, for portfolio management, monitoring and reporting services. Because the fee is charged only one quarter in advance, there is no long-term commitment or contractual obligation. All fees are negotiable and calculated on an incremental basis. Client fees will be reflected on the appropriate HDVAS Services Agreement located in the Client Profile Questionnaire. **Please review the *Additional Compensation* section for further information.**

Fees are set pursuant to customer agreement. The following table represents the maximum fees associated with a *VestPremiere Customizer* account:

<i><b>VestPremiere Customizer</b></i>	<i><b>Maximum Annual Fee</b></i>
First \$250,000	2.50%
Next \$250,000	2.00%
Next \$500,000	1.50%
Next \$1,000,000	1.00%
Next \$3,000,000	0.75%
Greater than \$5,000,000	0.50%

The annual advisory fee charged is based on the account's Average Capital Base (ACB). The ACB is calculated as the beginning market value of the account for the previous quarter, plus any time-weighted deposits [computed as amount of deposit \* (days invested/days in period)] minus time-weighted withdrawals [computed as amount of withdrawal \* (days remaining/days in period)] during the quarter. Each account is charged this annual fee, which is billed on a quarterly basis, for services provided by the Advisory Consultant and HDVAS.

The following example demonstrates how the ACB would be calculated on a hypothetical account:

ACB = beginning market value *plus* time-weighted balances (days invested/days in the period) *minus* time-weighted withdrawals (days remaining/days in the period).

*Assume that HDVAS is pre-billing for third quarter of 2007 (July 1 through September 30). The beginning market value for the previous quarter as of April 1 is \$300,000. A deposit of \$20,000 is made on April 21 that remains in the account for 71 days. A withdrawal of \$10,000 is made on May 25, 37 days before the end of the period. There were 91 days in the previous quarter. To calculate the Average Capital Base, we take:*

\$300,000.00	Beginning market value
+ \$15,604.40	Deposit of \$20,000 [\$20,000 multiplied by (71 / 91)]
- \$4,065.93	Withdrawal of \$10,000 [\$10,000 multiplied by (37 / 91)]
\$311,538.47	ACB applicable to pre-billing of fees for third quarter 2007

*In this example, assuming the maximum fees are applied, HDVAS will assess the following annual rates. Quarterly rates are pro-rated based on the number of days in the billing quarter. Third quarter consists of 92 days.*

*As fees are tiered, the quarterly advisory fees for this hypothetical account are calculated as follows:*

\$250,000 multiplied by [2.5% (92 / 365)]	\$1,575.34
\$61,538.47 multiplied by [2.0% (92 / 365)]	<u>\$ 310.22</u>
Total Quarterly Fee	\$1,885.56

The total annual advisory fee is paid directly to HDVAS as the Advisory Services Management fee, of which HDVAS will retain a portion between 0% and 1.30% of assets under management. The remaining fee is paid out to the Advisory Consultant(s) who is handling the client's account. The amount of the advisory fees paid to the Advisory Consultant depends on a number of factors including the amount of assets the Advisory Consultant has under management with HDVAS, the Advisory Consultant's level of payout, and the fee negotiated with individual advisory clients. Please review the *Additional Compensation* section for further information.

Fees are automatically deducted from the client's account, payable in advance on a quarterly basis. When an account is initially invested by HDVAS, pro rata billing will take place following the end of the quarter in which the account was opened. All subsequent fees will be billed in advance on a quarterly basis.

Clients may terminate the Advisory Services Agreement within five days of signing without incurring any fees. If the client wishes to terminate the agreement after the account has been invested, the client will receive the value of the account when the securities are liquidated. Pro rata fees will apply to termination of the agreement thereafter. Termination will be effective upon receipt of written notification by HDVAS at the following address:

H.D. Vest Advisory Services  
Attn: Brokerage Operations  
6333 North State Highway 161  
Fourth Floor  
Irving, Texas 75038

Oral notification or notice to the Advisory Consultant is not sufficient to terminate the agreement. Upon termination of the investment advisory relationship with HDVAS, the account will be treated as a commission-based brokerage account with HDVIS, and the transaction charges and other fees in the brokerage account agreement will apply. The client will be responsible for all transaction and other charges assessed in connection with maintaining, trading, or transferring the account following termination of the agreement.

### **Related Accounts**

Related accounts within each individual program may be linked together to reduce the annual advisory fee or to meet the program minimum. Clients must affirmatively notify HDVAS of the accounts that are proposed to be linked. Clients may only link accounts within the *VestPremiere Customizer* program and not with any other product offered by HDVAS. Related accounts are limited to immediate family members or as accepted by HDVAS. Each portfolio of linked accounts should meet the program minimum; however, exceptions may be made at the discretion of HDVAS.

## **SERVICES OFFERED AND PROVIDED FOR ACCOUNTS**

The following sections outline the responsibilities of the Advisory Consultant and HDVAS.



**Services offered by the Advisory Consultant for *VestPremiere Customizer* may include:**

- Educating investors on the benefits of a fee-based money management strategy;
- Gathering data to be used in the preparation and implementation of the investment portfolio;
- Assisting client in the completion of the Client Profile Questionnaire, which is used to determine a client's investment objectives and risk tolerance level;
- Presenting the portfolio recommendation and allocation based on the information provided in the Client Profile Questionnaire and other sources;
- Assisting the client in determining the portfolio allocation and Investment Product selection based on the information contained in the Client Profile Questionnaire;
- Completing all other paperwork required to implement an investment recommendation;
- Conducting performance reviews and providing answers to any questions clients may have about their portfolios;
- Explaining investment decisions and why rebalancing may be necessary;
- Periodic review of client investment objectives, trading activity, and portfolio makeup to evaluate the suitability of the program for the client;
- Monitor any substituted investment products used within the client's portfolio; and
- Selecting investment products for customized allocation models and maintenance of customized allocation models on an as-needed basis.

**Services provided by HDVAS for *VestPremiere Customizer* include:**

- Recommending portfolio allocations based on the information contained in the Client Profile Questionnaire and other sources;
- Development and management of asset allocation models for a variety of risk tolerances and objectives;
- Opening an account upon receipt of the required paperwork;
- Reviewing and implementing the client's portfolio allocation and Investment Product selection based on the information contained in the Client Profile Questionnaire (CPQ) or, where applicable, a customized portfolio allocation maintained by the Advisory Consultant;
- Generating and distributing quarterly performance reports to the Advisory Consultant;
- Collecting fees, generating disbursement requests and performing accounting functions;
- Maintaining the registrations of HDVAS and all Advisory Consultants with the SEC and appropriate state securities commissions;
- Preparing and updating the Wrap Fee Disclosure Brochure as mandated by the SEC and state securities commissions;
- Supervising activities of all Advisory Consultants;
- Selecting Investment Products to be utilized within recommended allocation models based on investment philosophy and other relevant criteria;
- Conducting investment management tasks, including monitoring and rebalancing portfolios to keep them within their target allocations;
- Evaluating the ongoing suitability of the Product mix;
- Maintaining data that drives economic models used in evaluating asset classes;
- Evaluating new methods of applying statistical analysis to economic data;
- Research and recommendation of Investment Products; and
- Arranging for the execution of trades in client portfolios through HDVIS.

## **COSTS**

The *VestPremiere Customizer* programs may cost the client more or less than purchasing such services separately. Factors bearing upon the relative cost of the program include:

- The type and size of the account;
- The historical and/or expected size or number of trades for the account; and
- The number and range of supplementary advisory and client-related services provided for the account.

Costs of the programs include:

- Services detailed in the *Services Offered and Provided for Accounts* section above;
- Investment advice;
- Transaction fees and clearing of trades by WFI;
- Execution of trades by HDVIS;

- Quarterly performance reports;
- Fee calculation and invoicing;
- Support to Advisory Consultants and their clients with questions regarding their accounts;
- Periodic review of Investment Products in the program; and
- Custody of assets.

## COMPENSATION OF PROGRAMS

The Advisory Consultant recommending *VestPremiere Customizer* to the client receives compensation as a result of the client's participation in the program. The amount of this compensation may be more or less than what the Advisory Consultant would receive if the client participated in other HDVAS programs or paid separately for investment advice and brokerage and other client services. Therefore, the Advisory Consultant may have a financial incentive to recommend *VestPremiere Customizer* over other programs and services.

## ADDITIONAL FEES

Clients may incur additional third-party fees including deferred sales loads charged by products transferred into the *VestPremiere Customizer* program and 12b-1 fees. HDVIS will receive the 12b-1 fees associated with investments in *VestPremiere Customizer* accounts.

The annual advisory fee does not include management fees and operating expenses charged by each of the investment products held in the *VestPremiere Customizer* account. Further information regarding the charges and fees assessed by the Investment Products is available in the product prospectus.

Mutual funds can differ significantly in terms of the expenses you pay as an owner, and in terms of the compensation HDVAS and its affiliates earn as a result of your investment. For example, not all mutual funds pay additional compensation in the form of a Rule 12b-1 fee, and the amount of the Rule 12b-1 fee can differ between funds. Rule 12b-1 fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder. Even within the same fund, some fund families offer multiple share classes, some of which may pay HDVAS or its affiliates a Rule 12b-1 fee while others do not. HDVAS prices the investment advisory and administrative services it offers in terms of the total revenue we expect to receive, including Rule 12b-1 fees we receive from mutual fund companies. If we did not receive Rule 12b-1 fees, or received significantly less in Rule 12b-1 fees than anticipated, we would potentially have to increase the fees we charge for our advisory programs, or impose additional charges associated with reporting or trading activity. In selecting investments for your account, HDVAS may utilize mutual funds that pay a Rule 12b-1 fee, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee, and/or has a lower expense ratio. In addition, HDVAS endeavors to provide competitive money market "sweep" accounts (which is generally the investment in which any free cash balances in your account are invested). However, HDVAS does not offer the same menu of money market sweep accounts to all of its clients. HDVAS may utilize a sweep investment that pays a Rule 12b-1 fee even if an investment that does not pay a 12b-1 fee is available. This results in additional compensation for HDVAS. Please consult the specific fund prospectus for more information, and ask your Advisory Consultant if you have any questions about Rule 12b-1 fees, or how they affect your investments or the compensation earned by HDVAS and your Advisory Consultant.

## *VestPremiere Customizer* Investment Transaction Charges

Transaction and clearing charges may be assessed by third parties other than HDVAS. While the Advisory Agreement is in effect, generally HDVAS does not charge clients a transaction fee for trades associated with (a) selling Investment Products transferred into an account, or (b) Investment Products bought or sold at the request of the client that are not in the HDVAS recommended model. However, additional transaction and other charges could apply if there are a significant number of transactions or substitutions relative to the size and age of the account, or if the client directs HDVAS to execute specific transactions including the liquidation or transfer of some or all positions held in the account. HDVAS, in its discretion, will determine when any additional charges will apply and will notify the Advisory Consultant prior to applying these charges to the account. The transaction fee will generally be equal to the transaction fee indicated in the HDVIS brokerage account agreement. For transaction cost information, please review the transaction charges table below. HDVAS pays transaction-related fees, including clearing charges and custodian fees for IRA accounts, to WFI, an affiliate, once HDVAS begins management of the client's funds. Any transaction charges incurred are assessed by WFI as the clearing firm and are separate from any advisory management fees or any additional fees charged in connection with the investment products held in the account.

## Transaction, Clearing, and Custodial Fees

### Transaction-Related Charges

<b>Mutual Funds</b>	Mutual Funds – Non-NTF Funds	\$9.50
	Exchanges (same fund family) – Non-NTF Funds	\$4
<b>Equities, Fixed Income, and Unit Investment Trusts</b>	Equities	\$18
	Exchange Traded Funds (ETF)	\$18
	Options	\$16 + 1.50/contract
	Foreign Securities	\$75
	Corporate Listed Bonds	\$16
	Corporate OTC Bonds	\$20
	Municipal, Treasury, Government Agency and Zero Coupon Bonds	\$20
	Mortgage-Backed Securities or CMOs	\$30
	CDs, Commercial Paper and Banker's Acceptances	\$20
	Unit Investment Trusts	\$20

### Clearing and Custodial Fees

<b>IRA Accounts</b>	IRA Maintenance Fee for all IRA types except Education Savings Accounts	\$50
	IRA Maintenance Fee for Education Savings Accounts	\$20
	IRA Maintenance Fee for Qualified Retirement Accounts	\$50
	Termination Fee	\$95
<b>Brokerage Fees</b>	*SEC Fee	Cost
	Postage & Handling	\$6.50
	Overnight Delivery	\$15
	Outgoing Wire Transfer	\$25
	Return Deposit Item	\$15 per returned item
	Deposit of Cancelled, Stopped or Escheated Certificates	\$75
	Checking Account Fees	\$16 - \$63 plus up to \$75 annually
	Outgoing Full Account Transfer (non-retirement accounts)	\$95
	Margin Debit Balance Interest	WFI Base Rate plus up to 3.5%
	Cash Debit Balance Interest	WFI Base Rate plus 3.5%
	Limited Partnerships/Private Placements – Hold	\$100 per position per year (\$500 max per account per year)
	Limited Partnerships – Purchase	\$200
	Limited Partnerships – Deposit Fee	\$25 to \$100
<b>Security Registration</b>	Physical Certificate in client name or third-party name	\$50 per certificate
	Physical Certificate due to corporate reorganization	No Fee
	Government/Mortgage-Backed Securities/GNMAs	\$50 per certificate
	Limited Partnerships	Cost charged to WFI
	Foreign Securities	Cost charged to WFI

\* SEC fee charged on all liquidations of equity and option securities.

HDVAS accounts are held through HDVIS, which clears on a fully disclosed basis through Wells Fargo Investment, LLC (“WFI”), an affiliated broker/dealer. HDVIS generally directs transactions to WFI for execution. As such, costs and/or fees for account transactions may not be as favorable as those that could be obtained if HDVIS directed a transaction to be executed at another broker/dealer. HDVIS, WFI and Wells Fargo Bank, NA are affiliates of HDVAS. Investment products offered through HDVAS are not guaranteed by the FDIC or any other governmental agency, are not deposits of or guaranteed by the bank or any bank affiliate, and may lose value.

## SELECTION OF INVESTMENT PRODUCTS

Investment Products for *VestPremiere Customizer* are selected based on the model portfolio objective and asset class requirements. Investment Products are screened on criteria such as:

- **Size** – The Investment Products must be large enough to transact high-volume business efficiently, retain talented, professional managers and respond effectively to a changing market environment.
- **Investment categories** – The Investment Products are categorized into asset classes such as Large-Cap Domestic, Small-Cap Domestic, International Equities, Emerging Markets Equities, Fixed Income, Real Estate and Inflation Hedge. Investment Products may be further categorized for analysis based on the manager’s style of investment, federal tax exempt status or other traits.
- **Purity and consistency within the category** – The Investment Products should remain primarily invested in the category that they have been assigned. Purity and consistency of investment within the category is required to properly evaluate returns, assess risk and effectively manage an investment strategy for the client. Investment Products that remain pure and consistent to the investment category to which they are assigned are favored over those that do not.
- **Verifiable track record** – Investment Products must employ managers with a proven track record. Most of those selected have at least one manager with three years of documented investment experience within the category assigned.
- **Competitive performance** – Performance when compared against a peer group and relevant benchmark must be competitive. Consistency in competitive performance during both up and down markets is also considered.
- **Expenses** – Management fees and operating expenses must be reasonable when compared to other Investment Products in the same category.
- **Accessibility** – Investment managers should be readily accessible.
- **Reporting** – Results must be communicated in a timely, accurate and understandable manner.

Investment Product selection ultimately is based on the analysis and recommendation of the HDVAS Senior Portfolio Manager.

Some Investment Products included in *VestPremiere Customizer*-recommended models are affiliated with and/or have expense-sharing arrangements with HDVAS or its affiliates (see *Additional Compensation and Conflicts of Interest* section). Recommended Investment Products are monitored by HDVAS on a periodic basis to ensure that they remain suitable. Other investment products can be substituted in place of the recommended Investment Products. Any substitutions will be monitored by your Advisory Consultant. Sources of information used by HDVAS include but are not limited to: Morningstar, Bloomberg, Wells Fargo Wealth Management Group’s Due Diligence Group, and Investment Product sponsor materials.

If in the judgment of the Senior Portfolio Manager, a mutual fund or ETF fails to meet the needs of HDVAS clients for any reason, it is replaced by one that is deemed to better meet those needs through the screening and analysis process previously described. Examples of circumstances under which a mutual fund or ETF may be replaced include, but are not limited to, the following:

- Loss of one or more of the firm’s key investment management personnel;
- Material deviation from the firm’s stated investment philosophy;
- Poor investment performance over a period of time;
- The Investment Product is closed to new investors;
- Material change in the selection outlined above in Selection of Investment Products.

If a client and/or Advisory Consultant determines that a security no longer meets the needs of a client, the replacement of the security is at the discretion of the client and/or Advisor.

Major rebalancing includes changes to recommended models or recommended investment products. The Advisory Consultant is notified prior to implementation of the change and trades are executed on a “negative response” basis. Negative response means HDVAS will proceed with the trades unless the Advisory Consultant notifies HDVAS not to implement the change. Advisory Consultants are generally notified two weeks prior to trading. HDVAS reserves the right to shorten the notification period as market conditions warrant. For customized models, the Advisory Consultant is notified of the change to recommended models, but HDVAS will not implement the change unless the Advisory Consultant updates the customized model. For existing accounts with a “positive response” selection, HDVAS will continue to notify Advisory Consultant of the recommended changes and will not implement trades unless Advisory Consultant provides notification to proceed with transactions.

Minor rebalancing includes trades to realign the account with the existing model portfolio after market fluctuation or account inflows/outflows moves an asset class beyond limits established for each model. Minor rebalancing is conducted on an “as needed” basis, which means HDVAS will proceed with trades pursuant to a limited trading authorization without pre-notification to the Advisory Consultant or client. Minor rebalancing is performed for recommended or customized models.

The maximum amount of a client’s account that may be invested in a single mutual fund, including Wells Fargo Advantage mutual funds, an affiliate of HDVAS, at any point in time will depend on the size of the account and the model being incorporated, and can potentially represent 100% of the individual account.

HDVAS and/or the Advisory Consultant is responsible for selecting Investment Products, including Investment Products affiliated with HDVAS, for clients’ investment models. Clients utilizing the services of a Solicitor will have their investments selected solely by HDVAS. Information regarding recommended investment products and any changes to recommended models or allocations is provided to the Advisory Consultant prior to implementation. The client may request changes or substitutions to his/her portfolio when completing the initial agreement or any time during the management of the portfolio. By entering into the *VestPremiere Customizer* Advisory Agreement, the client consents to the use of affiliated funds in the client portfolio, and to HDVAS and the Advisory Consultant retaining their respective share of any other fees or payments that are made to HDVAS or HDVIS in connection with the Investment Products. The client’s consent for continued or future use of affiliated products may be revoked at any time during the life of the agreement by providing written notice of the revocation to HDVAS.

For qualified retirement plan accounts under ERISA, only Investment Products with no 12b-1 fees can be held within the account.

## **PERFORMANCE REVIEW**

Advent, a software system, is used to calculate performance numbers and assist in the review process. The process of reviewing accounts consists of pricing all positions, reconciling account positions, and updating performance records. The size and timing of contributions and withdrawals are weighted into the performance calculations as recommended by the Chartered Financial Analyst Institute. Returns shown are after fees are deducted, and include dividend(s) distributions in the calculations. Dividend and income reinvestments are reflected for the month in which they are actually paid.

The review process for the Advent system is to ensure that the system is set up for the correct accounting method, that dollar-weighted returns are calculated for a given month, and that time-weighted returns are calculated using linked monthly returns. The accuracy of the performance numbers generated by the Advent system for accounts relies on the accuracy of the Advent software, which is supported by Advent. HDVAS is responsible for how the performance is calculated, and for ensuring that the Advent system calculates performance in the manner designated by HDVAS. HDVAS does not perform a formal review of performance information however a uniform methodology is used. Historical performance may not reflect all subsequent account adjustments. The accuracy of any performance numbers published by an individual money manager is the responsibility of the money manager.

## **CLIENT INFORMATION**

HDVAS utilizes a Client Profile Questionnaire to collect financial information and other pertinent data, to determine an investor’s investment objectives and risk tolerance level. This information is given to and used by HDVAS to formulate a portfolio to help meet an investor’s needs. The client has an obligation to update the Client Profile Questionnaire and notify

the Advisory Consultant if there are changes to the information provided, including but not limited to the client's financial situation, investment objectives, or risk tolerance. The client must also inform the Advisory Consultant if there is other information not reflected on the Client Profile Questionnaire that is relevant to assessing the client's investment objectives or risk tolerance.

## **CLIENT RESTRICTIONS**

If a client wishes to restrict their account to certain types of investments, they should discuss this with their Advisory Consultant. Based on the restrictions desired by the client, the Advisory Consultant and/or HDVAS may determine that they are unable to service the account.

## **TYPES OF CLIENTS**

The *VestPremiere Customizer* program is available to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, banks or thrift institutions, corporations, as well as other business entities.

## **EDUCATION AND BUSINESS BACKGROUND**

### **Advisory Consultants**

HDVAS requires all Advisory Consultants to be registered through HDVAS and to meet all applicable federal and state licensing requirements.

### **Solicitors**

The requirements for Solicitors vary by state. States may require one or more FINRA examinations, or they may not require any examinations at all. Solicitors may not give independent investment advice for a fee, nor may they manage accounts for a fee. Clients referred by a Solicitor will be required to fill out additional documentation describing the nature of the relationship between and among the client, the Solicitor and HDVAS.

## **HDVAS PERSONNEL**

The key personnel of HDVAS include:

### **Roger C. Ochs, JD, MBA, CFP®, CLU/ChFC, President**

**Education:** Mr. Ochs, born in 1961, holds a bachelor of science degree in business administration from Angelo State University, a master of business administration degree from Trinity University and a juris doctor degree from Southern Methodist University School of Law.

**Business Background:** As president of the firm, Mr. Ochs manages the day-to-day operations and directs the future of H.D. Vest Financial Services®,. He has held multiple management positions within the organization, overseeing sales, marketing and technical support for Advisors since joining the firm in 1987. Prior to joining H.D. Vest, Ochs worked with Prudential-Bache Securities as a financial planner.

### **Jaco Jordaan, CFA, CFP®, ChFC, Senior Portfolio Manager**

**Education:** Mr. Jordaan, born in 1974, holds a bachelor's degree in business administration from the University of Texas at Austin and a master of science degree in financial analysis from the College for Financial Planning.

**Business Background:** Mr. Jordaan is the senior portfolio manager for H.D. Vest Advisory Services. He rejoined H.D. Vest in 2007 and is responsible for the asset allocation and portfolio management functions. Mr. Jordaan was most recently a portfolio manager and vice president with PNC Wealth Management where he developed, implemented and managed portfolios for high-net-worth clients, trusts and endowments. He performed independent research and evaluation of both individual securities and mutual funds. Prior to PNC Wealth Management, Mr. Jordaan was with H.D. Vest Financial Services for seven years, where he held positions in Customer Service, Financial Planning and Recruiting.

### **CASEY J. GRIFFIN, CHIEF COMPLIANCE OFFICER (HDVAS and HDVIS)**

**Education:** Mr. Griffin, born in 1976, holds a Bachelor of Business Administration degree from the University of North Texas.

**Business Background:** Mr. Griffin is the Chief Compliance Officer for HDVAS and HDVIS and is responsible for overall compliance with applicable securities regulations as determined by the Securities and Exchange Commission, FINRA, state securities commissions and various other regulatory bodies. Since joining H.D. Vest in August of 1998, Mr.

Griffin has held various supervisory positions within HDVIS and HDVAS, including overseeing sales supervision and as the Senior Compliance Manager responsible for surveillance.

**Joel V. Bennett, CPA, CCM, CMA, Chief Financial Officer**

**Education:** Mr. Bennett, born in 1962, holds a bachelor of science degree in business administration from the University of Texas at Dallas.

**Business Background:** Mr. Bennett is treasurer of H.D. Vest and the financial operations principal for HDVIS. He is also senior manager of the Finance department and is responsible for strategic business planning, management reporting, budgeting and accounting. Mr. Bennett has been employed with H.D. Vest since 1990. Previously, he worked at City National Bank as assistant controller. He is a certified public accountant, certified cash manager and certified management accountant.

**Neal E. Heifetz, Executive Manager, Operations**

**Education:** Mr. Heifetz, born in 1957, holds a bachelor of science degree in accountancy from Bentley College.

**Business Background:** Mr. Heifetz is an assistant secretary with H.D. Vest, HDVAS and HDVIS. Mr. Heifetz is the executive manager of operations for HDVAS and HDVIS and is responsible for the activities of all annuity, brokerage and mutual fund operations. Mr. Heifetz has been with H.D. Vest for 10 years and in the financial services industry for nearly 27 years. Prior to joining H.D. Vest, Mr. Heifetz was director of operations at CoreLink Financial. Mr. Heifetz also held management positions at various financial institutions prior to joining H.D. Vest.

**Jeffrey J. Klein, CFP®, CFS, CSA, Executive Manager, Strategic Business Units**

**Education:** Mr. Klein, born in 1964, holds a bachelor's degree in economics from Southern Methodist University.

**Business Background:** Mr. Klein is an assistant secretary with H.D. Vest, HDVAS and HDVIS. As executive manager of strategic business units, Mr. Klein directs the growth and development of Advisory Services, Insurance Services, Recruiting, Marketing, Communications, and Advisor Relations. Mr. Klein has been employed with H.D. Vest since 1990. Mr. Klein's experience includes four years of direct sales in life, disability and nonqualified retirement planning and two years in the employee resource management field.

**The Investment Policy Advisory Board (IPAB)** was established to advise H.D. Vest Advisory Services on the application of Modern Portfolio Theory in portfolio design. The IPAB provides input on asset class inclusion, tactical positioning of portfolios, assumptions underlying portfolio construction, and other topics that impact portfolio asset allocation.

The Investment Policy Advisory Board members of HDVAS include:

**Ronald M. Florance, CFA, Director of Asset Allocation and Strategy, Wells Fargo Wealth Management Group (WMG)**

**Education:** Mr. Florance, born in 1961, holds a bachelor of arts degree in applied mathematics and economics from Brown University.

**Business Background:** Ronald Florance is a senior vice president and director of asset allocation and strategy for Wells Fargo Wealth Management Group. Florance rejoined Wells Fargo in 2005, where his responsibilities include providing comprehensive strategic asset allocation, financial planning and investment management solutions for affluent and high-net-worth individuals and families. Prior to joining Wells Fargo, Mr. Florance was responsible for asset allocation strategy for Bank of America and he served as a senior portfolio manager at City National Investments.

**Jaco Jordaan, CFA, CFP®, ChFC, Senior Portfolio Manager, HDVAS (see above)**

**Dean Junkans, CFA, Chief Investment Officer, Wells Fargo Wealth Management Group**

**Education:** Mr. Junkans, born in 1959, holds a bachelor's degree in economics from the University of Wisconsin at River Falls. He also holds a master's degree in applied economics from Purdue University.

**Business Background:** Mr. Junkans is the chief investment officer for Wells Fargo Wealth Management Group. In this capacity, he oversees investment management process and strategy for PCS. Prior to joining Wells Fargo, Mr. Junkans served as vice president and senior portfolio manager of American National Bank's Trust Investment Group as well as a funds management officer for Farm Credit Services.

**Gary Schlossberg, Vice President and Senior Economist, Wells Capital Management**

**Education:** Mr. Schlossberg, born in 1948, holds a bachelor of science degree in economics from the City College of New York as well as a master of arts degree in economics from Pennsylvania State University.

**Business Background:** Mr. Schlossberg is a vice president and senior economist at Wells Capital Management (WCM). Mr. Schlossberg analyzes the economic and investment environment for WCM and for other investment groups within Wells Fargo & Co. In that capacity, he participates in daily conference calls to the organization's investment managers and sales people throughout the country. Prior to joining Wells Fargo in 1974, Mr. Schlossberg worked as a researcher at the U.S. Treasury and Federal Reserve Board covering international economic conditions.

**Kandarp Acharya**, CFA, Senior Vice President and Director of Quantitative Analysis and Strategy, Wells Fargo Wealth Management Group

**Education:** Mr. Acharya, born in 1964, holds a bachelor's degree in engineering from the M.S. University in Baroda, India, a master's degree in business administration with honors from the University of Chicago, and a master of science degree in electrical and computer engineering from Marquette University.

**Business Background:** Mr. Acharya is Director of Quantitative Analysis and Strategy at Wells Fargo Wealth Management Group. In this capacity, he helps to guide asset allocation policy for the group. Mr. Acharya previously worked with Wells Fargo Funds Management, LLC, as the Overlay Portfolio Manager and Quantitative Strategist for managed accounts. He served in a similar capacity for Strong Capital Management, Inc., from March 1999 until joining Wells Fargo Funds Management in 2005 as part of an acquisition by Wells Fargo and Company of certain business lines of Strong Financial Corporation. Mr. Acharya joined Strong Capital Management in 1994.

## **BUSINESS ACTIVITIES; OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

The principal executive officers of HDVAS provide management services to other companies affiliated with Wells Fargo and HDVAS that may or may not provide advisory services. Companies affiliated with and/or under the same control with HDVAS include H.D. Vest, Inc., the parent company of HDVAS, HDVIS, the H.D. Vest Insurance Agencies (HDVIA), H.D. Vest Technology Services, Inc., and H.D. Vest Mortgage Services, Inc. HDVAS may recommend that clients use HDVIS or HDVIA to implement investment advice. HDVIS, a registered broker/dealer and member of the NASD, provides brokerage services to HDVAS clients and will handle the recommended implementation at clearing or transaction cost. Except as specifically noted, HDVIS and HDVIA will not receive a sales load for the transactions (HDVIS will, however, receive Rule 12b-1 fees related to a client's investments). HDVIS clears accounts on a fully disclosed basis through WFI. Wells Fargo Bank, NA acts as custodian for IRAs held at WFI. Wells Fargo Funds Management, LLC is the Registered Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest (and therefore of HDVIS and HDVAS), provides investment advisory and administrative services to the Wells Fargo Advantage funds and receives advisory and administrative fees from those funds. H.D. Vest is a non-bank subsidiary of Wells Fargo & Co. As such, H.D. Vest is affiliated with the Wells Fargo family of companies.

In addition to the investment advisory services provided through HDVAS, Advisory Consultants may provide legal, tax accounting, payroll or other products or services that are not affiliated with HDVAS. The responsibilities of H.D. Vest relate specifically to investment advisory services and do not apply to any other products or services you may obtain from your Advisor. HDVAS does not support or supervise any outside services. Please refer to the Advisory Consultant's Investment Adviser Representative Information Form for more detailed information.

## **CONDITIONS FOR MANAGING ACCOUNTS**

HDVAS provides for the management of advisory accounts and generally requires a minimum investment of \$25,000 for *VestPremiere Customizer* accounts. Exceptions may be made at the discretion of HDVAS.

## **REVIEW OF ACCOUNTS**

Accounts are reviewed periodically by HDVAS to determine if they remain in line with the asset allocation chosen for the account. Accounts generally are not rebalanced unless an asset class deviates from the tolerance weighting for that asset class. Accounts are reviewed for adherence to the assigned asset allocation at least twice a year, though review may happen as frequently as quarterly depending on market conditions and resources available to perform the review and rebalancing. Accounts are also modified when the asset class weightings within the model portfolios, or the Investment Products used to satisfy the various asset class allocations, are changed.



*VestPremiere Customizer* accounts are not rebalanced or modified on an aggregate basis, but rather accounts are addressed on an individualized basis as part of a rolling process over time. Accordingly, performance of accounts with similar asset allocations will vary depending on when a particular account is reviewed and rebalanced or modified. The order of account rebalancing is based on the “representative number” assigned to your Advisory Consultant, and then by account number (e.g., all of the accounts of Representative number 100 will be rebalanced before the accounts of Representative 500). Representative numbers are assigned in sequential order when an Advisory Consultant joins H.D. Vest; therefore, where your accounts fall in the rebalancing process depends on how long your Advisory Consultant has been affiliated with HDVAS or HDVIS.

The process of rebalancing or modifying all or a significant number of the accounts in the program (as is required when a significant number of accounts are out of balance due to market movements or a strategic change to model portfolios is made) usually takes three to six weeks. However, the process can take up to an entire quarter depending on the number of accounts involved, the number and nature of the changes being made, and the level of customization and special client requests associated with the accounts that have to be rebalanced or modified.

For all programs, trading activity is reviewed by the Sales Supervision department on a daily basis. Advent coordinators, via use of the Advent computerized system, review accounts as daily downloads of new data are incorporated into the system and as quarterly performance reports are produced.

Advisory Consultants provide clients with detailed, quarterly performance reports, which are prepared by HDVAS and describe account performance and positions including:

- Statement of Investment Objectives and Strategic Asset Allocation;
- Portfolio Performance Summary;
- Time-Weighted Return;
- Portfolio Review – Growth of Dollar;
- Time-Weighted Return by Asset Class;
- Portfolio Performance History; and
- Portfolio Appraisal.

In addition to these quarterly performance reports, WFI delivers monthly statements to clients when there is trading activity in the account. Accounts with no trading activity receive quarterly statements. The reports are provided to keep the client informed of the account performance and any activity in the account. The client has an obligation to review all reports and statements on a timely basis, and to notify HDVAS promptly if any investments or activity in the account is inconsistent with the client’s objectives or instructions.

## **ADDITIONAL COMPENSATION AND CONFLICTS OF INTEREST**

HDVAS and HDVIS may receive compensation from product sponsors in connection with clients’ assets invested in their products. Product sponsors will likely pay HDVIS from the 12b-1 fees disclosed in the mutual fund prospectus. HDVIS may receive a portion of the clearing and custodial charges paid to WFI. In selecting investments for your account, HDVAS may utilize mutual funds that pay a Rule 12b-1 fee, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee and/or has a lower expense ratio. In addition, in providing a money market “sweep” account (which is generally where any free cash balances in your accounts are invested), HDVAS may utilize an investment that pays a Rule 12b-1 fee even if higher-yielding investments that did not pay a 12b-1 fee were available. This results in additional compensation for HDVAS. (See “Additional Fees,” above.)

HDVAS has negotiated agreements with several mutual fund companies to provide their funds with no up-front commissions for purchases made in HDVAS’ advisory programs. These funds, their investment advisers and/or distributors are called load-waived funds. Although the up-front commission has been waived, HDVIS will still continue to receive compensation from these companies based on assets under management. This compensation will be in the form of cash, and reimbursement or payment for expenses associated with administration, marketing and training programs. HDVIS will also receive applicable Rule 12b-1 fees on load-waived funds. Because HDVAS and HDVIS are under common ownership, this compensation creates a conflict of interest with regard to recommendations of purchases in load-waived mutual funds.

Additionally, HDVAS utilizes the services of Solicitors, who refer clients for the *VestPremiere Customizer* programs. Solicitors are paid a referral fee based on the same payout schedule as the Advisory Consultants. (Please review the Fee

Schedule section for detailed information.) The fee is paid pursuant to a written agreement between the Solicitor and HDVAS. The amount of the fee and the nature of the arrangement are disclosed to the client at the time of the referral. Clients utilizing the services of a Solicitor will not be subject to a higher fee schedule because of the referral fee arrangement.

Wells Fargo Funds Management, LLC is the Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest and of HDVIS and HDVAS, provides investment advisory and administrative services to the Wells Fargo Advantage funds and receives advisory and administrative fees from those funds. Other affiliates of HDVAS may provide sub-advisory and other services for the Wells Fargo Advantage funds and are paid for these services. HDVIS and the Advisory Consultant will likely receive Rule 12b-1 shareholder servicing and/or distribution fees from the funds available in the programs. The client, like other shareholders, will bear a proportionate share of the fund's advisory, administrative, and Rule 12b-1 fees. Additional information about these fees can be found in each product's prospectus.

HDVIS receives revenue from Wells Fargo Fund Management, LLC relating to customer assets held by Wells Fargo Advantage funds. HDVAS and HDVIS may also receive indirect benefits or compensation from its affiliates, including in connection with the referral of business among Wells Fargo subsidiaries. To the extent that HDVAS recommends Wells Fargo Advantage funds, HDVAS may receive a greater fee than when recommending a non-affiliated fund, which presents a potential conflict of interest for HDVAS. By entering into a *VestPremiere Customizer* agreement, the client consents to the use of these affiliated funds in the *VestPremiere Customizer* account, and to HDVAS or its affiliates receiving and retaining that compensation. This consent may be revoked at any time by contacting HDVAS in writing.

Within the universe of mutual funds used in *VestPremiere Customizer*, a select group of investment companies has agreements with HDVIS to provide payments to help defray the educational, training, record-keeping and other costs associated with bringing these products to clients. These payments are calculated as a percentage of assets and/or initial sales, or a combination of both. The amount paid from mutual fund companies can range from 0.00% to 0.10% on assets and 0.00% to 0.25% on sales, or some combination of both. For example, for every \$10,000 initial investment, HDVIS might receive up to \$10 in additional compensation in year one, and up to \$15 annually if these assets stay invested. HDVIS may also receive additional lump sum payments, which could be significant in amount.

In exchange for sharing costs, these fund companies receive enhanced access to HDVIS' and HDVAS' sales force, and may interact with their Advisors during training events, conference calls, and meetings. They also receive heightened visibility through the distribution of sales literature and newsletters, and by means of links, information, and lists posted on the H.D. Vest intranet pages.

All of these above-referenced payments are in addition to the sales charges disclosed in the fee tables found in the prospectuses of the mutual funds of these fund families. Over the course of managing your relationship, HDVAS and your Advisory Consultant may recommend products from these mutual fund families and from Wells Fargo Advantage Funds. Advisory Consultants do not, however, receive any portion of, or any additional compensation as a result of, these payments or compensation arrangements between HDVIS and the product sponsors. Advisory Consultants may, however, separately receive reimbursement for marketing expenses, client functions and attendance at due diligence, training and education meetings sponsored by HDVAS, HDVIS or the product sponsors in accordance with FINRA rules.

Additional information about these arrangements can be found on the H.D. Vest website (<http://www.hdvest.com/investor-mutualfunds.html>) under the heading **H.D. Vest's Relationship with Mutual Funds, Insurance Companies and Wells Fargo Advantage Funds**. Mutual fund policies can be found in a fund's prospectus and Statement of Additional Information. We strongly encourage you to read and carefully consider this information before investing.

The following product sponsors (or their distributors or investment advisers) paid HDVIS additional compensation for training and support, account administration, record-keeping, or other services during the past year:

### III. VEST ADVISOR

## **H.D. VEST ADVISORY SERVICES<sup>SM</sup> VestAdvisor ADVISORY PROGRAM**

Pursuant to the provisions of Section 204 of the Investment Advisors Act of 1940, H.D. Vest Advisory Services<sup>SM</sup> (“HDVAS” or the “Firm”) provides this Disclosure Brochure that summarizes the information contained in Part II of the Firm’s Form ADV. HDVAS was established in 1987 and is a wholly owned subsidiary of H.D. Vest, Inc. (“H.D. Vest”). H.D. Vest is a non-bank subsidiary of Wells Fargo & Company. HDVAS was created to offer ongoing consultative investment management services through various investment advisory programs designed to help our clients meet their financial objectives. H.D. Vest Investment Securities, Inc. (“HDVIS”) is a broker/dealer affiliate of HDVAS and member of the Financial Industry Regulatory Authority (“FINRA”). HDVAS client accounts are held at HDVIS, which clears on a fully disclosed basis through Wells Fargo Investments, LLC (“WFI”), also a non-bank subsidiary of Wells Fargo & Company and an affiliate of HDVAS. Clients can contact HDVAS for more information concerning the H.D. Vest and Wells Fargo organizational structure and affiliations discussed in Section J below.

The *VestAdvisor* wrap program includes account management, brokerage, clearance, custody and administrative services. In other non-wrap programs, the client may be charged separately for such services. The wrap fee associated with the program is negotiated between the client and HDVAS, subject to a maximum as described in this brochure. In addition to the wrap fee, which is deducted directly from the client’s account, HDVAS and its affiliates will indirectly earn compensation from other sources, including fees and expense sharing paid by mutual funds held in client accounts. The wrap fee and other compensation earned by HDVAS and its affiliates are used to offset the costs of the program, and to compensate HDVAS and the Advisory Consultant assigned to service the account (“Advisory Consultant”). A portion of the wrap fee is used to cover the commissions and other expenses associated with trading in the account, and the other services described in this brochure. Depending upon the amount of the wrap fee, the level of activity in the account, the value of custodial and other services provided, and other factors, the wrap fee may exceed the aggregate cost of these services if they were obtained separately.

### **A. THE VestAdvisor PROGRAM**

*VestAdvisor* is designed for individuals and institutions with investment portfolios valued at \$25,000 or more, although exceptions may be made at the discretion of HDVAS. HDVAS reserves the right to terminate the Advisory relationship if the market value of assets in the account falls below the minimum level.

HDVAS Advisory Consultants will assist clients in determining the appropriate asset allocation, investment selection and rebalancing option. Investor portfolios are allocated among a selected group of mutual funds, stocks, bonds, options, Exchange Traded Funds (“ETFs”) and/or various other securities (collectively referred to as “Investment Products”). In addition, *VestAdvisor* offers a tax-deferred variable annuity to provide investors with an asset allocation strategy managed on a tax-deferred basis. In certain cases, HDVAS may permit Advisory Consultants to obtain limited trading authority from clients in order to rebalance accounts and select mutual funds or ETFs for investment in accounts on the client’s behalf without the client’s prior consultation. In these cases, clients must sign and execute the Limited Trading Authorization form to authorize this activity.

The client has an ongoing obligation to update the Client Profile Questionnaire and notify the Advisory Consultant if there are any changes to the information provided, including but not limited to information relevant to the client’s financial situation, investment objectives or risk tolerance. The client must also inform the Advisory Consultant if there is other information not reflected on the Client Profile Questionnaire that is relevant to assessing the client’s investment objectives or risk tolerance.

### **Services provided by HDVAS Advisory Consultants may include:**

- Educating investors on the benefits of a fee-based investment management strategy;
- Gathering data to be used in the preparation and implementation of the investment portfolio;
- Assisting the client in the completion of the Client Profile Questionnaire, which is used to determine a client’s investment objectives and risk tolerance level;
- Presenting the portfolio recommendation and allocation based on the information provided in the Client Profile Questionnaire;
- Completing all other paperwork required to implement an investment recommendation;
- Implementing transactions;
- Conducting performance reviews (no less than annually), and providing answers to any questions clients may have about their portfolios or the program;
- Explaining investment decisions and why rebalancing may be necessary;
- Periodic review of client investment objectives, trading activity, and portfolio makeup to evaluate the suitability of the program for the client;
- Research and recommendation of investment products;
- Conducting investment management tasks, including monitoring and rebalancing portfolios to keep them within their target allocations and/or investment objectives; and

- Evaluating the ongoing suitability of the Investment Product mix.

**Services provided by HDVAS for *VestAdvisor* include:**

- Opening an account upon receipt of the required paperwork;
- Generating and distributing quarterly performance reports to the Advisory Consultant for presentation to the client;
- Collecting fees, generating disbursement requests and performing administrative functions;
- Maintaining the registrations of HDVAS and all Advisory Consultants with the SEC and appropriate state securities commissions;
- Preparing and updating this Disclosure Brochure as mandated by the SEC and state securities commissions;
- Supervising activities of Advisory Consultants;
- Arranging for the execution of trades in client portfolios through HDVIS.

HDVAS accounts are held through HDVIS, which clears on a fully disclosed basis through WFI. HDVIS generally directs all transactions to WFI for execution. HDVAS believes that the firm and its clients benefit from having an exclusive relationship with our affiliated broker/dealers in terms of, among other things, the overall level of service, execution, and the products and services we are able to offer clients. However, this relationship generates additional revenue for affiliates of HDVAS, and thus presents a conflict of interest.

Investment Products offered through HDVAS are not guaranteed by the FDIC or any other governmental agency, are not deposits of or guaranteed by the bank or any bank affiliate, and may lose value. Advisor's Edge annuity accounts are held directly with Monumental Life Insurance Company and are subject to the ongoing claims-paying ability of the insurance company.

**B. SELECTION OF INVESTMENT PRODUCTS**

Investment Products for *VestAdvisor* are selected based on a client's investment objective and risk profile as contained in the Client Profile Questionnaire. Specific Investment Products are recommended by the Advisory Consultant on criteria such as:

- **Size** – The Investment Products must be large enough to transact high-volume business efficiently, retain talented, professional managers and respond effectively to a changing market environment.
- **Investment categories** – The Investment Products are categorized into asset classes such as Large-Cap Domestic, Small-Cap Domestic, International Equities, Emerging Markets Equities, Fixed Income, Real Estate and Inflation Hedge. Investment Products may be further categorized for analysis based on the manager's style of investment, federal tax-exempt status or other traits.
- **Purity and consistency within the category** – The Investment Products should remain primarily invested in the category that they have been assigned. Purity and consistency of investment within the category is required to properly evaluate returns, assess risk and effectively manage an investment strategy for the client. Investment Products that have a history of remaining consistent with the investment category to which they are assigned are favored over those that do not.
- **Verifiable track record** – Investment Products that employ managers with a proven track record are favored. Most of those selected have at least one manager with three years of documented investment experience within the category assigned.
- **Competitive performance** – Performance when compared against a peer group and relevant benchmark must be competitive. Consistency in competitive performance during both up and down markets is also considered.
- **Expenses** – HDVAS does not always select the lowest cost product, but management fees and operating expenses must be reasonable when compared to other Investment Products in the same category.

Selected Investment Products are monitored by the Advisory Consultant on a periodic basis to ensure that they remain suitable for HDVAS clients. Sources of information used to monitor performance may include: Morningstar, Investment Product sponsor materials and additional information published by HDVAS.

Clients may request restrictions to their portfolios' investments when completing the initial agreement or any time during the management of the portfolio. The maximum amount of a client's account that may be invested in a single mutual fund or variable annuity sub-account at any point in time, including Wells Fargo Advantage Funds and Evergreen Funds, affiliates of HDVAS, will depend on the size of the account and the model being used, and can potentially represent 100% of the individual account.

The Advisory Consultant is responsible for recommending Investment Products, including mutual funds and variable annuity sub-accounts affiliated with HDVAS. Some Investment Products included in *VestAdvisor* are affiliated with, and/or have expense-sharing arrangements with, HDVAS or its affiliates as discussed below. If a client and/or Advisory Consultant determine that an Investment Product no longer meets the needs of a client, the replacement of the Investment Product will be recommended by the Advisory Consultant, and in the absence of a Limited Trading Authorization investment decisions will be made by the client. Examples of circumstances under which replacement of a mutual fund, ETF or variable annuity sub-account may be recommended or implemented include but are not limited to the following:

- Loss of one or more of the firm's key investment management personnel;
- Material deviation from the firm's stated investment philosophy;
- Poor investment performance over a period of time;
- Mutual fund is closed to new investors; or
- Material change in the selection criteria outlined above in Selection of Investment Products.

**By entering into the *VestAdvisor* Advisory Agreement, the client consents to the use of affiliated funds in the client portfolio, and to HDVAS and the Advisory Consultant retaining their respective share of any other fees or payments that are made to HDVAS or HDVIS in connection with the use of specific Investment Products.** These fees include Rule 12b-1 fees and expense sharing paid by mutual funds. The client's consent for continued or future use of affiliated products may be revoked at any time during the life of the agreement by providing written notice of the revocation to HDVAS. Whenever these affiliated funds are used in a retirement account that falls under ERISA guidelines, a portion of the fund expenses will be refunded to the client along with any 12b-1 fees paid by the funds. There are no restrictions on a client's ability to contact the Advisory Consultant or HDVAS. However, as the Advisory Consultants are most familiar with the client's financial situation and other important considerations, it is recommended that individuals contact their Advisory Consultant prior to contacting HDVAS.

### **C. ACCOUNT PERFORMANCE REVIEWS**

HDVAS will periodically review the client's account. The process of reviewing accounts consists of pricing all positions, reconciling account positions, and updating performance records.

*Advent*, a third-party software system, is used to calculate performance numbers and assist in the review process. The accuracy of the performance numbers generated by the *Advent* system relies on the accuracy of the *Advent* software, which is supported by *Advent*. HDVAS is responsible for designating how the performance is calculated, and for ensuring that the *Advent* system calculates performance in the manner designated by HDVAS. HDVAS' review process for the *Advent* system is limited to ensuring that: (i) the system is set up for the correct accounting method; (ii) dollar-weighted returns are calculated for a given month; and (iii) time-weighted returns are calculated using linked monthly returns. HDVAS does not perform a formal review of performance information; however, a uniform methodology is used except as noted below.

The accuracy of any pricing or performance numbers published by an individual money manager are the responsibility of the money manager. The size and timing of contributions and withdrawals are weighted into the performance calculations as recommended by the Chartered Financial Analyst Institute. Returns shown are after fees are deducted, and include the impact of dividends or capital gains in the calculations. HDVAS uses a cash accounting method for Investment Products.

Advisory Consultants provide clients with detailed, quarterly performance reports, which are prepared by HDVAS and describe account performance and positions including:

- Portfolio Performance Summary;
- Time-Weighted Return;
- Portfolio Review – Growth of Dollar;
- Time-Weighted Return by Asset Class;
- Portfolio Performance History; and
- Portfolio Appraisal.

In addition to these quarterly performance reports, WFI delivers monthly statements to clients when there is trading activity in the account during the month. Accounts with no trading activity receive quarterly statements from WFI. Annuity clients will receive statements on a quarterly basis directly from Monumental Life Insurance Company. These reports are provided to keep the client informed of the account performance and any activity in the account. *The client has an obligation to review all reports and statements on a timely basis, and to notify HDVAS promptly if any investments or activity in the account are inconsistent with the client's objectives or instructions.*

### **D. ACCOUNT ASSET ALLOCATION REVIEWS AND REBALANCING**

All trading activity in **VestAdvisor** accounts is reviewed by the Sales Supervision department on a daily basis. HDVAS, via use of the *Advent* system, reviews accounts as daily downloads of new data are incorporated into the system and as quarterly performance reports are produced. Advisory Consultants also conduct periodic reviews of the accounts with clients and determine if and when rebalancing is needed.

## **E. FEES AND COMPENSATION TO HDVAS AND THE ADVISORY CONSULTANT:**

### **1. VestAdvisor Annual Fee:**

Clients pay an annual fee for portfolio management, monitoring and reporting services. HDVAS prices its services based on the total revenue it expects to receive from the account, including Rule 12b-1 fees and expense sharing from mutual funds. Clients should make sure that they fully understand the services provided by HDVAS and the Advisory Consultant, and all the fees and compensation associated with their account. The annual fee clients pay to HDVAS is negotiable, and should be discussed with the Advisory Consultant before entering into an advisory relationship.

In the **VestAdvisor** program, clients pay an annualized program fee directly to HDVAS, which is negotiated with the client and assessed quarterly. Compensation that the client pays HDVAS is outlined in the fee schedule within the Client Profile Questionnaire that is executed upon opening the account. Clients will not receive invoices for the fees paid to HDVAS. These fees will be listed under “Fee” or a similar designation under the “Miscellaneous Transactions” section of the brokerage statement the client receives at least quarterly. The program fee is automatically deducted from the client’s account. Because the fee is charged only one quarter in advance, there is no long-term commitment or contractual obligation for clients to continue in the **VestAdvisor** program. All fees are negotiable and are calculated on an incremental basis (as discussed below). The Advisory Consultant recommending **VestAdvisor** to the client receives compensation as a result of the client’s participation in the program. The amount of this compensation may be more or less than what the Advisory Consultant would receive if the client participated in other HDVAS programs or paid separately for investment advice and brokerage and other client services. *The Advisory Consultant may have a financial incentive to recommend VestAdvisor over other programs and services.* (See also “Conflicts of Interest” below.)

The following table represents the *maximum* program fees associated with a **VestAdvisor** account:

<u><b>VestAdvisor</b></u>	<u><b>Maximum Annual Fee</b></u>
First \$50,000	2.30%
Next \$50,000	2.20%
Next \$400,000	2.00%
Next \$500,000	1.50%
Next \$1,000,000	1.00%
Next \$3,000,000	0.75%
Greater than \$5,000,000	0.50%

When the assets in an account are initially invested by HDVAS, pro rata billing for the quarter will take place following the end of the quarter in which the account was opened. All subsequent fees will be billed in advance on a quarterly basis. HDVAS will retain a portion of the program fee between 0% and 1.05% of assets under management. The remaining fee is paid out to the Advisory Consultant(s) associated with the client’s account.

The annual program fee is assessed based on the account’s Average Capital Base (“ACB”). The ACB formula is calculated as follows:

$$ACB = BMV + (Dep \times (DI / DQ) - (Wd \times DR / DQ)).$$

**LEGEND:** *ACB = beginning market value plus time-weighted deposits (days invested/days in the period) minus time-weighted withdrawals (days remaining/days in the period). BMV = market value of account at the beginning of the prior quarter; Dep = amount of deposit; DI = number of days within the quarter the deposit was invested; DQ = total number of days in the quarter; Wd = amount of withdrawal; DR = days remaining in the quarter from the date of withdrawal.*

The following example demonstrates how the ACB would be calculated on a hypothetical account:

ACB = beginning market value *plus* time-weighted balances (days invested/days in the period) *minus* time-weighted withdrawals (days remaining/days in the period)

*Assume that HDVAS is pre-billing for third quarter of 2008 (July 1 through September 30). The beginning market value for the previous quarter as of April 1 is \$100,000. A deposit of \$20,000 is made on April 21 that remains in the account for 71 days. A*

withdrawal of \$10,000 is made on May 25, 37 days before the end of the period. There were 91 days in the previous quarter. To calculate the Average Capital Base, HDVAS takes:

\$100,000.00	Beginning market value
+ \$15,604.40	Deposit of \$20,000 [\$20,000 multiplied by (71 / 91)]
- \$4,065.93	Withdrawal of \$10,000 [\$10,000 multiplied by (37 / 91)]
\$111,538.47	Average Capital Base applicable to pre-billing of fees for third quarter 2007

In this example, assuming the maximum fees are applied, HDVAS will assess the following annual rates. Quarterly rates are pro-rated based on the number of days in the billing quarter. Third quarter consists of 92 days.

As fees are tiered, assuming the maximum fees are applied, the quarterly advisory fees for this hypothetical account are calculated as follows:

\$50,000 multiplied by [2.30% x ( 92/365)]	\$289.86
\$50,000 multiplied by [2.20% x (92/365)]	\$277.26
\$11,538.47 multiplied by [2.00% x (92/365)]	\$ 58.17
<b>Total Quarterly Fee</b>	<b>\$625.29</b>

Related accounts within **VestAdvisor** may be linked together upon request to reduce the annual advisory fee. Clients must affirmatively notify HDVAS of the accounts that are proposed to be linked. Clients may only link accounts within the **VestAdvisor** program and not with any other product offered by HDVAS. Related accounts are limited to immediate family members or as accepted by HDVAS. Each portfolio of linked accounts should meet the program minimum; however, exceptions may be made at the discretion of HDVAS.

## **2. Investment Product Compensation and Rule 12b-1 Fees:**

The **VestAdvisor** program utilizes mutual funds, ETFs, stocks, bonds, variable annuity and sweep investments to implement the asset allocation model. Investment Products are purchased with no sales charges, but clients will pay their proportionate share of ongoing mutual fund, variable annuity sub-account, ETF or money market management and administrative fees. HDVAS will disclose a fund's expenses upon request and these fees are also disclosed in the applicable product prospectus and/or Statement of Additional Information. Clients who transfer existing securities into the program would bear the expense of any deferred sales loads incurred upon liquidation. When utilizing the variable annuity, additional fees include mortality and administrative charges up to 0.75% and a \$30 policy fee is assessed annually, and optional riders could be selected involving additional fees. Refer to the annuity prospectus for additional information and costs.

Within **VestAdvisor**, both no-load funds, institutional and load-waived class A share funds are utilized. Although there are no sales charges, some of these funds pay a marketing or client servicing fee to HDVIS, commonly referred to as a 12b-1 fee. 12b-1 fees are paid out of fund assets, and thus they increase the expenses the client pays as a fund shareholder. The client does not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of the 12b-1 fee is determined by the mutual fund company and is set forth in the mutual fund's prospectus.

The 12b-1 fees generally range between 0% to as much as 0.50% or more annually. Some fund families offer different classes of the same fund, some of which may include a 12b-1 fee while others do not. ***In selecting funds for the client account, mutual funds that pay a Rule 12b-1 fee can be used, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee, and/or has a lower expense ratio.*** This increases the compensation to the Advisory Consultant by the amount of the applicable 12b-1 fee, and also affects the expenses indirectly paid by the client. For example, if the client agreed to an annual wrap fee of 1.25% (detailed in the program's agreement) and the mutual funds selected for the client's account all paid 12b-1 fees of 0.25%, the total annual compensation earned by HDVIS, HDVAS and the Advisory Consultant would be 1.50% (not including potential expense sharing, as discussed further below).

HDVAS and the Advisory Consultant take into consideration the payment of 12b-1 fees when establishing the fees associated with the **VestAdvisor** program. If the Advisory Consultant were required to use share classes of mutual funds without Rule 12b-1 fees whenever such a share class was available, the result would likely be that HDVAS would raise the advisory fee it charges its clients, and/or replace the lost compensation in other ways such as imposing (or raising) ticket charges associated with trading activity. Information about 12b-1 fees is contained in the prospectus of the individual mutual funds, and clients may also contact their Advisory Consultant with questions about Rule 12b-1 fees, or how they affect the investments or the compensation earned by HDVIS, HDVAS and the Advisory Consultant.

## **3. Money Market Sweep Compensation:**

Brokerage accounts held through HDVIS have an associated money market sweep account. A sweep product is an investment product, typically a money market mutual fund, into which any cash balances in the account are automatically invested. WFI, as the custodian of assets for the program, offers HDVAS certain options as to which money market sweep account to offer clients.

Clients are offered sweep account options. These accounts pay 12b-1 fee compensation to HDVIS and can range from 0% to 0.50% as determined by the fund company and set forth in the fund's prospectus. A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with the fund's investment objectives, which can be found in the money market mutual fund's prospectus. The rate of return will, however, be impacted by the fees imposed by the particular class of shares designated for the money market sweep. Rates will vary over time and may be higher or lower than the rate paid on other sweep options or money market mutual funds. However, certain sweep options pay HDVIS a 12b-1 fee, which increases the compensation earned by HDVIS, and also increases the fees paid by the client, which can negatively affect the client's return. Clients who have retirement accounts governed under ERISA will receive a refund of all 12b-1 payments.

#### **4. Expense Sharing Arrangements (Educational Partners):**

##### **A. Educational Partners:**

Within the universe of mutual funds used in *VestAdvisor*, a select group of investment companies (referred to as Educational Partners) has agreements with HDVIS to provide payments to help defray the educational, training, record-keeping and other costs associated with bringing these products to clients.

These payments are calculated as a percentage of assets under management, a percentage of initial sales, or a combination of assets and sales. The amount paid from mutual fund companies can range from 0.00% to 0.10% on assets under management and 0.10% to 0.25% on sales. For example, for every \$10,000 investment, HDVIS would receive up to \$25 in additional compensation in year one, and up to \$10 annually as long as the assets stay invested. HDVIS may also receive additional lump sum payments from Educational Partners, which could be significant in amount. Wells Fargo Advantage Funds money market funds may pay up to 0.39% on assets or up to \$39 annually for each \$10,000 that remains invested.

Over the course of managing the client relationship, HDVAS and the Advisory Consultant are likely to recommend and use Educational Partners' Investment Products as well as Wells Fargo Advantage Funds and Evergreen Funds. Although the expense sharing payments are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client's account, a conflict of interest exists for HDVAS in the selection and recommendation of Investment Products sponsored by Educational Partners. In addition, Advisory Consultants may, consistent with FINRA rules, separately receive from product sponsors reimbursement for marketing expenses, client functions and attendance at due diligence, training and education meetings sponsored by HDVAS, HDVIS or the product sponsors. For more information, clients should ask the Advisory Consultant which product sponsors, if any, provided expense reimbursement or additional compensation to the Advisory Consultant.

The following product sponsors (or their distributors or investment advisers) paid HDVIS additional compensation for training and support, account administration, record-keeping, or other services during the past year:

<u>Mutual Funds</u>
American Funds
DWS
Franklin Templeton Investments
The Hartford Funds
Invesco AIM
John Hancock Funds
Lincoln Financial Distributors
MFS Investment Management
OppenheimerFunds
Putnam Investments
Van Kampen Investments
Virtus Investment Partners
Wells Fargo Advantage Funds

##### **B. Wells Fargo Funds Management, LLC:**



HDVIS receives revenue from Wells Fargo Fund Management, LLC and Evergreen Investment Management, LLC, affiliates of HDVAS and HDVIS, relating to customer assets held by Wells Fargo Advantage Funds and Evergreen Funds. By entering into a **VestAdvisor** agreement, the client consents to the use of these affiliated funds in the **VestAdvisor** account, and to HDVAS or its affiliates receiving and retaining that compensation. Retirement accounts governed under ERISA will receive a quarterly management fee refund for assets held in these affiliated funds. (IRAs are not included in this category.) This consent may be revoked at any time by the client by contacting HDVAS in writing.

HDVAS and HDVIS may also receive indirect benefits or compensation from its other affiliates, including in connection with the referral of business among Wells Fargo subsidiaries. These payments made to HDVIS and HDVAS are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client's account.

#### 6. **VestAdvisor Investment Transaction Charges:**

Transaction and clearing charges may be assessed by WFI. *VestAdvisor* clients are responsible for any transaction costs, clearing charges, and custodial fees associated with the management of their *VestAdvisor* account, unless the Advisory Consultant elects to pay eligible transaction charges described below. The election is made by checking the appropriate box in the Client Profile Questionnaire. For transaction cost information, please review the transaction charges table below. The transaction-related fees, clearing charges and custodian fees for IRA accounts are paid to WFI, an affiliate. HDVIS will receive a portion of the clearing and custodial charges paid to WFI. The client will be responsible for all transaction charges assessed following the termination of the advisory agreement. **Any transaction charges are assessed by WFI as the clearing firm and are separate from any advisory management fees or any additional fees charged in connection with the Investment Products held in the account in accordance with the transaction charges table below.**

The Transaction, Clearing, and Custodial Fees charged by WFI are:

	<b><u>Transaction-Related Charges</u></b>	
<b>Mutual Funds</b>	Mutual Funds – Non-NTF Funds	\$9.50
	Exchanges (same fund family) – Non-NTF Funds	\$4
<b>Equities, Fixed</b>	Equities	\$18
<b>Income, and Unit</b>	Exchange Traded Funds	\$18
<b>Investment Trusts</b>	Options	\$16 + 1.50/contract
	Foreign Securities	\$75
	Corporate Listed Bonds	\$16
	Corporate OTC Bonds	\$20
	Municipal, Treasury, Government Agency and Zero Coupon Bonds	\$20
	Mortgage-Backed Securities or CMOs	\$30
	*CDs, Commercial Paper and Banker's Acceptances	\$20
	Unit Investment Trusts	\$20
	**Miscellaneous Charge per Transaction	\$6.50

	<b><u>Clearing and Custodial Fees</u></b>	
<b>IRA Accounts</b>	IRA Maintenance Fee for all IRA types except Education Savings Accounts	\$50
	IRA Maintenance Fee for Education Savings Accounts	\$20
	IRA Maintenance Fee for Qualified Retirement Accounts	\$50
	Termination Fee	\$95
<b>Brokerage Fees</b>	***SEC Fees	Cost
	Overnight Delivery	\$10
	Outgoing Wire Transfer	\$25
	Return Deposit Item	\$15 per returned item
	Deposit of Cancelled, Stopped or Escheated Certificates	\$75
	Checking Account Fees	\$16 - \$63 plus up to \$75 annually
	Outgoing Full Account Transfer (non-retirement accounts)	\$95
	Margin Debit Balance Interest	WFI Base Rate plus up to 3.5%
	Cash Debit Balance Interest	WFI Base Rate plus 3.5%
	Limited Partnerships/Private Placements – Hold	\$100 per position per year (\$500

		max per acct per year)
	Limited Partnerships – Purchase	\$200
<b>Security Registration</b>	Physical Certificate in client name or third-party name	\$50 per certificate
	Physical Certificate due to corporate reorganization	No Fee
	Government/Mortgage-Backed Securities/GNMAs	\$50 per certificate
	Limited Partnerships	Cost charged to WFI
	Foreign Securities	Cost charged to WFI

\* A finder's fee of \$4-\$25 per thousand may be assessed on the purchase of CDs. This fee will be paid to the Advisory Consultant.

\*\*Miscellaneous charge per transaction will be charged to the client on all non-mutual funds if the client has agreed to pay the transaction charges in the client agreement.

\*\*\*SEC fee charged on all liquidations of equity and option securities.

## **F. CONFLICTS OF INTEREST**

HDVAS endeavors to provide the **VestAdvisor** program to clients at a cost that is reasonable in relation to the services provided. In evaluating an investment in **VestAdvisor**, clients should be aware that HDVAS and its affiliates earn significant compensation from a number of sources related to the client's account in addition to the annual program wrap fee. The choice of Investment Products affects the compensation HDVAS and its affiliates earn as a result of the client's investment, and thus pose various conflicts of interest. This section of the brochure is intended to describe the most significant conflicts of interest you should consider in making an investment decision. Clients should refer to *Section E (Compensation to HDVAS and the Advisory Consultant)* for additional information on the compensation HDVAS and Advisory Consultants may receive. If you have any questions about compensation or conflicts of interest, please contact your Advisory Consultant, or the HDVAS Compliance department at (866) 218-8206 x4790.

### **1. Investment Product Compensation and Rule 12b-1 Fees:**

Mutual funds can differ significantly in terms of the expenses you pay as an owner, and in terms of the compensation HDVAS and its affiliates earn as a result of your investment. For example, not all mutual funds pay additional compensation in the form of a Rule 12b-1 fee, and the amount of the Rule 12b-1 fee can differ between funds. Rule 12b-1 fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder and can negatively affect your investment return. Even within the same fund, some fund families offer multiple share classes, some of which may pay HDVAS or its affiliates a Rule 12b-1 fee while others do not.

In selecting investments for your account, the Advisory Consultant is likely to utilize mutual funds that pay a Rule 12b-1 fee, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee, and/or has a lower expense ratio. This results in additional compensation for the Advisory Consultant, and thus presents a conflict of interest. Please consult the specific fund prospectus for more information, and ask your Advisory Consultant if you have any questions about Rule 12b-1 fees, or how they affect your investments or the compensation earned by HDVAS and your Advisory Consultant.

### **2. Money Market Sweep Accounts:**

As discussed above, HDVAS clients are offered sweep account options. These sweep accounts pay 12b-1 fee compensation to HDVIS and can range from 0% to 0.50% as determined by the fund company and set forth in the fund's prospectus. A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with the fund's investment objectives, which can be found in the money market mutual fund's prospectus. The rate of return will, however, be impacted by the fees imposed by the particular class of shares designated for the money market sweep. Rates will vary over time and may be higher or lower than the rate paid on other sweep options or money market mutual funds. However, certain sweep options pay HDVIS a 12b-1 fee, which increases the compensation earned by HDVIS, and also increases the fees paid by the client, which can negatively affect the client's return. Therefore, HDVAS has a conflict in selecting which money market sweep accounts to make available on the HDVAS platform. ERISA accounts will receive a credit to their account for any 12b-1 fees paid.

### **3. Expense Sharing Arrangements (Educational Partners):**

#### **A. Educational Partners:**

The Firm's affiliate, HDVIS, receives payments from its Educational Partners in exchange for providing these Educational Partners opportunities for enhanced access to HDVIS' and HDVAS' sales force during training events, conference calls and meetings. Educational Partners also receive heightened visibility through the distribution of sales literature, newsletters and training materials accessible through H.D. Vest intranet pages. All of the payments made to HDVIS by Educational Partners are in addition to the sales

charges disclosed in the fee tables found in the Investment Product prospectus. Although these payments are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client's account, a conflict of interest exists in the recommendation of Investment Products sponsored by Educational Partners since these products result in additional compensation for HDVIS.

**B. Wells Fargo Funds Management, LLC:**

Wells Fargo Funds Management, LLC is the investment adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of HDVAS, provides investment advisory and administrative services to the Wells Fargo Advantage Funds and receives advisory and administrative fees from those funds. Other affiliates of HDVAS may provide sub-advisory and other services for the Wells Fargo Advantage Funds and are paid for these services. HDVAS and HDVIS may also receive indirect benefits or compensation from its other affiliates, including in connection with the referral of business among Wells Fargo subsidiaries. These payments made to HDVIS and HDVAS are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client's account.

Additional information about these Educational Partner arrangements can be found on the H.D. Vest website (<http://www.hdvest.com/investor-mutualfunds.html>) under the heading "*H.D. Vest's Relationship with Mutual Funds, Insurance Companies and Wells Fargo Advantage Funds.*" Mutual fund policies can be found in a fund's prospectus and Statement of Additional Information. HDVAS strongly encourages clients to read and carefully consider this information before investing.

**G. TERMINATION OF AGREEMENT**

Clients may terminate the advisory services agreement within five days of signing without incurring any fees. If the client wishes to terminate the agreement after the account has been invested, the client will receive the value of the account when the securities are liquidated. Pro rata fees will apply to termination of the agreement thereafter. Notice to the Advisory Consultant is not sufficient to terminate the agreement. Termination of an HDVAS account will require a client to complete a Termination Form and will be effective upon receipt by HDVAS. Termination Forms should be sent to HDVAS at the following address:

**H.D. Vest Advisory Services  
Attn: Brokerage Operations  
6333 North State Highway 161  
Fourth Floor  
Irving, Texas 75038**

Instructions to liquidate *VestAdvisor* accounts can take up to 48 hours to process once a Termination Form is received by HDVAS. Upon termination of the investment advisory relationship with HDVAS, the account will be treated as a commission-based brokerage account with HDVIS, and the transaction charges and other fees in the brokerage account agreement will apply. The client will be responsible for all transaction, redemption and other charges assessed in connection with maintaining, trading, redeeming or transferring the account following termination of the agreement.

**H. HDVAS KEY PERSONNEL**

**ROGER C. OCHS, JD, MBA, CFP®, CLU/ChFC, PRESIDENT**

**Education:** Mr. Ochs, born in 1961, holds a Bachelor of Business Administration degree from Angelo State University, a Master of Business Administration degree from Trinity University, and a Juris Doctor degree from Southern Methodist University School of Law.

**Business Background:** As President of the firm, Mr. Ochs manages the day-to-day operations and business objectives of H.D. Vest. He has held multiple management positions within the organization, overseeing sales, marketing and technical support for Advisors since joining the firm in 1987. Prior to joining H.D. Vest, Ochs worked with Prudential-Bache Securities as a financial planner.

**JACO JORDAAN, CFA, CFP®, ChFC, SENIOR PORTFOLIO MANAGER**

**Education:** Mr. Jordaan, born in 1974, holds a Bachelor of Business Administration degree from the University of Texas at Austin and a Master of Science degree in financial analysis from the College for Financial Planning.

**Business Background:** Mr. Jordaan is the Senior Portfolio Manager for H.D. Vest Advisory Services. He rejoined H.D. Vest in 2007 and is responsible for the asset allocation and portfolio management functions. Mr. Jordaan was most recently a portfolio manager and vice president with PNC Wealth Management where he developed, implemented and managed portfolios for high-net-worth clients, trusts and endowments. He performed independent research and evaluation of both

individual securities and mutual funds. Prior to PNC Wealth Management, Mr. Jordaan was with H.D. Vest for seven years, where he held positions in Customer Service, Financial Planning and Recruiting.

#### **CASEY J. GRIFFIN, CHIEF COMPLIANCE OFFICER (HDVAS and HDVIS)**

**Education:** Mr. Griffin, born in 1976, holds a Bachelor of Business Administration degree from the University of North Texas.

**Business Background:** Mr. Griffin is the Chief Compliance Officer for HDVAS and HDVIS and is responsible for overall compliance with applicable securities regulations as determined by the Securities and Exchange Commission, FINRA, state securities commissions and various other regulatory bodies. Since joining H.D. Vest in August of 1998, Mr. Griffin has held various supervisory positions within HDVIS and HDVAS, including overseeing sales supervision and as the Senior Compliance Manager responsible for surveillance.

#### **JOEL V. BENNETT, CPA, CCM, CMA, CHIEF FINANCIAL OFFICER**

**Education:** Mr. Bennett, born in 1962, holds a Bachelor of Science degree in business administration from the University of Texas at Dallas.

**Business Background:** Mr. Bennett is Chief Financial Officer and Treasurer of H.D. Vest and the financial operations principal for HDVIS. He is also Senior Manager of the Finance department and is responsible for strategic business planning, management reporting, budgeting and accounting. Mr. Bennett has been employed with H.D. Vest since 1990. Previously, he worked at City National Bank as assistant controller. He is a certified public accountant, certified cash manager and certified management accountant.

#### **NEAL E. HEIFETZ, EXECUTIVE MANAGER, OPERATIONS**

**Education:** Mr. Heifetz, born in 1957, holds a Bachelor of Science degree in accountancy from Bentley College.

**Business Background:** Mr. Heifetz is an Assistant Secretary with H.D. Vest, HDVAS and HDVIS. Mr. Heifetz is the Executive Manager of Operations for HDVAS and HDVIS and is responsible for the activities of all annuity, brokerage and mutual fund operations. Mr. Heifetz has been with H.D. Vest for 12 years and in the financial services industry for nearly 30 years. Prior to joining H.D. Vest in 1996, Mr. Heifetz was director of operations at CoreLink Financial. Mr. Heifetz also held management positions at various financial institutions prior to joining H.D. Vest.

#### **JEFFREY J. KLEIN, CFP®, CFS, EXECUTIVE MANAGER, STRATEGIC BUSINESS UNITS**

**Education:** Mr. Klein, born in 1964, holds a Bachelor of Arts degree in economics from Southern Methodist University.

**Business Background:** Mr. Klein is an Assistant Secretary with H.D. Vest, HDVAS and HDVIS. As Executive Manager of Strategic Business Units, Mr. Klein directs the growth and development of Advisory Services, Insurance Services, Recruiting, Marketing, Communications, and Advisor Relations. Mr. Klein has been employed with H.D. Vest since 1990.

#### **HDVAS Investment Policy Advisory Board:**

**The HDVAS Investment Policy Advisory Board (IPAB)** was established to advise HDVAS on the application of Modern Portfolio Theory in portfolio design. The IPAB provides input on asset class inclusion, tactical positioning of portfolios, assumptions underlying portfolio construction, and other topics that impact portfolio asset allocation. The HDVAS Investment Policy Advisory Board members include:

**Ronald M. Florance, CFA,** Director of Asset Allocation and Strategy, Wells Fargo Wealth Management Group

**Education:** Mr. Florance, born in 1961, holds a Bachelor of Arts degree in applied mathematics and economics from Brown University.

**Business Background:** Ronald Florance is a senior vice president and director of asset allocation and strategy for Wells Fargo Wealth Management Group. Mr. Florance rejoined Wells Fargo in 2005, where his responsibilities include providing comprehensive strategic asset allocation, financial planning and investment management solutions for affluent and high-net-worth individuals and families. Prior to joining Wells Fargo, Mr. Florance was responsible for asset allocation strategy for Bank of America and he served as a senior portfolio manager at City National Investments.

**Jaco Jordaan, CFA, CFP®, ChFC,** Senior Portfolio Manager, HDVAS (*see above*)

**Dean Junkans, CFA,** Chief Investment Officer, Wells Fargo Wealth Management Group

**Education:** Mr. Junkans, born in 1959, holds a Bachelor's Degree in economics from the University of Wisconsin at River Falls. He also holds a Master's Degree in applied economics from Purdue University.

**Business Background:** Mr. Junkans is the chief investment officer for Wells Fargo Wealth Management Group. In this capacity, he oversees investment management process and strategy for WMG. Prior to joining Wells Fargo, Mr. Junkans served as vice president and senior portfolio manager of American National Bank's Trust Investment Group as well as a funds management officer for Farm Credit Services.

**Gary Schlossberg,** Vice President and Senior Economist, Wells Capital Management

**Education:** Mr. Schlossberg, born in 1948, holds a Bachelor of Science degree in economics from the City College of New York as well as a Master of Arts degree in economics from Pennsylvania State University.

**Business Background:** Mr. Schlossberg is a vice president and senior economist at Wells Capital Management (WCM). Mr. Schlossberg analyzes the economic and investment environment for WCM and for other investment groups within Wells Fargo & Co. In that capacity, he participates in daily conference calls to the organization's investment managers and sales people throughout the country. Prior to joining Wells Fargo in 1974, Mr. Schlossberg worked as a researcher at the U.S. Treasury and Federal Reserve Board covering international economic conditions.

**Kandarp Acharya**, CFA, Senior Vice President and Director of Quantitative Analysis and Strategy, Wells Fargo Wealth Management Group

**Education:** Mr. Acharya, born in 1964, holds a Bachelor of Engineering degree from the M.S. University in Baroda, India, a Master of Business Administration degree with honors from the University of Chicago, and a Master of Science degree in electrical and computer engineering from Marquette University.

**Business Background:** Mr. Acharya is Director of Quantitative Analysis and Strategy at Wells Fargo Wealth Management Group. In this capacity, he helps to guide asset allocation policy for the group. Mr. Acharya previously worked with Wells Fargo Funds Management, LLC, as the Overlay Portfolio Manager and Quantitative Strategist for managed accounts. He served in a similar capacity for Strong Capital Management, Inc., from March 1999 until joining Wells Fargo Funds Management in 2005 as part of an acquisition by Wells Fargo and Company of certain business lines of Strong Financial Corporation. Mr. Acharya joined Strong Capital Management in 1994.

## **I. HDVAS CODE OF ETHICS**

Clients are entitled to expect high standards of conduct in all of their dealings with HDVAS. To assist HDVAS in fostering a culture of compliance and ethics among its employees and Advisory Consultants, HDVAS has developed a Code of Ethics. Because of the sensitive nature of client data, HDVAS personnel who have access to material, non-public information regarding client holdings or recommendations given to clients, including directors, officers, employees, and Advisory Consultants, are required to adhere to the Code of Ethics ("Covered Persons").

The following overarching principals are the foundation upon which the HDVAS Code of Ethics is built.

- **Fiduciary Duty:** Above all else, the HDVAS Code of Ethics requires that when conducting business and dealing with clients, HDVAS and its employees and Advisory Consultants always fulfill their affirmative duty of good faith to act in the clients' best interests. While conflicts of interest inevitably arise, whenever possible HDVAS endeavors to make sure all actual and potential conflicts of interest are identified, fully and fairly disclosed to clients, and resolved in a manner beneficial to its clients.
- **Integrity:** Unqualified adherence to a code of moral values is the foundation of ethical behavior. The position of trust placed in HDVAS by its clients mandates that HDVAS performs its duty in an honest and professional manner at all times.
- **Competence:** The duties performed by HDVAS include satisfying every client's investment needs and complying with all applicable laws, rules and regulations. In fulfilling these obligations to its clients, HDVAS will do so competently and in good faith. Whenever possible, HDVAS requires that its employees and Advisory Consultants seek additional training to ensure competency and proficiency in all aspects of client service.
- **Professionalism:** Crucial to proper business conduct is the ability to act in a professional manner. HDVAS believes that every client deserves to be treated with the highest level of professionalism by every employee and Advisory Consultant. Every client should have a positive experience when working with HDVAS employees and Advisory Consultants. Clients should expect to be given the relevant information they need to make good decisions, including all methods and means of compensation and fees associated with their accounts. It is unprofessional to engage in any conduct that reflects adversely upon HDVAS, its Advisory Consultants or the financial services profession.
- **Objectivity:** When making investment recommendations or decisions and providing investment advice to clients, HDVAS must present all facts to the client free of personal prejudices, feelings or emotional influences.

Any person covered by the Code of Ethics is not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- k. To defraud such client in any manner;
- l. To mislead such client, including by making a statement that omits material facts;
- m. To engage in any act, practice or course of conduct that operates or would operate as a fraud or deceit upon such client;

- n. To engage in any manipulative practice with respect to such client; or
- o. To engage in any manipulative practice with respect to securities, including price manipulation.

The principles listed above should govern all conduct of Covered Persons, although more specific guidelines on conduct are outlined below or in the relevant rules and regulations, and in the H.D. Vest Compliance Manual(s). Covered Persons are required to comply with all applicable city, state, and federal securities laws and the H.D. Vest Compliance Manual(s).

A copy of the Code of Ethics can be obtained by contacting an HDVAS Advisory Consultant or by contacting the HDVAS Compliance department at (866) 218-8206 x4790.

## **J. OTHER DISCLOSURES**

The principal executive officers of HDVAS provide management services to other companies affiliated with Wells Fargo and HDVAS that may or may not provide advisory services. Companies affiliated with and/or under the same control with HDVAS include H.D. Vest, Inc., the parent company of HDVAS, HDVIS, the H.D. Vest Insurance Agencies (HDVIA), H.D. Vest Technology Services, Inc., and H.D. Vest Mortgage Services, Inc. HDVAS may recommend that clients use HDVIS or HDVIA to implement investment advice. HDVIS, a registered broker/dealer and member of FINRA, provides brokerage services to HDVAS clients and will handle the recommended implementation at clearing or transaction cost. Except as specifically noted, HDVIS and HDVIA will not receive a sales load for the transactions (HDVIS will, however, receive Rule 12b-1 fees related to a client's investments). HDVIS clears accounts on a fully disclosed basis through WFI. Wells Fargo Bank, NA acts as custodian for IRAs held at WFI. Wells Fargo Funds Management, LLC is the Registered Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest (and therefore of HDVIS and HDVAS), provides investment advisory and administrative services to the Wells Fargo Advantage funds and receives advisory and administrative fees from those funds. H.D. Vest is a non-bank subsidiary of Wells Fargo & Co. As such, H.D. Vest is affiliated with the Wells Fargo family of companies.

In addition to the investment advisory services provided through HDVAS, Advisory Consultants may provide legal, tax accounting, payroll or other products or services that are not affiliated with HDVAS. The responsibilities of H.D. Vest relate specifically to offering approved securities and investment advisory services, and do not apply to any other products or services obtained from the Advisory Consultant. HDVAS does not provide support or supervise any outside services. Please refer to the Advisory Consultant's Investment Adviser Representative Information Form for more detailed information.

## **V. OVERLAND SELECT AND SUGGESTS**

### **H.D. VEST ADVISORY SERVICES<sup>SM</sup> *Overland Select* and *Overland Suggests* ADVISORY PROGRAMS**

Pursuant to the provisions of Section 204 of the Investment Advisors Act of 1940, H.D. Vest Advisory Services<sup>SM</sup> ("HDVAS" or the "Firm") provides this Disclosure Brochure which summarizes the information contained in Part II of the Firm's Form ADV. HDVAS was established in 1987 and is a wholly-owned subsidiary of H.D. Vest, Inc. ("H.D. Vest"). H.D. Vest is a non-bank subsidiary of Wells Fargo & Company. HDVAS was created to offer ongoing consultative investment management services through various investment advisory programs designed to help our clients meet their financial objectives. H.D. Vest Investment Securities, Inc. ("HDVIS") is a broker-dealer affiliate of HDVAS and member of the Financial Industry Regulatory Authority ("FINRA"). HDVAS client accounts ("Accounts") are held at HDVIS, which clears on a fully disclosed basis through Wells Fargo Investments, LLC ("WFI"), also a non-bank subsidiary of Wells Fargo & Company and an affiliate of HDVAS. Clients can contact HDVAS for more information concerning the H.D. Vest and Wells Fargo organizational structure and affiliations discussed in Section J below.

The *Overland Select* and *Overland Suggests* "wrap" programs include account management, brokerage, clearance, custody and administrative services. In other non-"wrap" programs, the client may be charged separately for such services. The wrap fee associated with the program is negotiated between the client and Advisory Consultant, subject to a maximum as described in this brochure. In addition to the wrap fee, which is deducted directly from the client's Account, HDVAS and its affiliates will indirectly earn compensation from other sources, including fees and expense sharing paid by mutual funds held in a client Account. The wrap fee and other compensation earned by HDVAS and its affiliates are used to offset the costs of the program, and to compensate HDVAS and the advisory consultant assigned to service the Account ("Advisory Consultant"). A portion of the wrap fee is used to cover expenses associated with trading in the Account, and the other services described in this brochure. Depending upon the amount of the wrap fee, the level of activity in the Account, the value of custodial and other services provided, and other factors, the wrap fee may exceed the aggregate cost of these services if they were obtained separately.

## A. THE Overland Select PROGRAM

### SERVICES PROVIDED

#### *Overland Select*

The *Overland Select* program provides consulting services, investment management, securities transactions, performance monitoring, reporting and custodial services to clients. The *Overland Select* and *Overland Suggests* programs are available to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, banks, thrift institutions, corporations, as well as other business entities. Clients may choose one or more investment advisers (including advisers affiliated with HDVAS and WFI) to manage their Accounts, or may select mutual funds and/or Exchange-Traded Funds (“ETFs”) for their Account.. HDVAS sponsors wrap fee programs other than the *Overland Select* program; brochures for these programs may be obtained upon request.

#### *Investment Advisers*

In the *Overland Select* program, clients work with an Advisory Consultant to develop an Investment Policy Statement and select one or more investment advisers for their Account(s). Clients select their investment advisers from among those advisers included in this program. Each investment adviser individually manages a client’s portfolio held in an HDVIS brokerage account based upon the client’s investment objectives. Neither WFI nor HDVAS manage *Overland Select* client Accounts and do not perform discretionary trading in *Overland Select* Accounts. The *Overland Select* program is available for equity, balanced, fixed income accounts, and multi-strategy portfolios. Minimums are set for each Manager starting at \$100,000, and municipal bond accounts valued at \$250,000 or more. A client may select more than one investment adviser, but these account minimums will apply to each adviser selected. For each investment adviser or multi-strategy portfolio selected, a separate HDVIS brokerage account will be required.

An Advisory Consultant assists the client in completing an Investor Profile and Questionnaire that assesses the client’s investment objectives, tolerance for risk, investment time horizon and preferences. Based on an analysis of this data, HDVAS provides the client with an Investment Policy Statement as well as a selection of investment advisers deemed appropriate for that particular client. When a client has selected an investment adviser, the adviser will determine whether to accept the client based upon the Investment Policy Statement. *Overland Select* program clients will enter into a Client Service Agreement with HDVAS WFI and will appoint one or more investment advisers to manage their *Overland Select* Account(s). The client has an ongoing obligation to notify the Advisory Consultant if there are any changes to the information provided, including but not limited to information relevant to the client’s financial situation, investment objectives or risk tolerance. The client must also inform the Advisory Consultant if there is other information not reflected on the agreement that is relevant to assessing the client’s investment objectives or risk tolerance. The agreement may be terminated by HDVAS or the client at any time upon written notice to the other party. Clients shall have the right to terminate the Agreement without obligation or penalty by delivering written notice to the Firm within five (5) business days from the effective date of the Agreement. If the Agreement is terminated after the five day period, the client will be entitled to a pro rata refund of any prepaid quarterly asset-based fees based upon the number of days remaining in the quarter after the date upon which notice of termination is received. Once the agreement has been terminated, transactions will be processed at prevailing brokerage rates.

#### *Mutual Funds and Exchange-Traded Funds (“ETFs”).*

In the *Overland Select* program, a client can also invest in a portfolio of mutual funds and ETFs from among those available in the program. An Advisory Consultant assists the client in completing an Investor Profile and Questionnaire that assesses the client’s investment objectives for risk, investment time horizon and preferences. Based on an analysis of this data, HDVAS provides the client with an Investment Policy Statement that contains the client’s investment profile and a recommendation for allocating the client’s assets among mutual funds or ETFs in different asset categories. The *Overland Select* program is available for mutual fund or ETF accounts of \$25,000 or more.

The client may accept, modify or decline HDVAS’ recommended asset allocation initially or at any time. The client may also choose to have the mutual fund Accounts reviewed for rebalancing on a quarterly basis to generally maintain the recommended asset allocation. If the client does not choose automatic quarterly rebalancing, the client must notify the Advisory Consultant to rebalance the Account.. Automatic rebalancing is not available for Exchange-Traded Funds (“ETFs”). The client should contact the Advisory Consultant to discuss rebalancing these types of securities in the Account. The Client is solely responsible for rebalancing ETFs and for reallocating from one mutual fund or ETF asset class to another or changing the weightings of the original asset classes. The Program offers mutual funds and ETFs that match the asset classes represented in the Program’s asset allocation models. The Advisory Consultant will identify one or more no-load or load-waived classes of mutual funds and ETFs deemed suitable for the Client from among those available through the Program, corresponding to each asset class in the proposed asset allocation, as the Client may modify it. WFI may add or remove mutual funds or ETFs from the Program. In addition, a mutual fund or ETF may discontinue offering its shares through the Program. If the client is invested in a mutual or ETF that is removed from the Program, HDVAS and WFI will identify other mutual funds or ETSs in the same asset class from which the client may select a replacement. The Client shall select a successor mutual fund or ETF for the Account(s) if the mutual fund or ETF is terminated from the Program. If the Client does not select a successor mutual fund or ETF for its Account after HDVAS or WFI has made a reasonable effort to contact the Client, the Client grants to HDVAS the limited discretion to select a successor that is appropriate for the Client’s

Accounts. HDVAS may, but is not required to, consult with the Client regarding whether termination of the mutual fund or ETF from the Program is necessary or desirable. WFI also may add asset classes to the Program. If this occurs, WFI will identify and propose another asset allocation for the client if appropriate.

Except for the automatic rebalancing option for mutual funds, the client is solely responsible for selecting the mutual funds or ETFs to be held in the Account(s) and for decisions regarding the instance and timing to buy, sell, or exchange mutual fund or ETF shares in the Account(s). The client must communicate the client's decision to buy, sell, or exchange mutual fund shares to the Advisory Consultant. The client understands and agrees that purchase, redemptions, and exchanges of mutual fund or ETF shares, including money market mutual fund shares, may only be effected through WFI. WFI will provide quarterly reports showing mutual fund and ETF performance and actual asset allocation for the Account(s). **By entering into the *Overland Select* Advisory Agreement, the client consents to the use of affiliated funds in the client portfolio, and to HDVAS retaining their respective share of any other fees or payments that are made to HDVAS or HDVIS in connection with the use of specific Investment Products.** These fees include Rule 12b-1 fees and expense sharing paid by mutual funds. The client's consent for continued or future use of affiliated products may be revoked at any time during the life of the agreement by providing written notice of the revocation to HDVAS. There are no restrictions on a client's ability to contact the Advisory Consultant or HDVAS. However, as the Advisory Consultants are most familiar with the client's financial situation and other important considerations, it is recommended that individuals contact their Advisory Consultant prior to contacting HDVAS.

## **B. SELECTION OF INVESTMENT ADVISERS AND FUNDS**

### **OVERLAND SELECT**

HDVAS and WFI have contracted the services of RogersCasey ("RC"), also a registered investment adviser, to evaluate investment advisers, mutual funds and ETFs for the *Overland Select* program. WFI, however, has the ultimate authority over the selection and retention of investment advisers, mutual funds and ETFs in the programs.

WFI selects investment advisers (including investment advisers affiliated with HDVAS and WFI) to participate in the *Overland Select* program, and mutual funds and ETFs for the *Overland Select* program, based on quantitative and qualitative factors. WFI and RC review information provided by investment advisers and mutual fund managers, as well as information from databases and recommendations from industry professionals. WFI and RC interview prospective investment advisers and mutual fund managers. WFI and RC compare investment adviser and mutual fund or ETF performance to similar investment advisers, mutual funds, and market indices. The review also includes the investment adviser's and mutual fund's investment strategy, the strength of their organizations and personnel, and their compliance with regulatory requirements. RC compiles profiles for each investment adviser and each mutual fund and ETF in the *Overland Select* program. The investment advisers and mutual fund and ETF managers provide most of the information in the profiles.

Investment advisers and mutual funds in the *Overland Select* programs generally have:

- A definable investment process
- Clearly documented portfolio construction process
- Experienced personnel at all levels
- Clear vision and plan for managing growth
- Strong risk management infrastructure
- Solid data collection and refinement process
- Access to reliable trading channels
- Clear succession plans and low employee turnover
- Above average long term risk adjusted returns
- Strong administrative capabilities

## **C. ACCOUNT PERFORMANCE REVIEWS**

Advisory Consultants periodically review client Accounts for performance and conformance to stated investment objectives. The HDVIS sales supervisors will review the Account trading activity on a daily basis. WFI reviews investment advisers in the *Overland Select* program, and mutual funds and ETFs in the *Overland Select* program, on an ongoing basis regarding their performance, assets under management, personnel, account turnover and other relevant factors. If an investment adviser, mutual fund or ETF will no longer participate in the *Overland Select* program, or if removed from the program, HDVAS Advisory Consultant will assist the client in choosing another investment adviser, mutual fund or ETF.

### **Performance Calculation**

WFI calculates account performance using a portfolio accounting system called Checkfree APL. That system uses the modified Dietz method to calculate account performance. Checkfree APL prepares client performance reports. No third party reviews account performance calculations. Folio Dynamix prepares investment adviser, mutual fund and ETF profiles using performance information it receives from WFI and from the investment advisers, mutual funds and ETFs in the program. Folio Dynamix reviews these results for



reasonableness relative to rate of returns of indices and other investment advisers, but does not independently verify them. Folio Dynamix asks each investment adviser to describe its stated results and how it compiles its historical performance. Investment advisers in the *Overland Select* and *Overland Suggests* programs do not necessarily calculate their historical performance on a uniform basis. Folio Dynamix obtains performance for mutual funds and ETFs in the *Overland Select* program from the mutual funds, ETFs, and from Morningstar, Inc. Folio Dynamix reviews these results for reasonableness relative to rates of returns of indices and other mutual funds and ETFs. Folio Dynamix does not independently verify them.

**Client Communications and Information about the Client**

HDVAS will provide every *Overland Select* client’s investment adviser with a copy of the client’s Investment Policy Statement. As part of ongoing investment adviser services, each *Overland Select* quarterly report requests that the client inform the Advisory Consultant of any changes in his or her financial condition and/or investment objectives. If the client informs HDVAS or their Advisory Consultant in writing of any changes in objectives, financial situation, or other relevant information, HDVAS will forward this information to the client’s investment advisers. Investment advisers in the *Overland Suggests* program may receive information about the client from HDVAS, WFI or the client. Investment advisers in the *Overland Select* and *Overland Suggests* programs, and the client’s Advisory Consultant, will be reasonably available to communicate directly with the client.

The client may request restrictions to his/her portfolio when completing the initial agreement or any time during the management of the Account. Investment advisers will consider the impact of the restriction and their ability to manage the portfolio with the exception. The exception may be rejected if, in the judgment of the investment adviser, it unreasonably interferes with management of the Account. If the restriction is approved, the investment adviser will normally maintain a cash position for the portion of the account that would have been allocated to the restricted position.

HDVAS or WFI may recommend that a client change its investment adviser, mutual fund or ETF if, in WFI’s judgment, an investment adviser, mutual fund or ETF deviates from its stated investment discipline, or changes its personnel or ownership, in a manner that WFI believes will affect its performance or ability to provide the investment style the client chose. If the client changes its investment adviser, mutual fund or ETF, HDVAS will assist the client in choosing a replacement investment adviser, mutual fund or ETF.

Clients may receive a quarterly Asset Performance Summary for each *Overland Select* and *Overland Suggests* Account, which includes performance on an absolute basis and compared to relevant market indices. For any month when there is transaction activity in the Account, and at least quarterly, WFI will send the client a monthly brokerage account statement which lists the securities or funds in the Account.

**D. COMPENSATION TO HDVAS AND THE ADVISORY CONSULTANT**

**1. Overland Select Annual Fee:**

HDVAS offers its clients a bundle of services including investment advice, trading, reporting and other administrative services. HDVAS prices its services based on the total revenue it expects to receive from the Account, including Rule 12b-1 fees and expense sharing from mutual funds. Clients should make sure that they fully understand the services provided by HDVAS and the Advisory Consultant, and all the fees and compensation associated with their Account. The annual fee clients pay to HDVAS and the Advisory Consultant are negotiable, and should be discussed with the Advisory Consultant before entering into an advisory relationship.

In the *Overland Select* program, clients pay an annualized program fee directly to HDVAS, which is negotiated with the client and assessed quarterly. Compensation that the client pays HDVAS is outlined in the fee schedule within the client agreement that is executed upon opening the Account. Clients will not receive invoices for the fees paid to HDVAS. All fees are negotiable and are calculated on an incremental basis (as discussed below). These fees will be listed under “Fee” or a similar designation under the “Miscellaneous Transactions” section of the brokerage statement the client receives at least quarterly. The program fee is automatically deducted from the client’s Account. Because the fee is charged only one quarter in advance, there is no long-term commitment or contractual obligation for clients to continue in the *Overland Select* program. The Advisory Consultant recommending *Overland Select* to the client receives compensation as a result of the client’s participation in the program. The amount of this compensation may be more or less than what the Advisory Consultant would receive if the client participated in other HDVAS programs or paid separately for investment advice and brokerage and other client services. *The Advisory Consultant may have a financial incentive to recommend Overland Select over other programs and services.* (See also “Conflicts of Interest” below).

The client pays fees that depend on the type of account. The client pays HDVAS a quarterly fee for its services based on a percentage of the value of the client’s Account. The maximum *Overland Select* fee for each type of account is as follows:

**Value of Assets Fee (Annual Rate)**

Equity and Balanced Accounts	
On the first \$500,000	3.00%
VestPremiere	

On the next \$500,000	2.50%
On the next \$1,000,000	2.25%
On assets more than \$2,000,000	2.25%

#### Fixed Income Accounts

On the first \$500,000	2.00%
On the next \$500,000	2.00%
On the next \$1,000,000	1.50%
On assets more than \$2,000,000	1.50%

#### Mutual Fund or ETF Accounts

On the first \$100,000	1.50%
On the next \$400,000	1.25%
On the next \$500,000	1.00%
On assets more than \$1,000,000	0.75%

Each Advisory Consultant has the authority to negotiate fee schedules with individual client accounts. Accounts may be combined (per household) for determining the minimum annual fees.

The client pays the initial fee on the later of the date the Advisory Consultant accepts the client or HDVAS opens up the client Account (the “Effective Date”). The initial fee is based on the value of the assets in the Account on the Effective Date, and is pro-rated from the Effective Date to the end of the then-current calendar quarter. Thereafter, each quarterly fee is computed based on the value of the Account assets on the last business day of the previous calendar quarter, and is payable on the business day following the end of that previous calendar quarter.

The following example demonstrates how the **Overland Select** fees would be calculated on a hypothetical account:

*Assume that HDVAS is pre-billing for third quarter of 2008 (July 1 through September 30). Also assuming this is a fixed income manager and maximum fees are being paid. The ending market value for the previous quarter as of June 30th is \$2,000,000.*

*As fees are tiered, the quarterly advisory fees for this hypothetical account are calculated as follows:*

\$2,000,000.00	Prior quarter ending market value	
\$1,000,000.00	Multiplied by (2.0% x (92/365))	\$ 5,041.10
<u>\$1,000,000.00</u>	<u>Multiplied by (1.5% x (92/365))</u>	<u>\$ 3,780.82</u>
\$2,000,000.00	<i>Total Quarterly Fee</i>	\$ 8,821.92

*In this example, assuming the maximum fees are applied, HDVAS will assess the following annual rates. Quarterly rates are pro-rated based on the number of days in the billing quarter. Third quarter consists of 92 days.*

Clients can link related Accounts together within **Overland Select** or within **Overland Suggests** (not across both products) to reduce the annual advisory fee the client will pay. To do this, clients must affirmatively notify HDVAS of the Accounts that are proposed to be linked. Clients may only link Accounts within each Overland program and not with any other product offered by HDVAS. Related Accounts are limited to immediate family members or as accepted by HDVAS. Each linked Account should meet the manager or program minimum; however, exceptions may be made at the discretion of HDVAS.

Fees are negotiable without consideration of size however the standard rates for each tier listed will apply to the Account unless a different rate is noted. Any differentiation in fees will be listed in the Client Service Agreement. The asset based fee includes execution charges and does not include certain dealer mark-ups/mark-downs, odd-lot differentials, transfer taxes, handling charges, exchange fees, offering concessions and related fees for purchases of closed-end investment companies, and any other charges imposed by law on transactions in a client’s Account. The fee also does not include brokerage or other charges for transactions not effected through WFI or its affiliates. WFI may execute principal transactions on the client’s behalf and as directed by the client’s advisers, to the extent permitted by law, but will not execute principal trades if the adviser is an affiliate of WFI. These transactions may include a mark-up over WFI’s cost, which will be an additional cost of the **Overland Select** program. If an investment adviser

selects closed-end investment companies for a client's Account, the Account will bear its proportionate share of those investment companies' expenses, including each closed-end company's advisory fee.

WFI pays a portion of the **Overland Select** fee to the selected investment advisers for their services to the client. The fee paid to the investment adviser ranges from 0.25% to 0.50% of assets under management for fixed-income accounts, and 0.35% to 0.50% of assets under management for equity, balanced, international, global and multiple strategy portfolio accounts. The portion of the fee paid to the adviser may be more or less than the fee a client may pay if the client obtained the adviser's services directly, depending on the size of the client's Account. Fees to advisers are paid quarterly in advance.

WFI will retain a portion of the fee up to 0.25%. The remainder of the annual advisory fee is shared between HDVAS and the Advisory Consultant. The advisory fee is paid to HDVAS as the Advisory Services Management fee, of which HDVAS will retain a portion representing between 0.10% and 0.51% of assets under management. The remaining fee is paid out to the Advisory Consultant or Advisory Consultants as per agreement with HDVAS, who is handling the client's Account. The amount of the advisory fees paid to the Advisory Consultant depends on a number of factors including the amount of assets the Advisory Consultant has under management with HDVAS, the Advisory Consultant's contractual level of payout, and the fee negotiated with individual advisory clients. The amount of this compensation may be more or less than what the Advisory Consultant would receive if the client paid separately for investment advice, brokerage or other services. The Advisory Consultant may, therefore, have a financial incentive to recommend the **Overland Select** program over other services. As a Registered Representative of HDVIS, the client's consultant may receive from time to time other fees, credits, and compensation related to a client's participation in the **Overland Select** program. The **Overland Select** program may cost the client more or less than purchasing such services separately. Factors bearing upon the relative cost of the program include the estimated cost of the services if provided separately outside of the **Overland Select** program, the level of trading activity in a client's Account, the size of the Account, the types of investment advisory services, and the types of investments.

#### **Overland Suggests**

Clients in the **Overland Suggests** program may choose some or all of the following HDVAS services for a single fee: consulting services, investment adviser search services, assistance in selecting one or more advisers, performance monitoring, reporting, and brokerage and custodial services. Advisory Consultants work with the client to determine the client's investment goals and objectives. Using this information, HDVAS may introduce the client to investment advisers who have gone through HDVAS' due diligence process, and whose investment styles match the client's investment goals and objectives.

The following criteria is taken into consideration for those Investment Advisers in **Overland Suggests** for whom HDVAS has agreed to perform due diligence:

- Investment Philosophy and Process. HDVAS looks for a defined investment philosophy, a firm commitment to that philosophy during the different stages of a market cycle, and a process of buying and selling securities that is consistent with that style.
- Track Record. HDVAS examines short- and long-term performance (up to 10 years) and compares that performance with the investment risk the manager has taken in the portfolio.
- Style Considerations. HDVAS looks to see if the management firm has stayed true to its style and how its performance has compared with that of managers who have the same investment style.
- Manager Expertise. HDVAS evaluates the capabilities of key decision makers during interviews and/or visits.

The circumstances under which the **Overland Suggests** managers reviewed by HDVAS may be replaced include:

- Loss of one or more of the firm's key investment management personnel;
- Deviation from the firm's stated investment philosophy;
- Poor investment performance over a reasonable period of time, with reasonable being defined as three to five years under normal circumstances;
- Manager resignation or cessation;
- Where otherwise deemed appropriate.

The client is responsible for selecting one or more investment advisers. Clients will enter into separate agreements with, and pay compensation separately to, the investment adviser(s) of their choice. Clients in the **Overland Suggests** program using WFI as their custodian must establish a brokerage account with WFI. Neither HDVAS nor WFI will manage or perform discretionary trading in the **Overland Suggests** program. Each investment adviser sets minimum account sizes.

Clients will pay for all of WFI's and HDVAS' services with a single fee based upon a percentage of assets under management by the selected investment adviser. In either case, the selected investment adviser will charge the client a separate fee for its services, and

HDVAS will not pay the adviser any part of the fee the client pays to HDVAS and WFI. The schedule of asset-based fees for *Overland Suggests* is as follows:

***Overland Suggests* Maximum Fees**  
**Value of Assets Fee (Annual Rate)**

Equity and Balanced Accounts  
 On the first \$500,000 2.00%  
 On the next \$500,000 1.75%  
 On the next \$1,000,000 1.25%  
 On assets over \$2,000,000 0.75%

Fixed Income Accounts  
 On the first \$1,000,000 1.50%  
 On the next \$1,000,000 1.00%  
 On assets over \$2,000,000 0.90%

The following example demonstrates how the *Overland Suggests* fees would be calculated on a hypothetical account:

*Assume that HDVAS is pre-billing for third quarter of 2008 (July 1 through September 30). Also assuming maximum fees are being paid for a Fixed Income Manager. The ending market value for the previous quarter as of June 30th is \$2,000,000.*

*As fees are tiered, the quarterly advisory fees for this hypothetical account are calculated as follows:*

\$2,000,000.00	Prior quarter ending market value	
\$1,000,000.00	Multiplied by (1.5% x (92/365))	\$ 3,780.82
\$1,000,000.00	Multiplied by (1.0 x (92/365))	\$ 2,520.55
\$2,000,000.00	<i>Total Quarterly Fee</i>	\$ 6,301.37

*In this example, assuming the maximum fees are applied, HDVAS will assess the following annual rates. Quarterly rates are pro-rated based on the number of days in the billing quarter. Third quarter consists of 92 days.*

*The investment manager will do a separate billing for their management fees. This will vary for each Suggests Manage as per the manager agreement and will be deducted from your Account separately from HDVAS advisory fee. Managers forward fee invoices to WFI and WFI deducts the fees from the clients Account upon receipt. In this example we are using the assumption the manager is charging .50%:*

_____ \$2,000,000.00	Multiplied by (.50% x (92/365))	\$2,520.55
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Investment advisers participating in the *Overland Suggests* program typically charge between 0.50% and 1.50% of assets under management for equity and balanced accounts, and between 0.15% and 0.50% for fixed income accounts, depending on the size of the account and the investment style. The foregoing fees are charged quarterly in advance. No separate transaction fees are charged except for certain dealer mark-ups/mark-downs, odd-lot differentials, transfer taxes, handling charges, exchange fees, offering concessions, and related fees for purchases of closed-end investment companies, and any other charges imposed by law. WFI may execute principal transactions on the client's behalf and as directed by the client's investment adviser, to the extent permitted by law, but will not execute principal trades if the adviser is an affiliate of WFI. These transactions may include a mark-up over WFI's cost, which will be an additional cost of the *Overland Suggests* program. Fees are negotiable without regard to account size.

The advisory fees are split between WFI, HDVAS and the Advisory Consultant. Wells Fargo will retain a portion of the fee up to .22%. The remainder of the advisory fee is shared between HDVAS and the Advisory Consultant. The annual advisory fee is paid to HDVAS as the Advisory Services Management fee, of which HDVAS will retain a portion between 0% and .54% of assets under management. The remaining fee is paid out to the Advisory Consultant who is handling the client's Account. The amount of the advisory

fees paid to the Advisory Consultant depends on a number of factors including the amount of assets the Advisory Consultant has under management with HDVAS, the Advisory Consultant's contractual level of payout, and the fee negotiated with individual advisory clients. The amount of that compensation may be more or less than what the Advisory Consultant would receive if the client paid separately for investment adviser selection, brokerage or other services. *The Advisory Consultant may, therefore, have a financial incentive to recommend the Overland Suggests program over other services.* As a Registered Representative of HDVIS, the client's consultant may receive from time to time other fees, credits, and consideration.

The ***Overland Suggests*** program may cost the client more or less than purchasing such services separately. Factors bearing upon the relative cost of the program include the estimated cost of the services if provided separately outside of the ***Overland Suggests*** program, the level of trading activity in a client's Account, the size of the Account, the types of investment advisory services, and the types of investments.

## **2. Solicitors:**

Additionally, HDVAS utilizes the services of Solicitors, who refer clients for the ***Overland Select and Overland Suggests*** programs. Solicitors are paid a referral fee based on the same payout schedule as the Advisory Consultants. (Please review the *Fee Schedule* above for detailed information.) The fee is paid pursuant to a written agreement between the Solicitor and HDVAS. The amount of the fee and the nature of the arrangement are disclosed to the client at the time of the referral. Clients utilizing the services of a Solicitor will not be subject to a higher fee schedule because of the referral fee arrangement.

## **3. Investment Product Compensation and "12b-1 Fees":**

The ***Overland Select*** program utilizes money market sweep investments and may use mutual funds, ETFs to implement an asset allocation model. Investment Products are purchased with no sales charges but clients will pay their proportionate share of ongoing mutual fund, ETF or money market fund's, management and administrative fees. HDVAS will disclose a fund's expenses upon request and these fees are also disclosed in the applicable prospectus and/or Statement of Additional Information. Clients that transfer existing securities into the program would bear the expense of any deferred sales loads that could apply to products upon liquidation.

Within ***Overland Select***, both no-load funds, institutional and load-waived class A share funds are utilized. Although there are no sales charges, some of these funds pay a marketing or client servicing fee to HDVIS, commonly referred to as a "12b-1 fee." 12b-1 fees are paid out of fund assets, and thus they increase the expenses the client pays as a fund shareholder. The client does not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of 12b-1 fee is determined by the mutual fund company and is set forth in the mutual fund's prospectus and/or Statement of Additional Information. The amount of 12b-1 fee is determined by the mutual fund company and is set forth in the mutual fund's prospectus and/or Statement of Additional Information. HDVAS takes into consideration the payment of 12b-1 fees when establishing the fees and the cost of operating the ***Overland Select*** program.

The 12b-1 fees generally range between 0% to as much as 0.50% or more annually. This increases the compensation to HDVIS by the amount of the applicable 12b-1 fee, and also affects the expenses indirectly paid by the client. For example, if the client agreed to an annual wrap fee of 1.25% (detailed in the program's agreement) and the mutual funds selected for the client's Account all paid 12b-1 fees of 0.25%, the total annual compensation earned by HDVIS and HDVAS would be 1.5% (not including potential expense sharing, as discussed further below).

## **4. Money Market "Sweep" Compensation:**

Brokerage accounts held through HDVIS have an associated money market "sweep" account. A "sweep" product is an investment product, typically a money market mutual fund, into which any cash balances in the account are invested. WFI, as the custodian of assets for the program, offers HDVAS certain options as to which money market sweep account to offer clients.

Clients are offered different sweep account options depending on the nature of their Accounts. ERISA accounts will be offered money market funds, which do not pay 12b-1 fees to HDVIS. Other clients may be offered money market funds which do pay HDVIS a 12b-1 fee, and thus result in additional compensation to HDVIS. For all non-ERISA accounts, 12b-1 fee compensation to HDVIS can range from 0% to 0.50% as determined by the fund company and set forth in the fund's prospectus. A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with the fund's investment objectives, which can be found in the money market mutual fund's prospectus. The rate of return will, however be impacted by the fees imposed by the particular class of shares designated for the money market sweep. Rates will vary over time and may be higher or lower than the rate paid on other sweep options or money market mutual funds. However, certain sweep options pay HDVIS a 12b-1 fee which increases the compensation earned by HDVIS, and also increases the fees paid by the client, which can negatively affect the client's return.

## 5. Expense Sharing Arrangements (“Educational Partners”):

### A. Educational Partners:

Within the universe of mutual funds used in *Overland Select*, a select group of investment companies (referred to as “educational partners”) has agreements with HDVIS to provide payments to help defray the educational, training, record-keeping and other costs associated with bringing these products to clients.

These payments are calculated as a percentage of assets under management, a percentage of initial sales, or combination of assets and sales. The amount paid from mutual fund companies can range from 0.00% to 0.10% on assets under management and 0.10% to 0.25% on sales. For example, for every \$10,000 investment, HDVIS would receive up to \$25 in additional compensation in year one, and up to \$10 annually as long as the assets stay invested. Consistent with FINRA rules, HDVIS may also receive additional lump sum payments from educational partners, which could be significant in amount.

Over the course of managing the client relationship, HDVAS and the Advisory Consultant are likely to recommend and use educational partners’ Investment Products as well as Wells Fargo Advantage Funds. Although these payments are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client’s Account, a conflict of interest exists for HDVAS in the selection and recommendation of Investment Products sponsored by educational partners. In addition, Advisory Consultants may, consistent with FINRA rules, separately receive from product sponsors reimbursement for marketing expenses, client functions and attendance at due diligence, training and education meetings sponsored by HDVAS, HDVIS or the product sponsors. These product sponsor payments to Advisory Consultants are not directly tied to the expenses applied to the client’s Account. For more information, Clients should ask the Advisory Consultant which product sponsors, if any, provided expense reimbursement or additional compensation to the Advisory Consultant.

The following product sponsors (or their distributors or investment advisers) paid HDVIS additional compensation for training and support, account administration, record-keeping, or other services during the past year:

<u>Mutual Funds</u>
American Funds
DWS
Franklin Templeton Investments
The Hartford Funds
Invesco AIM
John Hancock Funds
Lincoln Financial Distributors
MFS Investment Management
OppenheimerFunds
Putnam Investments
Van Kampen Investments
Virtus Investment Partners
Wells Fargo Advantage Funds

### B. Wells Fargo Funds Management, LLC:

HDVIS receives revenue from Wells Fargo Fund Management, LLC, an affiliate of HDVAS and HDVIS, relating to customer assets held by Wells Fargo Advantage Funds. By entering into a *Overland Select* agreement, the client consents to the use of these affiliated funds in the *Overland Select* Account, and to HDVAS or its affiliates receiving and retaining that compensation. This consent may be revoked at any time by the client by contacting HDVAS in writing.

HDVAS and HDVIS may also receive indirect benefits or compensation from its other affiliates, including in connection with the referral of business among Wells Fargo subsidiaries. These payments made to HDVIS and HDVAS are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client’s Account.

### E. CONFLICTS OF INTEREST

HDVAS endeavors to provide the program to clients at a cost that is reasonable in relation to the services provided. In evaluating an investment in *Overland Select*, clients should be aware that HDVAS and its affiliates earn significant compensation from a number of sources related to the client’s Account in addition to the annual program wrap fee. The choice of Investment Products affects the compensation HDVAS and its affiliates earn as a result of your investment, and thus pose various conflicts of interest. This section of the brochure is intended to describe the most significant conflicts of interest you should consider in making an investment decision. Clients should refer to *Section D (Compensation to HDVAS and the Advisory Consultant)* for additional information on the

compensation HDVAS and Advisory Consultants may receive. If you have any questions about compensation or conflicts of interest, please contact your Advisory Consultant, or the HDVAS Compliance Department at (866) 218-8206 ext. 4790.

### **1. Investment Product Compensation and Rule 12b-1 Fees:**

Mutual funds can differ significantly in terms of the expenses you pay as an owner, and in terms of the compensation HDVAS and its affiliates earn as a result of your investment. For example, not all mutual funds pay additional compensation in the form of a Rule 12b-1 fee, and the amount of the Rule 12b-1 fee can differ between funds. Rule 12b-1 fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder and can negatively affect your investment return. Even within the same fund, some fund families offer multiple share classes, some of which may pay HDVAS or its affiliates a Rule 12b-1 fee while others do not. Please consult the specific fund prospectus for more information, and ask your Advisory Consultant if you have any questions about Rule 12b-1 fees, or how they affect your investments or the compensation earned by HDVAS and your Advisory Consultant.

### **2. Money Market “Sweep” Accounts:**

As discussed above, Clients are offered different sweep account options depending on the nature of their Accounts. ERISA accounts will be offered money market funds, which do not pay 12b-1 fees to HDVIS. Other clients may be offered money market funds which do pay HDVIS a 12b-1 fee, and thus result in additional compensation to HDVIS. For all non-ERISA accounts, 12b-1 fee compensation to HDVIS can range from 0% to 0.50% as determined by the fund company and set forth in the fund’s prospectus. A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with the fund’s investment objectives, which can be found in the money market mutual fund’s prospectus. The rate of return will, however, be impacted by the fees imposed by the particular class of shares designated for the money market sweep. Rates will vary over time and may be higher or lower than the rate paid on other sweep options or money market mutual funds. However, certain sweep options pay HDVIS a 12b-1 fee which increases the compensation earned by HDVIS, and also increases the fees paid by the client, which can negatively affect the client’s return. Therefore, HDVAS has a conflict in selecting which money market sweep accounts to make available on the HDVAS platform.

### **3. Expense Sharing Arrangements (“Educational Partners”):**

#### **A. Educational Partners:**

The Firm’s affiliate, HDVIS, receives payments from its “educational partners” in exchange for providing these educational partners opportunities for enhanced access to HDVIS’ and HDVAS’ sales force during training events, conference calls and meetings. Educational partners also receive heightened visibility through the distribution of sales literature, newsletters and training materials accessible through H.D. Vest intranet pages. All of the payments made to HDVIS by educational partners are in addition to the sales charges disclosed in the fee tables found in the Investment Product prospectus. Although these payments are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client’s Account, a conflict of interest exists in the recommendation of Investment Products sponsored by educational partners since these products result in additional compensation for HDVIS.

#### **B. Wells Fargo Funds Management, LLC:**

Wells Fargo Funds Management, LLC is the investment adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of HDVAS, provides investment advisory and administrative services to the Wells Fargo Advantage Funds and receives advisory and administrative fees from those funds. Other affiliates of HDVAS may provide sub-advisory and other services for the Wells Fargo Advantage Funds and are paid for these services. HDVAS and HDVIS may also receive indirect benefits or compensation from its other affiliates, including in connection with the referral of business among Wells Fargo subsidiaries. These payments made to HDVIS and HDVAS are not shared with the Advisory Consultant and are not directly tied to the expenses applied to the client’s Account.

Additional information about these educational partner arrangements can be found on the H.D. Vest website (<http://www.hdvest.com/investor-mutualfunds.html>) under the heading “*H.D. Vest’s Relationship with Mutual Funds, Insurance Companies and Wells Fargo Advantage Funds.*” Mutual fund policies can be found in a fund’s prospectus and Statement of Additional Information. HDVAS strongly encourages clients to read and carefully consider this information before investing.

### **4. Other Conflicts of Interest**

*Overland Select*, WFI and its affiliates may, as principal, buy securities for itself from, or sell securities it owns to *Overland Select* and *Overland Suggests* clients as permitted by law, and may receive additional compensation in the form of a mark-up or markdown reflected in the security’s price. HDVAS may recommend that clients use HDVIS or H.D. Vest Insurance Agencies (“HDVIA”) to implement investment advice; however, HDVIA will not be used for either *Overland Select* or *Overland Suggests* clients. HDVAS, HDVIS and HDVIA may handle accounts for, and may render investment advice and other investment management and broker/dealer services to, other investors, and it may for its own account hold, purchase, sell or otherwise trade in and deal with securities that are the same or similar to those recommended to other clients. Therefore, HDVAS, HDVIS and HDVIA may from time to time have a

potentially conflicting division of loyalties and responsibilities with regard to clients of its other services as well as its clients to whom it provides investment advisory services.

## **F. TERMINATION OF AGREEMENT**

Clients may terminate the Advisory Services Agreement within five days of signing without incurring any fees. If the client wishes to terminate the agreement after the Account has been invested, the client will receive the value of the Account when the securities are liquidated. Pro rata fees will apply to termination of the agreement thereafter. Notice to the Advisory Consultant is not sufficient to terminate the agreement. Termination of an HDVAS Account will require a client to complete a Revocation of Power of Attorney form which will be effective upon receipt by HDVAS. Revocation Forms should be sent to HDVAS at the following address:

**H.D. Vest Advisory Services  
Attn: Brokerage Operations  
6333 North State Highway 161  
Fourth Floor  
Irving, Texas 75038**

Processing Time for Liquidation Requests: The Investment Manager will trade the Account within 2 business days of receipt of this request. Funds will then be available for withdrawal after they have settled. The turn-around time for funds to be available from when HDVAS receives the completed Revocation of Power of Attorney form can be up to 10 business days.

Upon termination of the investment advisory relationship with HDVAS, the Account will be treated as a commission-based brokerage Account with HDVIS, and the transaction charges and other fees in the brokerage Account agreement will apply. The client will be responsible for all transaction, redemption and other charges assessed in connection with maintaining, trading, redeeming or transferring the Account following termination of the agreement.

## **G. HDVAS KEY PERSONNEL**

### **ROGER C. OCHS, JD, MBA, CFP®, CLU/ChFC, PRESIDENT**

**Education:** Mr. Ochs, born in 1961, holds a Bachelor of Business Administration degree from Angelo State University, a Master of Business Administration degree from Trinity University and a Juris Doctor degree from Southern Methodist University School of Law.

**Business Background:** As President of the firm, Mr. Ochs manages the day-to-day operations and business objectives of H.D. Vest. He has held multiple management positions within the organization, overseeing sales, marketing and technical support for Advisors since joining the firm in 1987. Prior to joining H.D. Vest, Ochs worked with Prudential-Bache Securities as a financial planner.

### **JACO JORDAAN, CFA, CFP®, ChFC, SENIOR PORTFOLIO MANAGER**

**Education:** Mr. Jordaan, born in 1974, holds a Bachelor of Business Administration degree from the University of Texas at Austin and a Master of Science degree in financial analysis from the College for Financial Planning.

**Business Background:** Mr. Jordaan is the Senior Portfolio Manager for H.D. Vest Advisory Services. He rejoined H.D. Vest in 2007 and is responsible for the asset allocation and portfolio management functions. Mr. Jordaan was most recently a portfolio manager and Vice President with PNC Wealth Management where he developed, implemented and managed portfolios for high-net-worth clients, trusts and endowments. He performed independent research and evaluation of both individual securities and mutual funds. Prior to PNC Wealth Management, Mr. Jordaan was with H.D. Vest for seven years, where he held positions in Customer Service, Financial Planning and Recruiting.

### **CASEY J. GRIFFIN, CHIEF COMPLIANCE OFFICER (HDVAS and HDVIS)**

**Education:** Mr. Griffin, born in 1976, holds a Bachelor of Business Administration degree from the University of North Texas.

**Business Background:** Mr. Griffin is the Chief Compliance Officer for HDVAS and HDVIS and is responsible for overall compliance with applicable securities regulations as determined by the Securities and Exchange Commission, FINRA, state securities commissions and various other regulatory bodies. Since joining H.D. Vest in August of 1998, Mr. Griffin has held various supervisory positions within HDVIS and HDVAS, including overseeing sales supervision and as the Senior Compliance Manager responsible for surveillance.

### **JOEL V. BENNETT, CPA, CCM, CMA, CHIEF FINANCIAL OFFICER**

**Education:** Mr. Bennett, born in 1962, holds a Bachelor of Science degree in business administration from the University of Texas at Dallas.

**Business Background:** Mr. Bennett is Chief Financial Officer and Treasurer of H.D. Vest and the financial operations principal for HDVIS. He is also Senior Manager of the Finance department and is responsible for strategic business



planning, management reporting, budgeting and accounting. Mr. Bennett has been employed with H.D. Vest since 1990. Previously, he worked at City National Bank as assistant controller. He is a certified public accountant, certified cash manager and certified management accountant.

#### **NEAL E. HEIFETZ, EXECUTIVE MANAGER, OPERATIONS**

**Education:** Mr. Heifetz, born in 1957, holds a Bachelor of Science degree in accountancy from Bentley College.

**Business Background:** Mr. Heifetz is an Assistant Secretary with H.D. Vest, HDVAS and HDVIS. Mr. Heifetz is the Executive Manager of Operations for HDVAS and HDVIS and is responsible for the activities of all annuity, brokerage and mutual fund operations. Mr. Heifetz has been with H.D. Vest for 12 years and in the financial services industry for nearly 30 years. Prior to joining H.D. Vest in 1996, Mr. Heifetz was director of operations at CoreLink Financial. Mr. Heifetz also held management positions at various financial institutions prior to joining H.D. Vest.

#### **JEFFREY J. KLEIN, CFP®, CFS, EXECUTIVE MANAGER, STRATEGIC BUSINESS UNITS**

**Education:** Mr. Klein, born in 1964, holds a Bachelor of Arts degree in economics from Southern Methodist University.

**Business Background:** Mr. Klein is an Assistant Secretary with H.D. Vest, HDVAS and HDVIS. As Executive Manager of Strategic Business Units, Mr. Klein directs the growth and development of Advisory Services, Insurance Services, Recruiting, Marketing, Communications, and Advisor Relations. Mr. Klein has been employed with H.D. Vest since 1990.

#### **HDVAS Investment Policy Advisory Board:**

**The HDVAS Investment Policy Advisory Board (IPAB)** was established to advise HDVAS on the application of Modern Portfolio Theory in portfolio design. The IPAB provides input on asset class inclusion, tactical positioning of portfolios, assumptions underlying portfolio construction, and other topics that impact portfolio asset allocation. The HDVAS Investment Policy Advisory Board members include:

#### **Ronald M. Florance, CFA, Director of Asset Allocation and Strategy, Wells Fargo Wealth Management Group**

**Education:** Mr. Florance, born in 1961, holds a Bachelor of Arts degree in applied mathematics and economics from Brown University.

**Business Background:** Ronald Florance is a senior vice president and director of asset allocation and strategy for Wells Fargo Wealth Management Group. Mr. Florance rejoined Wells Fargo in 2005, where his responsibilities include providing comprehensive strategic asset allocation, financial planning and investment management solutions for affluent and high-net-worth individuals and families. Prior to joining Wells Fargo, Mr. Florance was responsible for asset allocation strategy for Bank of America and he served as a senior portfolio manager at City National Investments.

#### **Jaco Jordaan, CFA, CFP®, ChFC, Senior Portfolio Manager, HDVAS (see above)**

#### **Dean Junkans, CFA, Chief Investment Officer, Wells Fargo Wealth Management Group**

**Education:** Mr. Junkans, born in 1959, holds a Bachelor's Degree in economics from the University of Wisconsin at River Falls. He also holds a Master's Degree in applied economics from Purdue University.

**Business Background:** Mr. Junkans is the chief investment officer for Wells Fargo Wealth Management Group. In this capacity, he oversees investment management process and strategy for WMG. Prior to joining Wells Fargo, Mr. Junkans served as vice president and senior portfolio manager of American National Bank's Trust Investment Group as well as a funds management officer for Farm Credit Services.

#### **Gary Schlossberg, Vice President and Senior Economist, Wells Capital Management**

**Education:** Mr. Schlossberg, born in 1948, holds a Bachelor of Science degree in economics from the City College of New York as well as a Master of Arts degree in economics from Pennsylvania State University.

**Business Background:** Mr. Schlossberg is a vice president and senior economist at Wells Capital Management (WCM). Mr. Schlossberg analyzes the economic and investment environment for WCM and for other investment groups within Wells Fargo & Co. In that capacity, he participates in daily conference calls to the organization's investment managers and sales people throughout the country. Prior to joining Wells Fargo in 1974, Mr. Schlossberg worked as a researcher at the U.S. Treasury and Federal Reserve Board covering international economic conditions.

#### **Kandarp Acharya, CFA, Senior Vice President and Director of Quantitative Analysis and Strategy, Wells Fargo Wealth Management Group**

**Education:** Mr. Acharya, born in 1964, holds a Bachelor of Engineering degree from the M.S. University in Baroda, India, a Master of Business Administration degree with honors from the University of Chicago, and a Master of Science degree in electrical and computer engineering from Marquette University.

**Business Background:** Mr. Acharya is Director of Quantitative Analysis and Strategy at Wells Fargo Wealth Management Group. In this capacity, he helps to guide asset allocation policy for the group. Mr. Acharya previously worked with Wells Fargo Funds Management, LLC, as the Overlay Portfolio Manager and Quantitative Strategist for managed accounts. He served in a similar capacity for Strong Capital Management, Inc., from March 1999 until joining Wells Fargo Funds

## **I. HDVAS CODE OF ETHICS**

Clients are entitled to expect high standards of conduct in all of their dealings with HDVAS. To assist HDVAS in fostering a culture of compliance and ethics among its employees and Advisory Consultants, HDVAS has developed a Code of Ethics. Because of the sensitive nature of client data, HDVAS personnel who have access to material, non-public information regarding client holdings or recommendations given to clients, including directors, officers, employees, and Advisory Consultants are required to adhere to the Code of Ethics.

The following overarching principals are the foundation upon which the HDVAS Code of Ethics is built.

- **Fiduciary Duty:** Above all else, the HDVAS Code of Ethics requires that when conducting business and dealing with clients, HDVAS and its employees and Advisory Consultants always fulfill their affirmative duty of good faith to act in the clients' best interests. While conflicts of interest inevitably arise, whenever possible HDVAS endeavors to make sure all actual and potential conflicts of interest are identified, fully and fairly disclosed to clients, and resolved in a manner beneficial to its clients.
- **Integrity:** Unqualified adherence to a code of moral values is the foundation of ethical behavior. The position of trust placed in HDVAS by its clients mandates that HDVAS performs its duty in an honest and professional manner at all times.
- **Competence:** The duties performed by HDVAS include satisfying every client's investment needs and complying with all applicable laws, rules and regulations. In fulfilling these obligations to its clients, HDVAS will do so competently and in good faith. Whenever possible, HDVAS require that its employees and Advisory Consultants seek additional training to ensure competency and proficiency in all aspects of client service.
- **Professionalism:** Crucial to proper business conduct is the ability to act in a professional manner. HDVAS believes that every client deserves to be treated with the highest level of professionalism by every employee and Advisory Consultant. Every client should have a positive experience when working with HDVAS employees and Advisory Consultants. Clients should expect to be given the relevant information they need to make good decisions, including all methods and means of compensation and fees associated with their accounts. It is unprofessional to engage in any conduct that reflects adversely upon HDVAS, its Advisory Consultants or the financial services profession.
- **Objectivity:** When making investment recommendations or decisions and providing investment advice to clients, HDVAS must present all facts to the client free of personal prejudices, feelings or emotional influences.

Any person covered by the Code of Ethics is not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- p. To defraud such client in any manner;
- q. To mislead such client, including by making a statement that omits material facts;
- r. To engage in any act, practice or course of conduct that operates or would operate as a fraud or deceit upon such client;
- s. To engage in any manipulative practice with respect to such client; or
- t. To engage in any manipulative practice with respect to securities, including price manipulation.

The principles listed above should govern all conduct of Covered Persons, although more specific guidelines on conduct are outlined below or in the relevant rules and regulations, and in the H.D. Vest Compliance Manual(s). Covered Persons are required to comply with all applicable city, state, and federal securities laws and the H.D. Vest Compliance Manual(s).

A copy of the Code of Ethics can be obtained by contacting an HDVAS Advisory Consultant or by contacting the HDVAS Compliance Department at (866) 218-8206 ext. 4790.

## **J. OTHER DISCLOSURES**

The principal executive officers of HDVAS provide management services to other companies affiliated with Wells Fargo and HDVAS that may or may not provide advisory services. Companies affiliated with and/or under the same control with HDVAS include H.D. Vest, Inc., the parent company of HDVAS, HDVIS, the HDVIA, H.D. Vest Technology Services, Inc., and H.D. Vest Mortgage Services, Inc. HDVAS may recommend that clients use HDVIS or HDVIA to implement investment advice. HDVIS, a registered broker/dealer and

member of FINRA, provides brokerage services to HDVAS clients and will handle the recommended implementation at clearing or transaction cost. Except as specifically noted, HDVIS and HDVIA will not receive a sales load for the transactions (HDVIS will, however, receive Rule 12b-1 fees related to a client's investments). HDVIS clears accounts on a fully disclosed basis through WFI. Wells Fargo Bank, NA acts as custodian for IRAs held at WFI. Wells Fargo Funds Management, LLC is the Registered Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest (and therefore of HDVIS and HDVAS), provides investment advisory and administrative services to the Wells Fargo Advantage funds and receives advisory and administrative fees from those funds. H.D. Vest is a non-bank subsidiary of Wells Fargo & Co. As such, H.D. Vest is affiliated with the Wells Fargo family of companies.

HDVAS requires all Advisory Consultants to be registered through HDVAS, and to meet all applicable federal and state licensing requirements. In addition to the investment advisory services provided through HDVAS, Advisory Consultants may provide legal, tax accounting, payroll or other products or services that are not affiliated with HDVAS. The responsibilities of H.D. Vest relate specifically to investment advisory services and do not apply to any other products or services obtained from the Advisory Consultant. HDVAS does not provide support or supervise any outside services. Please refer to the Advisory Consultant's Investment Adviser Representative Information Form for more detailed information.

<b>Mutual Funds</b>
Invesco AIM
American Beacon
American Funds
DWS
Franklin Templeton Investments
The Hartford
John Hancock Funds
Lincoln Financial Distributors
MFS Investment Management
OppenheimerFunds
Phoenix Investment Partners
Putnam Investments
Van Kampen Investments
Wells Fargo Funds

## **V. SEI Trust Company**

A portfolio management program managed by SEI that utilizes limited trading authorization, is designed for individuals and institutions with investment portfolios valued at \$100,000 or more. Depending on the investor's investment objectives, assets are allocated within a single mutual fund family, which is selected by the Advisory Representative and the client from an approved list.

Fees are charged based on assets under management. Fees are negotiable and are not to exceed 1.50% of total assets.

Fees are automatically deducted from the client's account, payable in arrears on a quarterly basis using the end-of-quarter balance. A portion of the investment advisory fee is used to pay the portfolio managers selected to manage the account. Also, a portion of the fee is re-allowed to solicitors/HDVAS. The portions paid to both are determined by the Advisory Representative's payout level, which ranges from 50 to 90 percent. If the advisory contract is terminated before the quarter end, fees will be refunded on a pro rata basis. Termination will be effective upon receipt of written notification to HDVAS. The client will be responsible for all transaction charges assessed following the termination of the agreement.

SEI Trust Company accounts are held at SEI Trust Company.

## **VI. FEE FOR PLAN**

H.D. Vest Advisory Services (“HDVAS”) is an investment adviser registered with the U.S. Securities and Exchange Commission and is a wholly owned subsidiary of H.D. Vest, Inc. (“H.D. Vest”). H.D. Vest is a non-bank subsidiary of Wells Fargo & Company. HDVAS is an affiliate of H.D. Vest Investment Securities, Inc. (“HDVIS”), registered as a broker-dealer and a member of the Financial Industry Regulatory Authority (“FINRA”). HDVAS was created to offer Clients an ongoing consultative investment management approach. HDVAS sponsors a fee-based investment program to provide financial planning services (“Financial Planning”). HDVAS also sponsors “wrap-fee” programs which include account management, brokerage, clearance, custody and administrative services. More information regarding these other programs may be obtained by contacting HDVAS or your registered HDVAS Investment Advisor Representative (“Advisory Consultant”).

### **SERVICES**

The Financial Planning program includes a meeting, via any means of communication, between the Advisory Consultant and Client. Prior to or at the time of the meeting, the Client will provide financial data that is used to prepare a comprehensive financial report. This report constitutes the “financial plan” for purposes of the Financial Planning program. The financial areas of consideration for these services may include some or all of, and are not necessarily limited to: your overall financial position, including cash flow; protection and risk; income tax strategies; retirement; education funding; investments; legacy and/or estate planning; and other necessary topics depending upon your specific financial situation. The extent to which you engage in examining some or all of these financial areas, and will depend upon your specific financial situation and goals and be mutually agreed upon with your Advisory Consultant through the Financial Planning Client Agreement signed by the Client.

Financial Planning may involve recommendations regarding general asset classes (e.g., equities both domestic and foreign), debt (both long-term and short-term), government securities, and municipal securities or general types of investment vehicles (e.g., mutual funds, variable annuities, variable life insurance, partnerships, tax-advantaged retirement savings and education saving vehicles), concentrated equity strategies, stock option analysis, private money management alternatives, retirement planning strategies, estate planning strategies, philanthropic planning, margin transactions, education suggestions in which Client may invest. Investment techniques and strategies recommended in a financial plan generally will involve long-term or short-term holdings of securities or other investment products, and insurance and trust strategies, depending on Client’s financial goals, objectives and desires. HDVAS is under no obligation to update the financial plan.

Some or all of the following factors may be analyzed:

1. Risk Tolerance
2. Income Requirements
3. Tax Implications
4. Liquidity Needs
5. Investment Objectives
6. Time Horizon
7. Investment Experience

The Financial Plan incorporates some or all of the following standard modules:

- a) Summary of Financial Goals;
- b) Summary of Action Plan;
- c) Analysis of Personal Net Worth, including computation of balance sheet;
- d) Education Planning;
- e) Asset Allocation
- f) Retirement Planning
- g) Insurance needs analysis; and
- h) Estate Planning, including estate valuation estimates, federal estate tax estimates, and explanation of estate planning strategies.

The following sections outline the responsibilities of the Advisory Consultant and HDVAS.

**Services offered by the Advisory Consultant for Financial Planning may include:**

- Educating investors
- Gathering data to be used in the preparation of the plan
- Presenting the portfolio recommendation and allocation based on the information provided.
- Research and recommendation of investment products

**Services provided by HDVAS for Financial Planning may include:**

- Collecting fees
- Maintaining the registrations of HDVAS and all Advisory Consultants with the SEC and appropriate state securities commissions;
- Supervising activities of all Advisory Consultants

Unless otherwise specifically agreed to, HDVAS shall have no duties or obligations with respect to the implementation of Client's financial plan and, without limiting the generality of the foregoing, they shall have no duty or obligations to provide investment advisory or investment management services to Clients that are outside the scope of the services discussed above.

Services are Non-Discretionary: HDVAS provides the services described above as solely on a "non-discretionary" basis, i.e., HDVAS function is to make recommendations or provide information to Client or Client's agents, and HDVAS does not have authority to cause Client or the Client's agents to act upon recommendations made or information provided by HDVAS to Client or Client's agents. Each Client will at all times retain the sole discretion to elect whether or not to follow or act upon any recommendations made, advice given by HDVAS or Client's Advisory Consultant.

Other Service Matters: HDVAS and Client's Advisory Consultant will not provide legal or accounting advice, and any fees payable by Client under the Financial Planning Agreement cover only the services rendered by HDVAS and Client's Advisory Consultant. In this regard, HDVAS and Client's Advisory Consultant are not responsible for drafting or providing any legal or other documentation, or taking any other action relating to or arising from implementation of Client's financial plan (subject to the considerations set forth in the following paragraph).

Client is responsible for all fees and expenses (such as investment management fees and brokerage expenses) incurred in connection with the implementation of a financial plan. Client may elect to implement a financial plan in whole or in part through HDVAS, but under no obligation to do so. In the event Client elects to implement a financial plan through HDVAS, Client will be provided with an appropriate disclosure document or Client agreement describing the nature and extent of the services provided by HDVAS, the fees charged by HDVAS for those services and other related matters. The fees charged by HDVAS in connection with the implementation of a financial plan are in addition to the fees incurred by Client in connection with the formulation of that plan.

**METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES**

The sources of information used to provide recommendation include research materials, newspapers and magazines, corporate rating services, annual reports, prospectuses, filings with the SEC, and regulatory and legal publications.

Investment Products for Financial Planning are selected based on a Client's investment objective and risk and are screened by the Advisory Consultant on criteria such as:

- **Size** – The Investment Products must be large enough to transact high-volume business efficiently, retain talented, professional managers and respond effectively to a changing market environment.
- **Investment categories** – The Investment Products are categorized into asset classes such as Large-Cap Domestic, Small-Cap Domestic, International Equities, Emerging Markets Equities, Fixed Income, Real Estate and Inflation Hedge. Investment Products may be further categorized for analysis based on the manager's style of investment, federal tax exempt status or other traits.
- **Purity and consistency within the category** – The mutual fund, ETF or VA sub-account should remain primarily invested in the category that it has been assigned. Purity and consistency of investment within the category is required to properly evaluate returns, assess risk and effectively manage an investment strategy for the Client. Managers that remain pure and consistent to the investment category to which they are assigned are favored over those that do not.
- **Verifiable track record** – Investment Products must employ managers with a proven track record.

- **Competitive performance** – Performance when compared against a peer group and relevant benchmark must be competitive. Consistency in competitive performance during both up and down markets is also considered.

**Expenses** – Management fees and operating expenses must be reasonable when compared to other investments in the same category.

## **FEES AND COMPENSATION OF PROGRAMS**

The Advisory Consultant recommending Financial Planning programs to the Client receives compensation as a result of the Client's participation in the program. The amount of this compensation may be more than what the Advisory Consultant would receive if the Client participated in other HDVAS programs or paid separately for investment advice and brokerage and other Client services. Therefore, the Advisory Consultant may have a financial incentive to recommend Financial Planning over other programs and services. The Financial Planning program may cost the Client more or less than purchasing such services separately.

All fees for the above services are negotiated between the Client and the Advisory Consultant. The actual charge for the financial planning services, as stated above, is disclosed in the advisory contract entitled "Financial Planning Client Agreement" The advisory fee is paid to HDVAS, of which 85% to 90% is paid to the Advisory Consultant depending on his/her payout level.

Factors bearing upon the relative cost of the program include:

- The complexity and volume of the information provided by the Client
- The complexity of services requested

## **CONFLICTS OF INTEREST**

Financial Planning Clients should be aware that:

Unless separately disclosed and agreed to by Client (and then only to the extent permitted by law), HDVAS will receive no direct monetary benefit from legal, accounting or consulting firms to whom it may refer financial planning Clients. At the same time, it is recognized that firms to whom HDVAS refers financial planning Clients may in the past have recommended and in the future may recommend potential financial planning Clients to HDVAS.

HDVAS and its affiliates and Client's Advisory Consultant may perform, among other things, investment banking, research, brokerage and investment advisory or management services for other Clients, and may earn transactional compensation, investment advisory or management fees and other consideration for such activities.

Potential conflicts may arise between Client's interests and ours in executing transactions through us as a broker-dealer if Client chooses to implement all or part of a financial plan through HDVAS. If Client chooses, at Client's sole discretion, to implement all or part of a financial plan and execute transactions through us, we will act as a broker dealer, not an investment advisor, unless we have otherwise agreed with Client in writing. As a broker-dealer, we will execute transactions as agent or principal and will charge Client commissions, mark-ups, transaction fees, and/or other charges. These charges are in addition to the Financial Planning fee, if any. The Advisory Consultant who presents Client's financial plan is an investment advisor representative of HDVAS and thus will receive a portion of the compensation HDVAS and the Advisory Consultant receives in connection with preparing and presenting the financial plan. Products recommended by us may include proprietary products of HDVAS or its affiliates. Client should note that we have an incentive to recommend proprietary products because we or our affiliates earn more compensation from the sale of these products than from the sale of non-proprietary products

A portion of the fees or commissions charged for the services associated with implementation may be paid to our Financial Advisors in connection with the introduction of accounts as well as for providing Client-related services with in the Programs. This compensation may be more or less than a Advisory Consultant would receive if Clients paid separately for, where applicable, investment advice, brokerage, and other services.

HDVAS, from time to time, awards cash and non-cash compensation to Advisory Consultants who refer existing Clients to other products and services of HDVAS or its affiliates (such as mortgages, insurance products and financial plans), or who open advisory accounts for new Clients, when these referrals and new accounts are deemed to be in the best interest

of the Client. Therefore, Advisory Consultants may have a financial incentive to recommend these advisory programs over other program and services.

From time to time, HDVAS initiates incentive programs for Advisory Consultants. These programs include, but are not limited to: programs that compensate associates for attracting new assets and Clients to HDVAS or referring business to its affiliates (such as referrals for mortgages, trusts, or insurance services) and programs that reward associates for promoting investment advisory services.

Advisory Consultants who participate in these incentive programs may be rewarded with cash and /or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and HDVAS affiliates, such as mutual fund companies, insurance carriers, or money managers. Therefore, Advisory Consultants and other associates have a financial incentive to recommend the programs and services included in these incentive programs over other available products and services offered by HDVAS.

## **CLIENT INFORMATION**

The information provided by the Client is used to formulate a financial plan designed to work toward meeting an investor's needs. The Client has an obligation to notify the Advisory Consultant if there are changes to the information provided, including but not limited to the Client's financial situation, investment objectives, or risk tolerance.

## **CLIENT RESTRICTIONS**

None

## **TYPES OF CLIENTS**

The Fee for Financial Planning program is available to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, banks, thrift institutions, corporations, as well as other business entities.

## **TERMINATION**

The Client may terminate the Financial Planning Client Agreement within five (5) days of signing without incurring any charges. Written notification to HDVAS is required for termination. Thereafter, pro rata charges apply.

## **EDUCATION AND BUSINESS BACKGROUND**

### **Advisory Consultants**

HDVAS requires all Investment Advisory Consultants to be registered under our Investment Adviser and meet all state requirements.

## **HDVAS KEY PERSONNEL:**

### **Roger C. Ochs, JD, MBA, CFP®, CLU/ChFC, President**

**Education:** Mr. Ochs, born in 1961, holds a bachelor of science degree in business administration from Angelo State University, a master of business administration degree from Trinity University and a juris doctor degree from Southern Methodist University School of Law.

**Business Background:** As president of the firm, Mr. Ochs manages the day-to-day operations and directs the future of H.D. Vest Financial Services®. He has held multiple management positions within the organization, overseeing sales, marketing and technical support for Advisors since joining the firm in 1987. Prior to joining H.D. Vest, Ochs worked with Prudential-Bache Securities as a financial planner.

### **Jaco Jordaan, CFA, CFP®, ChFC, Senior Portfolio Manager**

**Education:** Mr. Jordaan, born in 1974, holds a bachelor of business administration degree from the University of Texas at Austin and a master of science degree in Financial Analysis from the College for Financial Planning.

**Business Background:** Mr. Jordaan is the senior portfolio manager for H.D. Vest Advisory Services. He rejoined H.D. Vest in 2007 and is responsible for the asset allocation and portfolio management functions. Mr. Jordaan was most recently a portfolio manager and vice president with PNC Wealth Management where he developed, implemented and managed portfolios for high-net-worth Clients, trusts and endowments. He performed independent research and evaluation of both individual securities and mutual funds. Prior to PNC Wealth Management, Mr. Jordaan was with H.D. Vest Financial Services for seven years, where he held positions in Customer Service, Financial Planning and Recruiting.

**Casey J. Griffin, Chief Compliance Officer (HDVAS and HDVIS)**

**Education:** Mr. Griffin, born in 1976, holds a Bachelor of Business Administration degree from the University of North Texas.

**Business Background:** Mr. Griffin is the Chief Compliance Officer for HDVAS and HDVIS and is responsible for overall compliance with applicable securities regulations as determined by the Securities and Exchange Commission, FINRA, state securities commissions and various other regulatory bodies. Since joining H.D. Vest in August of 1998, Mr. Griffin has held various supervisory positions within HDVIS and HDVAS, including overseeing sales supervision and as the Senior Compliance Manager responsible for surveillance.

**Joel V. Bennett, CPA, CCM, CMA, Chief Financial Officer**

**Education:** Mr. Bennett, born in 1962, holds a bachelor of science degree in business administration from the University of Texas at Dallas.

**Business Background:** Mr. Bennett is treasurer of H.D. Vest and the financial operations principal for HDVIS. He is also senior manager of the Finance department and is responsible for strategic business planning, management reporting, budgeting and accounting. Mr. Bennett has been employed with H.D. Vest since 1990. Previously, he worked at City National Bank as assistant controller. He is a certified public accountant, certified cash manager and certified management accountant.

**Neal E. Heifetz, Executive Manager, Operations**

**Education:** Mr. Heifetz, born in 1957, holds a bachelor of science degree in accountancy from Bentley College.

**Business Background:** Mr. Heifetz is an assistant secretary with H.D. Vest, HDVAS and HDVIS. Mr. Heifetz is the executive manager of operations for HDVAS and HDVIS and is responsible for the activities of all annuity, brokerage and mutual fund operations. Mr. Heifetz has been with H.D. Vest for 10 years and in the financial services industry for nearly 27 years. Prior to joining H.D. Vest, Mr. Heifetz was director of operations at CoreLink Financial. Mr. Heifetz also held management positions at various financial institutions prior to joining H.D. Vest.

**Jeffrey J. Klein, CFP®, CFS, CSA, Executive Manager, Strategic Business Units**

**Education:** Mr. Klein, born in 1964, holds a bachelor's degree in economics from Southern Methodist University.

**Business Background:** Mr. Klein is an assistant secretary with H.D. Vest, HDVAS and HDVIS. As executive manager of strategic business units, Mr. Klein directs the growth and development of Advisory Services, Insurance Services, Recruiting, Marketing, Communications, and Advisor Relations. Mr. Klein has been employed with H.D. Vest since 1990. Mr. Klein's experience includes four years of direct sales in life, disability and nonqualified retirement planning and two years in the employee resource management field.

**The Investment Policy Advisory Board (IPAB)** was established to advise H.D. Vest Advisory Services on the application of Modern Portfolio Theory in portfolio design. The IPAB provides input on asset class inclusion, tactical positioning of portfolios, assumptions underlying portfolio construction, and other topics that impact portfolio asset allocation.

The Investment Policy Advisory Board members of HDVAS include:

**Ronald M. Florance, CFA**, Director of Asset Allocation and Strategy, Wells Fargo Wealth Management Group (WMG)

**Education:** Mr. Florance, born in 1961, holds a bachelor of arts degree in applied mathematics and economics from Brown University.

**Business Background:** Ronald Florance is a senior vice president and director of asset allocation and strategy for Wells Fargo Wealth Management Group. Florance rejoined Wells Fargo in 2005, where his responsibilities include providing comprehensive strategic asset allocation, financial planning and investment management solutions for affluent and high-net-worth individuals and families. Prior to joining Wells Fargo, Mr. Florance was responsible for asset allocation strategy for Bank of America and he served as a senior portfolio manager at City National Investments.

**Jaco Jordaan, CFA, CFP®, ChFC**, Senior Portfolio Manager, HDVAS (see above)

**Dean Junkans, CFA**, Chief Investment Officer, Wells Fargo Wealth Management Group

**Education:** Mr. Junkans, born in 1959, holds a bachelor's degree in economics from the University of Wisconsin at River Falls. He also holds a master's degree in applied economics from Purdue University.



**Business Background:** Mr. Junkans is the chief investment officer for Wells Fargo Wealth Management Group. In this capacity, he oversees investment management process and strategy for PCS. Prior to joining Wells Fargo, Mr. Junkans served as vice president and senior portfolio manager of American National Bank's Trust Investment Group as well as a funds management officer for Farm Credit Services.

**Gary Schlossberg**, Vice President and Senior Economist, Wells Capital Management

**Education:** Mr. Schlossberg, born in 1948, holds a bachelor of science degree in economics from the City College of New York as well as a master of arts degree in economics from Pennsylvania State University.

**Business Background:** Mr. Schlossberg is a vice president and senior economist at Wells Capital Management (WCM). Mr. Schlossberg analyzes the economic and investment environment for WCM and for other investment groups within Wells Fargo & Co. In that capacity, he participates in daily conference calls to the organization's investment managers and sales people throughout the country. Prior to joining Wells Fargo in 1974, Mr. Schlossberg worked as a researcher at the U.S. Treasury and Federal Reserve Board covering international economic conditions.

**Kandarp Acharya**, CFA, Senior Vice President and Director of Quantitative Analysis and Strategy, Wells Fargo Wealth Management Group

**Education:** Mr. Acharya, born in 1964, holds a bachelor of engineering degree from the M.S. University in Baroda, India, a master of business administration degree with honors from the University of Chicago, and a master of science degree in electrical and computer engineering from Marquette University.

**Business Background:** Mr. Acharya is Director of Quantitative Analysis and Strategy at Wells Fargo Wealth Management Group. In this capacity, he helps to guide asset allocation policy for the group. Mr. Acharya previously worked with Wells Fargo Funds Management, LLC, as the Overlay Portfolio Manager and Quantitative Strategist for managed accounts. He served in a similar capacity for Strong Capital Management, Inc., from March 1999 until joining Wells Fargo Funds Management in 2005 as part of an acquisition by Wells Fargo and Company of certain business lines of Strong Financial Corporation. Mr. Acharya joined Strong Capital Management in 1994.

## **BUSINESS ACTIVITIES; OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

The principal executive officers of HDVAS provide management services to other companies affiliated with HDVAS that may or may not provide advisory services. Companies affiliated with and/or under the same control with HDVAS include H.D. Vest, Inc., the parent company of HDVAS, HDVIS, the H.D. Vest Insurance Agencies (HDVIA), H.D. Vest Technology Services, Inc., and H.D. Vest Mortgage Services, Inc. (collectively referred to as "H.D. Vest"). HDVAS may recommend that Clients use HDVIS or HDVIA to implement investment advice; however, HDVIA will not be used for Clients of either *Overland Select* or *Overland Suggests*. HDVIS, a registered broker/dealer and member of the National Association of Securities Dealers, Inc., provides brokerage services to HDVAS Clients and will handle the recommended implementation at clearing or transaction cost. Except as specifically noted, HDVIS and HDVIA will not receive a sales load for the transactions. (HDVIS will, however, receive Rule 12b-1 fees related to a Client's investments.) HDVIS clears accounts on a fully disclosed basis through WFI. Wells Fargo Bank, N.A. acts as custodian for IRAs held at WFI. Wells Fargo Funds Management, LLC is the Registered Investment Adviser on each of the mutual funds within the Wells Fargo Advantage family of funds. Wells Fargo Funds Management, LLC, an affiliate of H.D. Vest, Inc. and therefore of HDVIS and HDVAS, provides investment advisory and administrative services to the Wells Fargo funds and receives advisory and administrative fees from those funds. H.D. Vest, Inc. is a non-bank subsidiary of Wells Fargo and Company (Wells Fargo). As such, H.D. Vest is affiliated with the Wells Fargo family of companies.

HDVAS requires all Advisory Consultants to be registered through HDVAS and to meet all applicable federal and state licensing requirements. In addition to the investment advisory services provided through HDVAS, Advisory Consultants may provide legal, tax accounting, payroll or other products or services that are not affiliated with HDVAS. The responsibilities of H.D. Vest relate specifically to investment advisory services and do not apply to any other products or services you may obtain from your Advisory Consultant. HDVAS does not support or supervise any outside services. Please refer to the Advisory Consultant's Investment Adviser Representative Information Form for more detailed information.

## **CONDITIONS FOR FINANCIAL PLAN PREPARATION**

No conditions

## REVIEW OF FINANCIAL PLANS

Plans are reviewed by the Advisory Compliance department on a weekly basis. In some circumstances, the Sales Supervisor may request additional information in order to properly review the plan. Advisor earnings derived from plan will not be paid until all required information is received and approved by the Advisory Compliance department

## CODE OF ETHICS

Clients of HDVAS are entitled to expect high standards of conduct in all of their dealings with us. To assist us in fostering an ethical culture among our employees and Advisory Consultants, we have developed a Code of Ethics (“COE”). Because of the sensitive nature of Client data, HDVAS personnel who have access to material, non-public information regarding Client holdings or recommendations given to Clients, including directors, officers, employees, Registered Representatives and Advisory Consultants, are required to adhere to the COE.

The following principals are the foundation upon which the Code of Ethics is built.

- **Integrity:** Adherence to a code of moral values is the foundation of ethical behavior. The position of trust we are placed in mandates that we perform our duty in an honest and professional manner.
- **Competence:** This is a measure of a person’s ability to perform a duty. The duties we are required to perform include satisfying our Clients’ investment needs and complying with all applicable laws and regulations. In fulfilling these obligations, we will do so competently and in good faith. Where necessary, this includes acquiring additional training to ensure competency and proficiency.
- **Professionalism:** Crucial to proper business conduct is the ability to act in a professional manner. HDVAS believes that every Client deserves to be treated in a professional manner and should have a positive experience when dealing with HDVAS. Clients should expect to be given the relevant information they need to make good decisions, including compensation and fees associated with their accounts. It is unprofessional to engage in any conduct that reflects adversely upon HDVAS, it’s Advisory Consultants or the profession.
- **Fiduciary Duty:** This capacity requires that when conducting business and dealing with Clients, it is the Clients’ best interests that are served. While conflicts of interest inevitably arise, we endeavor to make sure conflicts are disclosed and every effort is made to direct conflict situations to conclusions that benefit Clients, based on their suitability.
- **Objectivity:** When making decisions and providing advice, it is fundamental that we do so without distorting the facts by personal prejudices or feelings. Every effort should be made to ensure that decisions made and conclusions drawn are free from emotional influences.

Persons covered by the COE are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a Client:

- u. To defraud such Client in any manner;
- v. To mislead such Client, including by making a statement that omits material facts;
- w. To engage in any act, practice or course of conduct that operates or would operate as a fraud or deceit upon such Client;
- x. To engage in any manipulative practice with respect to such Client; or
- y. To engage in any manipulative practice with respect to securities, including price manipulation.

The principles listed above should govern all conduct of Covered Persons, although more specific guidelines on conduct are outlined below or in the relevant rules and regulations, and in the H.D. Vest Compliance Manual(s).

Covered Persons are required to comply with all applicable city, state, and federal securities laws and the H.D. Vest Compliance Manual(s).

Interested parties may obtain a copy of the Code of Ethics by contacting their Advisory Consultant or by contacting HDVAS directly at (800) 821-8254.

## VII. Symmetry

**Symmetry**, a portfolio management program managed by Symmetry that utilizes limited trading authorization, is designed for individuals and institutions with investment portfolios valued at \$100,000 or more. Depending on the investor's investment objectives, assets are allocated within the DFA mutual fund family.

Fees are charged based on assets under management. Fees are negotiable and are not to exceed 2.5% of total assets.

Fees are automatically deducted from the client's account payable in arrears on a quarterly basis using the end-of-quarter balance. A portion of the investment advisory fee is used to pay the portfolio managers selected to manage the account. Also, a portion of the fee is re-allowed to solicitors/HDVAS. The portions paid to both are determined by the Advisory Representative's payout level, which ranges from 50 to 90 percent. If the advisory contract is terminated before the quarter end, fees will be refunded on a pro rata basis. Termination will be effective upon receipt of written notification to HDVAS. The client will be responsible for all transaction charges assessed following the termination of the agreement.

Symmetry accounts are custodied at Trust Company of America