

Applicant:	SEC File Number:	Date:
BBVA Wealth Solutions, Inc.	801- 56131	10-18-10

(for sponsors of wrap fee programs)

Name of wrap fee program described in attached brochure:

SmartPathSM Core Program

- Applicability of Schedule.** This Schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.
- Use of Schedule.** This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of the jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right hand corner of the cover page the sponsor's registration number (801-).
- General Contents of Brochure.** Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. **Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.**
- Multiple Sponsors.** If two or more persons fall within the definition of "sponsor" in Item 1 above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.
- Omission of Inapplicable Information.** Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure prepared must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.
- Updating.** Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker," *i.e.*, a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.
- Contents of Brochure.** Include in the brochure prepared in response to this Schedule:
 - on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion:
This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.
 - a table of contents reflecting the subject headings in the sponsor's brochure
 - the amount of the wrap fee charged for each program or if fees vary according to a schedule established by the sponsor a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);

Applicant:	SEC File Number:	Date:
BBVA Wealth Solutions, Inc.	801- 56131	10-18-10

- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (*e.g.*, the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h) (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,
- (2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,
- (3) a reference to any standards (*i.e.*, industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A and C, 10, 11, 13 and 14 of Part II
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of the clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

8. Organization and Cross References. Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called for by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

Item	Page(s)	Item	Page(s)	Item	Page(s)
7(a)	cover	7(f)	5-6	7(j)	N/A
#7(b)	i	#7(g)	N/A	#7(k)	1,4-10,12-17
#7(c)	4-5	#7(h)	8	#7(l)	7,10-12,14-17
#7(d)	6-7	#7(i)	N/A	#7(m)	2-4
#7(e)	7				

SEC Registration Number
801 - 56131

Firm CRD Number
110476

BBVA WEALTH SOLUTIONS, INC.

Investment Adviser Wrap Fee Programs Brochure
FORM ADV, Part II, Schedule H

This brochure provides clients with information about BBVA Wealth Solutions, Inc. and advisory services under the following program:

SmartPathSM Core Program

You should read and carefully consider the information contained in this brochure before retaining BBVA Wealth Solutions, Inc. to provide any of the services described in this brochure. This information has not been approved or verified by the Securities and Exchange Commission or any other governmental authority.

BBVA Wealth Solutions, Inc.

1300 Post Oak Boulevard
Suite 1500
Houston, Texas 77056-3093
713-552-9277

10060 Skinner Lake Drive, Suite 501
Jacksonville, Florida 32246
904-399-0662

October 2010

TABLE OF CONTENTS

INTRODUCTION	1
DESCRIPTION OF ADVISORY SERVICES	2
TYPES OF INVESTMENTS	2
Overview	2
Selected Information Regarding Core Model Securities	3
Selected Information Regarding Fund Investments	3
FEE INFORMATION	4
Overview	4
Cost of the Program	5
Charges and Expenses Not Covered by Program Fees	5
Disclosures Regarding Fee Rates	6
METHODS OF ANALYSIS, SOURCES OF INFORMATION AND PERFORMANCE INFORMATION	7
Methods of Analysis and Sources of Information	7
Performance Calculation and Information	8
REVIEW OF ACCOUNTS	8
Overview	8
Account Valuation Methods	8
Client Reports	9
CONDITIONS FOR MANAGING ACCOUNTS	9
CUSTODY AND BROKERAGE	10
Program Custodian and Clearing Broker	10
Equity Trade Aggregation and Allocation	10
Securities Transaction Confirmations	12
EDUCATION AND BUSINESS STANDARDS	12
EDUCATION AND BUSINESS BACKGROUND	12
CONFLICTS OF INTEREST, PARTICIPATION OR OTHER INTERESTS IN CLIENT TRANSACTIONS AND OTHER FINANCIAL INDUSTRY AFFILIATIONS AND ACTIVITIES	14
Conflicts of Interest – Overview	14
Participation or Interest in Client Transactions	14
Other Financial Industry Activities and Affiliations	15
Solicitor and Referral Arrangements	16
OTHER DISCLOSURE ITEMS	17
Proxies and Other Legal Notices	17
Class Action Lawsuits	17
Code of Ethics	17
BALANCE SHEET	18

INTRODUCTION

BBVA Wealth Solutions, Inc. (the “Sponsor”), an investment adviser registered with the U.S. Securities and Exchange Commission, provides various investment advisory services with respect to individually managed advisory accounts and portfolio management. This Brochure provides information regarding a discretionary asset allocation program, namely the **SmartPathSM Core Program** (the “Program”) sponsored and administered by the Sponsor for its clients.

Note: Prior to October 18, 2010, the Program was sponsored by St. Johns Investment Management Company, an affiliate of BBVA Wealth Solutions, Inc. On October 18, 2010, St. Johns Investment Company was merged into BBVA Wealth Solutions, Inc.

The Program is offered to individuals, corporations, partnerships, pension and profit-sharing plans, trusts and others. Pursuant to the Program, the client’s portfolio will be invested principally in a portfolio of equity securities selected by the Sponsor from time to time for the Sponsor’s “Core Model” in order to pursue a long-term growth strategy. The Core Model utilizes a core blend equity approach and focuses primarily on large U.S. market capitalization companies.

A portion of the client’s portfolio may be invested in money market mutual funds or other short-term investment vehicles selected by the Sponsor from time to time as representing an appropriate allocation of the client’s portfolio to “cash equivalents.”

The client, with the assistance of an investment adviser representatives of Sponsor, will be asked to complete a Personal Investment Profile (the “Investor Profile”), which will provide the Sponsor with information concerning, among other things, the client’s financial situation, retirement goals and investment risk tolerance. After receipt of the Investor Profile, the Sponsor will determine whether the Program is appropriate for the client. It is the client’s sole responsibility to determine, in its absolute discretion, whether to adopt, modify or reject a proposed asset allocation. In making such determination, client should consider all of client’s assets, income and investments.

In connection with the client’s participation in the Program, the client will establish an account with the Program Custodian (defined below) and will grant the Sponsor, as investment manager, limited trading authority over the account for purposes of the Program.

As a condition to participating in the Program, clients will be required to execute, in addition to other documents, an Investment Management Agreement appointing Sponsor as discretionary investment adviser, and complete an Investor Profile. The client also must have previously executed, or execute in connection with his or her participation in the Program, the typical account opening documents required by BBVA Compass Investment Solutions, Inc. (“BCIS”), which will act as introducing broker in connection with the Program. BCIS is an affiliate of Sponsor. In addition, the client must execute a document notifying the Program Custodian (as defined below) of the limited trading authority granted to the Sponsor in connection with the client’s Program account and agreeing to indemnify the Program Custodian in connection with reliance on the Sponsor’s trading instructions. The Investment Management Agreement, Investor Profile and other documents required to be executed, completed or delivered by the client in connection with the Program are referred to below as the “Program Documentation.”

The Sponsor will receive compensation in the form of periodic fees based on a percentage of assets under management. Certain other fees, charges and expenses will apply and will vary based on the applicable Program. See below under “Fee Information.”

The investments within the Program will be overseen and supervised by the Sponsor’s Investment Policy Committee (the “IPC”).

DESCRIPTION OF ADVISORY SERVICES

Under the Program, the client’s portfolio will be invested principally in a portfolio of equity securities selected by the Sponsor from time to time for the Sponsor’s “Core Model” (the “Core Model Equities”). The Core Model is a long-term strategy model managed to pursue long-term growth. The Core Model typically, but not always, has between 40 - 60 individual equities at a given time. Equities are selected for the Core Model primarily from large capitalization U.S. companies spread across ten (10) designated industry sectors.

With the exception of a small percentage of assets that may, from time to time, be invested in money market mutual funds or other short-term investment vehicles, the Program invests only in equity securities. As a result, the Program, in and of itself, does not afford clients the opportunity to achieve a portfolio that is diversified across asset classifications. A client’s investments through the Program should be supplemented, through investments outside the Program, with exposure to fixed income securities and other asset classifications, as appropriate.

Sponsor’s discretionary investment management services will not take into account the possible tax impact on the client’s assets held under the Program or elsewhere.

The Sponsor’s IPC will establish from time to time the particular equity securities to be included in the Core Model Equities. The Core Model Equities will be regularly reviewed and evaluated by the Sponsor to monitor quality and ensure adherence to investment methodology and style. The equity selection process used by the Sponsor in connection with the Core Model focuses on building and maintaining specific overview portfolio attributes which focus on historic growth, profitability and valuation, and takes into account independent research obtained by the Sponsor from various outside sources.

The client will grant the Sponsor full investment discretion, and changes in the Core Model Equities and the target allocations within the Core Model do not require client approval or prior notice to the client.

The minimum investment required to open an account under the SmartPathSM Core Program is \$50,000. The minimum investment must be in a form acceptable to Sponsor and Program Custodian.

TYPES OF INVESTMENTS

Overview

The SmartPathSM Core Program invests principally in the Core Model Securities in order to pursue the client’s identified investment objective. Except in the case of assets allocated to “cash equivalents,” fixed income securities will not be purchased. Any recommended or desired exposure to fixed income securities must be obtained from other sources.

Typically, a portion of the client's assets will be invested in "cash equivalents" in the form of money market mutual funds or other short-term investment vehicles selected by the Sponsor.

Selected Information Regarding Core Model Securities

Equity investments are highly volatile and are subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Because the client's investments under the Program will be comprised of a group of individual stocks, the Core Model is subject to stock-selection risk and may either outperform or underperform the overall stock market. There also is a risk that returns from large-capitalization stocks will trail returns from the overall stock market. Large-cap stocks tend to go through cycles of doing better -- or worse -- than the stock market in general. The duration of these periods have, in the past, lasted for as long as several years and, in any event, cannot be predicted.

The Core Model Equities typically will be individual securities rather than mutual funds. In some instances, exchange-traded funds ("ETFs") may be used for exposure to certain types of equity securities. As noted above, a small portion of the client's Program assets may be invested in money market mutual funds or other short-term investment vehicles from time to time.

Selected Information Regarding Fund Investments

Investments in ETFs and money market mutual funds are subject to various fees, charges and expenses which will be borne by Program clients and are in addition to the Program Fee. See below under "**Fee Information - - Cost of the Program - - Fund Expenses**" and "**Additional Compensation**".

ETFs: ETFs are investment companies that are registered under the Investment Company Act of 1940 and typically have the flexibility of intraday trading. Typically, ETFs are passively managed and track specific domestic or foreign market indices, and may provide investors with diversification, certain tax and cost efficiencies and liquidity. Although ETFs sell and redeem their shares at net asset value ("NAV") only in large blocks of shares known as "creation units" and only very large institutional investors create or redeem the creation units, after creation, ETF shares trade between investors like a publicly traded stock. Because ETF shares are traded on an on-going basis, the market determines prices and investors can buy and sell shares at any time that the markets are open. Since ETFs are priced continuously by the market, there is a potential for trading to occur at prices other than the NAV.

An index-based ETF seeks to track the performance of its corresponding index by either replicating the securities in the index or by holding a representative sample of the securities in the index. Typically, the expenses of an ETF are lower than the expenses of actively managed mutual funds, which generally have higher management fees and brokerage expenses. However, investors who buy and sell ETF shares in the secondary market generally pay brokerage commissions in connection with those transactions.

Equity-based ETFs are subject to risks similar to those of stocks. Fixed-income ETFs are subject to risks similar to those of bonds, but also are subject to certain risks similar to those of publicly-traded equity securities. Fixed income risks include credit risk, interest rate risk and prepayment risk. ETFs that invest in foreign (non-U.S.) securities have unique and greater risks than ETFs that invest only in U.S. domestic securities.

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. **Past performance is no guarantee of future results.**

Money Market Mutual Funds. Money market mutual funds are investment companies that are registered under the Investment Company Act of 1940, which, like other mutual funds, are managed by investment advisers that select and monitor the securities held in the fund and sell and redeem their shares at NAV.

An investment in a money market mutual fund is not insured or guaranteed by the United States Government, the Federal Deposit Insurance Corporation or any other governmental agency. Money market mutual funds seek to maintain the value of investments made in the funds at \$1.00 per share; however, it is possible to lose money by investing in a money market mutual fund.

FEE INFORMATION

Overview

Client will compensate Sponsor for its services in the form of periodic fees based on a percentage of assets under management under the Program (the "Program Fee") at the rates set forth in the Fee Schedule appearing below.

Program Fee

<u>Total Assets</u>	<u>Fees</u>
\$1,000,000 and below	1.50%
Above \$1,000,000	Negotiable*

* In the case of clients whose initial investment in the Program exceeds \$1,000,000, and under certain other circumstances, the Program Fee will be negotiable. The Program Fee also will be negotiable in the event the total market value of the client's assets in the client's Program account and the client's assets in other wrap programs offered by Sponsor from time to time (the "Combined Balances") exceeds \$1,000,000. In the event the assets in the client's Program account or, if applicable, the client's Combined Balances, fall below \$1,000,000 due to the withdrawal of assets by the client, the Program Fee shall be the greater of 1.50% or the previously negotiated fee rate unless and until the client restores the Program account's assets or, if applicable, the Combined Balances to not less than \$1,000,000. Assets in accounts maintained by the client with the Sponsor, or any of the Sponsor's affiliates, other than assets in the client's Program account and in other accounts under other wrap program accounts offered by Sponsor, will not be taken into account in calculating the \$1,000,000 threshold.

The Program Fee will be payable quarterly in advance and will be based on the market value of all assets in the client's Program account as of the close of business on the last business day of the preceding calendar quarter (the "Valuation Date"). In the event Sponsor commences management of the client's Program account on a day other than the first business day of a calendar quarter, the Valuation Date for purposes of calculating the Program Fee for such partial quarter shall be the close of business on the last business day of such calendar quarter and the Program Fee for the partial quarter will not be charged in advance and, instead, will be charged in arrears

contemporaneously with the charging of the Program Fee for the next succeeding calendar quarter.

From time to time the Sponsor, in conjunction with its affiliate, BCIS, which acts as introducing broker, will designate a clearing brokerage firm to act as custodian for client assets held under the Program (the “Program Custodian”). Currently, Pershing LLC, member FINRA and SIPC, serves as Program Custodian. As a condition to participation in the Program, the client will agree that custody of client’s Program assets will be held by the Program Custodian as custodian to hold the assets of the client under the Program and that all securities transactions within client’s Program account will be executed through the Program Custodian, as clearing broker, subject, however, to the right reserved by the Sponsor to effect transactions through a broker-dealer other than the Program Custodian when the transaction cannot be effected through the Program Custodian due to regulatory or other constraints.

Clients participating in the Program agree to pay promptly upon receipt of an invoice from Sponsor, or to cause the Program Custodian to pay from the client’s Program account. Pursuant to the client’s Investment Management Agreement, the client will authorize and direct the Program Custodian to automatically deduct the Program Fee from the assets in the client’s Program account when due as instructed by the Sponsor (or BCIS on the Sponsor’s behalf), which such payments will be reflected on the next account statement sent to client by the Program Custodian. Once the full amount of a periodic Program Fee is deducted from the client’s Program account by the Program Custodian, the client’s responsibility for payment of such periodic Program Fee shall be deemed satisfied.

In the event a client’s Investment Management Agreement with Sponsor terminated, a pro rata refund of any prepaid Program Fee will be paid to the client from the date of termination through the end of the billing period.

Under certain circumstances (including, but not limited to those described above), fees charged by the Sponsor may be negotiated or the Sponsor may waive a portion of the Program Fee for promotional purposes.

Cost of the Program

Except as noted below, a single wrap fee (i.e., the Program Fee) includes and encompasses all asset allocation and investment management services of the Sponsor, as well as all brokerage commissions and other transaction costs for transactions executed through the Program Custodian on an agency basis, all monitoring and reporting services and all custody services associated with participation in the Programs. All compensation of the Program Custodian will be paid out of the Program Fee or separately by the Sponsor.

Charges and Expenses Not Covered by Program Fees

The Program Fee will not include, and the client will separately incur and be responsible for, fees and charges associated with securities transactions that may be imposed by regulatory authorities, ADR agency processing fees, electronic fund and wire transfer fees, SEC and exchange fees and transfer taxes, and any other charges imposed by law. Non-standard services fees incurred as a result of special request from the client, such as wiring funds or overnight mailing services, will be an expense of the client’s Program account and may be deducted by Sponsor or Program Custodian at the time of occurrence.

In addition, client acknowledges that the Program Fee will cover the costs of brokerage commissions and other transaction fees only for those transactions effected through Program Custodian on an agency basis and that all other brokerage commissions and transaction costs, including without limitation the cost of a) brokerage commissions on transactions effected through any broker or dealer other than Program Custodian and b) dealer mark-ups, mark-downs and “spreads” (whether charged by BCIS, Program Custodian or any other broker-dealer for acting as principal), shall be in addition to the Program Fee, shall be borne by the client and shall be deducted from the assets of the client’s Program account. The Program Fee also will not cover, and there shall be deducted from client’s Program account, any brokerage commissions or other charges, including any contingent deferred sales charges (“CDSC”), imposed upon the liquidation of “in-kind” assets that are transferred into client’s Program account, which in-kind assets may be liquidated by Sponsor in its discretion.

Typically, money market mutual funds, exchange-traded funds (“ETFs”) and other mutual funds (collectively, “Funds”), if any, purchased for Program accounts may be purchased and sold under the Program without the payment of a load or sales charge, including CDSC. However, in the event a load, sales charge or CDSC is incurred in connection with the purchase or redemption of a Fund for the client’s Program account, the cost of such load will be borne by the client’s Program account. Typically, a commission will be incurred in connection with the purchase or sale of ETF shares, which commissions will be paid out of the Program Fee without additional cost to the client. In some instances, Funds may impose other fees (described in the applicable prospectus or other disclosure document for the Fund) in connection with the exchange of fund shares or in connection with the redemption of Fund shares prior to the Fund’s designated minimum holding period (“short-term redemption fees”). Any such exchange fees or short-term redemption fees will be borne by the client and will be paid out of the assets of the client’s Program account. Where applicable, loads, commissions, exchange fees and redemption fees may be incurred in connection with the reallocation and rebalancing of the assets of the client’s Program account in connection with the typical operation of the Program. All Funds are subject to regular, recurring, fund-wide “operating expenses” that pay for management fees, investment advisory fees, transfer agency fees, 12b-1 fees, administrative services, shareholder servicing and brokerage services. Fund operating expenses are not covered by the Program Fee. Funds typically pay their operating expenses out of fund assets -- which means that investors indirectly pay these costs and, as a result, the client, as in investor in the Funds, will incur the applicable Fund operating expenses in connection with the investment of a client’s assets in Funds under the Program.

Assets of the client’s Program account invested in shares of Funds, including money market mutual funds and/or other short-term investment vehicles, will be included in calculating the value of the assets of the client’s Program account for purposes of computing the Program Fee and the same assets will also be subject to advisory fee, other charges and operating expenses applicable to the such Funds.

A portion of the assets of the client’s Program account will, in the discretion of the Sponsor, be held in liquid investments or cash to cover the payment of fees and Fund redemption fees, if any.

Disclosures Regarding Fee Rates

Clients should be aware that the fees charged for participating in the Program may be higher or lower than those charged by others in the industry and that it may be possible to obtain the same or similar services from other advisers at lower or higher rates. A client may be able to obtain some or all of the types of services available through Sponsor on an unbundled basis through

other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown. In addition, the Program Fee will be applied to securities transferred into a client's Program account, even if the client has previously paid a commission or fee when purchasing such securities. Accordingly, the client should consider whether it is appropriate to transfer such securities into the client's Program account.

Representatives of the Sponsor recommending the wrap fee program to a client will receive compensation as a result of a client's participation in the wrap fee program. See below under **"CONFLICTS OF INTEREST, PARTICIPATION OR OTHER INTEREST IN CLIENT TRANSACTIONS AND OTHER FINANCIAL INDUSTRY AFFILIATIONS AND ACTIVITIES."** This compensation may be more than that person would receive if the client participated in other services offered by Sponsor or with other advisers. Such persons will, therefore, have a financial incentive to recommend a wrap fee program over other programs and services.

The Sponsor may modify the Fee Schedule at any time upon written notice to client.

METHODS OF ANALYSIS, SOURCES OF INFORMATION AND PERFORMANCE INFORMATION

Methods of Analysis and Sources of Information

The advice given to wrap fee accounts by Sponsor focuses on the potential for long-term and short-term growth and/or income associated with a variety of securities including equity securities.

The Sponsor is solely responsible for the selection of the individual equity securities for the Core Model and therefore serves as the portfolio manager in connection with the Program. The Sponsor has managed a "Core Model" for over ten years and uses a number of information sources about the economy, markets and businesses to facilitate the management process. The core model is a stock specific portfolio subject to sector weighing constraints. The Sponsor uses a four factor approach in analyzing, selecting and monitoring the Core Model Equities and currently utilizes information from various sources, including research purchased by the Sponsor from various independent sources, research available from brokerage and investment banking firms, and various periodicals and subscription services. These ancillary sources are used mostly for strategic reasons (economic and investment overview rather than company specific industry recommendations). Generally, the Sponsor does not attend conferences or meet with company management but will participate in conference calls via the Internet.

In managing the Core Model, the Sponsor emphasizes diversification across all major economic sectors of the market and may overweight or underweight sectors based on macro-economic or specific sector conditions. Sector weightings are constrained to within 75% to 125% of the sector weight of the Standard & Poor's 500 Index (the "S & P 500"), an unmanaged index representing 500 of the United States' largest publicly traded companies. While no specific individual holding constraints exist, the Core Model Equities historically have been comprised of between 40 to 60 individual issuers and individual weightings typically represent 1% to 3% positions.

The Sponsor uses a Four Factor Model for equity valuation, considering both fundamental and technical research analytics to arrive at a given score for each security evaluated. The Four Factor Model gives a 65% weight to fundamental factors and a 35% weight to technical factors. When

new names are being considered for the model, the score of each potential new entrant is compared against the score of other possible new entrants.

Overall, Sponsor aims to position the Core Equity Model with an above average earnings, sales, return on equity (ROE), and forward earnings growth relative to the S&P 500 Index, but also with a PEG Ratio (price-to-earnings divided by expected future growth rate) below the benchmark.

Performance Calculation and Information

Performance of money market mutual funds and mutual funds and ETFs is obtained from readily available databases maintained by the funds or ETFs or by independent sources. The Sponsor does not calculate mutual fund or ETF performance or guarantee its accuracy.

Certain sophisticated investors considering participation in the Program may be provided the hypothetical performance of the Core Equity Model over certain historical periods in one-on-one presentations. The hypothetical performance of the Core Equity Model does not reflect actual trading of client assets and does not take into account the Program Fee and other charges and expenses associated with the Program. The performance of an individual client's Program account also will be impacted by any restrictions which the client imposes on the management of the client's Program account. Actual performance will vary and cannot be predicted from hypothetical results.

The actual performance of each client's Program account is reported to the client quarterly on a time-weighted return basis (see below "**REVIEW OF ACCOUNTS – Client Reports**"). *Past performance is not indicative of or a guarantee of future results.*

REVIEW OF ACCOUNTS

Overview

The Sponsor will review all information relating to the performance of clients' Program accounts on an as needed basis and will determine compliance with the clients' written investment policy and attributes of Program performance. To ensure the account's investments are in keeping with the client's investment objectives, the Sponsor will contact the client at least annually to determine whether the client's financial situation and investment objectives have changed and to give the client the opportunity to impose reasonable restrictions on the management of the client's Program account.

Account Valuation Methods

The value of securities owned by the client will be determined by the Program Custodian in accordance with the Program Custodian's typical procedures. There is no guarantee that any valuations provided by the Program Custodian, or obtained by the Program Custodian from other sources, will be accurate and, in any event, the Sponsor and BCIS are not be responsible for the valuation of assets of the client's Program account or for any errors by the Program Custodian in the calculation of the values of the assets of the client's Program account, for any inaccuracy in any values obtained by the Program Custodian from other sources, or for the unavailability of values for some assets.

Client Reports

The Program Custodian will provide to the client periodic statements showing all transactions occurring in the client's Program account during the period covered by the account statement, any fees paid by the Account during the period and a list identifying all assets in the account at the end of the period. Periodic statements will be provided by the Program Custodian on a quarterly basis, and also for any month in which transactions occur in the client's Program account. In the Program Documentation, the client will authorize and direct the Program Custodian to provide the Sponsor with copies of all periodic statements and other reports that the Program Custodian sends to the client.

In the Program Documentation, the client agrees to waive the receipt of contemporaneous written trade confirmations related to transactions within the client's Program account and agree that the periodic statements provided by Program Custodian will be in lieu of individual trade confirmations.

In addition to the periodic statements provided by the Program Custodian, the Sponsor will provide each client participating in the Program with quarterly written statements of the assets in the client's Program account, each security owned (together with its cost and current market value), and performance data for the period covered by the statement.

Pursuant to the Program Documentation, the client acknowledges that client should promptly and carefully review, and should compare, and that the client should promptly notify Sponsor of any errors in any periodic statements and, in the case of information contained in both a statement provided by Program Custodian and in a statement provided by Sponsor, of any discrepancies in such information.

The client will be given the opportunity to authorize the Program Custodian to deliver periodic statements and other communications relating to client's Program account by electronic means, in which case the client will not receive paper copies of any periodic statements or other communications that are provided electronically. The client will have the right to withdraw the client's consent to electronic delivery at any time.

Year-end summaries of realized gains and losses (IRS Schedule D information), and dividends and interest received (IRS 1099-DIV and 1099-INT) are mailed to all taxable account clients by Program Custodian.

CONDITIONS FOR MANAGING ACCOUNTS

Sponsor offers the Program to selected investors who are suitable for such accounts. Subject to the Sponsor's determination that the Program is suitable for the potential client, the Programs are available to all individuals, corporations, partnerships, pension and profit-sharing plans and trusts, as well as to other investors as determined by Sponsor on a case-by-case basis. Minimum initial investments and account balances apply as described above under "**DESCRIPTION OF ADVISORY SERVICES.**" The stated minimum investment is negotiable by the Sponsor on a discretionary basis.

As a condition to participating in the Program, clients will be required to execute, complete or deliver, as applicable, the Program Documentation as defined above, including an Investment Management Agreement appointing Sponsor as discretionary investment adviser and an Investor Profile. Pursuant to the Program Documentation, clients participating in a Program will appoint

BCIS as the client's introducing broker and the Program Custodian as the custodian for the client's Program assets and as the clearing broker for transactions within the client's Program account. See below under **"CUSTODY AND BROKERAGE."** The client also must have previously executed, or execute in connection with his or her participation in the Program, the typical account opening documents required by BCIS, which will act as introducing broker in connection with the Program. BCIS is an affiliate of Sponsor. In addition, the client must execute a document notifying the Program Custodian (as defined below) of the limited trading authority granted to the Sponsor in connection with the client's Program account and agreeing to indemnify the Program Custodian in connection with reliance on the Sponsor's trading instructions.

CUSTODY AND BROKERAGE

Program Custodian and Clearing Broker

Pursuant to the Program Documentation, clients participating in the Program will appoint BCIS as introducing broker for purposes of the Program and the Program Custodian as the custodian for the client's Program assets and as the clearing broker for transactions within the client's Program account. Custody of Client's Program account assets will be maintained with the Program Custodian and in no event will the Sponsor or BCIS have custody of any assets of the account. Under the client's Investment Management Agreement, the client will authorize BCIS and the Sponsor, or either of them, to give the Program Custodian instructions for the purchase, sale, conversion, exchange or retention of any asset in the client's Program account, but solely in connection with the conduct by the Sponsor of trading in securities in accordance with the provisions of the client's Investment Management Agreement.

The client's Program account will be carried by Program Custodian. BCIS will serve as introducing broker with respect to the client's Program account. Under the Program Documentation, the client will direct BCIS and the Sponsor to execute all securities transactions within the client's Program account through Program Custodian, as clearing broker. The Program Custodian will act exclusively as agent in securities transactions for the client's account and, by directing securities transactions for the client's Program account to the Program Custodian, the client may be forgoing better execution of client's securities transactions from other broker-dealers that are not participating in the Program. Notwithstanding the foregoing, the Sponsor reserves the right to choose to effect transactions through broker-dealers other than the Program Custodian when the transaction cannot be effected through the Program Custodian due to regulatory or other constraints.

Equity Trade Aggregation and Allocation

The Sponsor makes decisions to recommend, purchase, sell or hold securities for all of its client accounts (including non-Program accounts) based on the specific investment objectives, guidelines, restrictions and circumstances of each account. It is the Sponsor's policy to allocate, to the extent operationally and otherwise practical, investment opportunities to each client over a period of time on a fair and equitable basis relative to its other clients.

When the Sponsor believes it is desirable, appropriate and feasible to purchase or sell the same security for a number of the Sponsor's advisory clients (whether or not the clients participate in the Program) at the same time, the Sponsor may aggregate its clients' orders ("Aggregated Orders") in a way that seeks to obtain more favorable executions, in terms of the price at which the security is purchased or sold and the efficiency of the processing of the transactions.

Before entering an aggregated order, a Pre-Trade Allocation Report is prepared by the Portfolio Analyst for each custodian holding the assets of the Sponsor's advisory clients (including the Program Custodian and the custodians for the Sponsor's advisory clients who do not participate in the Program), listing each client account and the quantity that will be allocated to that account. Trades are placed for clients whose assets are held at the various custodians on a rotational basis.

For example, if on a particular trading day clients of the Sponsor have assets held by Schwab, Compass Bank, Fidelity, the Program Custodian and two additional custodians ("Custodian X" and "Custodian Y"), and trades may be placed for accounts which custody with Schwab first, then for accounts which custody with Compass Bank, then for clients who custody with Fidelity, then for clients under the Program, then for clients which custody with Custodian X, and then for clients which custody with Custodian Y. But, on the next trading day, trades would be placed first for clients whose custodian is listed next in the rotation and trades for clients whose custodian is Schwab would be placed last.

Separate aggregated orders (i.e., block trades) will be executed by each of the custodians in the rotation for the clients whose assets they hold. The number of custodians included in the equity trading rotation will vary dependent upon the number of custodians then holding assets of Sponsor's clients. Where it is anticipated that a particular security will be both bought and sold for client accounts contemporaneously, the Sponsor generally will place sell orders before buy orders and all contemporaneous sell order and buy orders will be placed in accordance with the same trade rotation. Under certain circumstances, the custodians/brokers designated by the Sponsor's advisory clients who direct trades within their accounts will also be included in the trade rotation.

Although the Sponsor will place aggregated trades on a rotational basis as described above, there is no assurance that the actual execution of the aggregated trades by the various custodians will occur in the order of the rotation established by the Sponsor.

Once an aggregated trade is completed for clients holding assets at a particular custodian, the trade is then allocated according to the Pre-Trade Allocation Report(s). The trade allocation process takes place on as timely a basis as possible, i.e. as an order is completed in full, or, in the case of a partially executed aggregated order, at the market's close when the average price can be calculated. The Sponsor's Chief Operating Officer (or his or her designee) confirms the aggregated order and trade allocation based on the Trade Tickets and the Pre-Trade Allocation Report.

If the aggregated order is not fully executed by the end of the trading day, allocation of the partially filled order will be completed on a pro-rata basis based on the Pre-Trade Allocation Report. Any deviation from the Pre-Trade Allocation Report will be performed only if all client accounts receive fair and equitable treatment and the reason for the different allocation is documented and approved in writing by the Sponsor's Chief Operating Officer (or his or her designee) no later than one hour after the opening of the markets on the trading day following the day the order is executed.

Securities for aggregated orders will be deposited with the custodian of clients who participate in the aggregated order. The Sponsor will not receive any additional compensation or remuneration as a result of any aggregated order.

Securities Transaction Confirmations

EDUCATION AND BUSINESS STANDARDS

EDUCATION AND BUSINESS BACKGROUND

Larry Bell Born: 1959

EDUCATION

Baylor University, Masters in Business Administration-Finance, 1983

Baylor University, Bachelor in Business Administration-Finance, 1982

EMPLOYMENT

President, BBVA Wealth Solutions, Inc., 10/2010-Present

President/CEO, BBVA Wealth Solutions, Inc., 01/2010-10/2010

BBVA Compass Wealth Management, Private Banker, 2009-2010

Bank of America Private Wealth Management, Market Director for U.S. Trust, 1983-2009

David Wall Price, CFA Born: 1954

EDUCATION

Chartered Financial Analyst

Georgia Institute of Technology – MSIM, 1977

University of Georgia – BBA, 1976

EMPLOYMENT

Regional Chief Investment Strategist, BBVA Wealth Solutions, Inc., 10/2010 - Present

President & CEO, St. Johns Investment Management Company, Inc., 10/08 to 10/2010

Senior Vice President, St. Johns Investment Management Company, Inc., 08/00 to 10/08

Stacy Hasty Born: 1971

EDUCATION

Georgia State University

EMPLOYMENT

COO and Vice President, BBVA Wealth Solutions, Inc., 10-2010 -Present

COO and Vice President St. Johns Investment Management Company, Inc., 10/08 to
10/2010

Assistant Wealth Manager, St. Johns Investment Management Company, Inc., 04/07 to
10/08

Realtor, Prudential Network Realty, 04/05 to 09/06

Gwynne Shackelford Born: 1964

EDUCATION

University of Oklahoma, BBA-Finance, 1986

EMPLOYMENT

Regional Chief Investment Strategist, BBVA Wealth Solutions, Inc., 10/2010 - Present

Chief Investment Strategist, BBVA Wealth Solutions, Inc., 01/2010-10/2010

Compass Bank Wealth Management Group, Director of Portfolio Mgmt., 2008-2010

Compass Bank Wealth Management Group, Portfolio Manager, 1997-2008

Lauren Jordan, CFA Born: 1956

EDUCATION

Investment Adviser Certified Compliance Professional, March 2009

Chartered Financial Analyst

University of Wisconsin - MS Business/Marketing, 1980

Illinois Wesleyan University – BA, 1979

EMPLOYMENT

Chief Compliance Officer, BBVA Wealth Solutions, Inc., 12/2006 to Present

Director of Trust & Investment Management Compliance, Vice President, Compass Bank
- 11/2006 to Present

Risk Management Advisor--WMG Audit Team, Vice President, Compass Bank, -
6/2000 to 11/2006

Wealth Management Group, Vice President, Compass Bank, 10/1991 to 06/2000

Mario A. Ramos Born: 1971

EDUCATION

Bentley College, Bachelor of Science Economics and Finance, 1994

Pontifical Catholic University, Juris Doctor, 1977

Columbia University, Corporate and Financial Intermediation Law concentration

EMPLOYMENT

Director and Secretary, BBVA Wealth Solutions, Inc., March 2010 - Present
SVP and Corporate Counsel, Compass Bank, 2008 – Present
VP and Legal Counsel, BBVA USA, Inc., 2006 – 2008
VP and Associate General Counsel, Banco Bilbao Vizcaya Argentaria Puerto Rico, 2000-2006

Pete J. Reimann Born: 1961

EDUCATION

Auburn University-BBA, 1985

EMPLOYMENT

Treasurer, BBVA Wealth Solutions, Inc., 08/2010-Present

Compass Bank Wealth Management, Division Finance Manager, 2000 - Present

Colonial Bank, Director of Budget and Planning, 1985-2000

**CONFLICTS OF INTEREST, PARTICIPATION OR OTHER
INTERESTS IN CLIENT TRANSACTIONS AND OTHER
FINANCIAL INDUSTRY AFFILIATIONS AND ACTIVITIES**

Conflicts of Interests - Overview

The Sponsor, BCIS and their affiliates perform, among other activities, research, brokerage and investment advisory services for clients other than those participating in the Program. The Sponsor may give advice and take action in the performance of its duties to such clients (including those who may also be participants in the Program) which may differ from advice given, or in the timing and nature of action taken, with respect to client. In addition, the Sponsor may give advice and take action in the performance of its duties to one or more of its clients that differs from advice given or action taken for another client at or about the same time.

The Sponsor, its affiliates and any officer, director, stockholder, employee or any member of their families may have an interest in the securities purchased for client's Program accounts from time to time effect.

Certain of the Sponsor's principal executive officers are also principal executive officers of the parent company, Compass Bank. Employees of the Sponsor who are investment adviser representatives of the Sponsor and act as financial advisors to clients under the Program are, in many instances, also registered representatives of BCIS.

Participation or Interest in Client Transactions

The Sponsor is a wholly owned, direct subsidiary of Compass Bank, the lead bank subsidiary of Compass Bancshares, Inc., an Alabama bank holding company, and an indirect subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"), a bank organized under the laws of Spain qualified to engage in business in the United States as a bank holding company and foreign banking organization.

BBVA, Compass Bank and their affiliates may have a variety of banking, financial or service relationships with corporations or other business enterprises the securities of which may be purchased or sold by the Sponsor for its clients' accounts. BBVA, Compass Bank or their affiliates may receive compensation from such corporations or other business enterprises in the ordinary course of their business. Because of internal controls maintained by BBVA, Compass

Bank and the Sponsor in order to minimize any potential conflict of interest created by these relationships, recommendations to the Sponsor's advisory clients typically will be made without knowledge of other banking, financial or services relationships between BBVA, Compass Bank or their affiliates and the issuers of securities recommended by the Sponsor.

BBVA Compass Wealth Management, a division of Compass Bank, may purchase or sell for trust, fiduciary, and investment management clients or recommend that such accounts purchase or sell securities of the same type as those purchased or sold by the Sponsor for its clients' accounts. In addition, while the Sponsor does not act as a principal in the purchase or sale of any securities, with a client or otherwise, the Sponsor is an affiliate of Compass Bank.

The Sponsor, BBVA, Compass Bank and their affiliates will maintain policies and procedures for ensuring that any material, non-public information regarding publicly traded securities that the Sponsor or its employees may obtain, including by virtue of banking and other relationships any such issuer may have with the Sponsor, BBVA, Compass Bank or their affiliates is not misused in violation of applicable law.

Assets of Program accounts, if any, invested in Funds are subject to advisory and other fees and expenses, as set forth in the applicable fund prospectus, and although such fee and expenses typically are paid by the Fund, they reduce the overall return realized by the investor. Furthermore, assets of a client's Program account invested in shares of Funds, including money market mutual funds, or other short-term investment vehicles, will be included in calculating the value of the account for purposes of computing the Program Fee payable to the Sponsor.

At times, the interest of the Sponsor or related persons' accounts may not coincide with the interest of a client's account; however, at no time will the Sponsor or any related person receive an added benefit or advantage over the clients with respect to these transactions. The Sponsor will maintain a record of personal securities transactions. The Sponsor has adopted policies and procedures reasonably designed to detect and deter insider trading. In addition, the Sponsor has adopted a "Code of Ethics," which is available to clients or prospective clients upon request. See below under "**Other Disclosure Items - - Code of Ethics.**"

Other Financial Industry Activities and Affiliations

BCIS is a registered broker dealer with the Securities and Exchange Commission and is a member of FINRA. BCIS, as introducing broker, maintains clearing arrangements with Pershing, LLC, a BNY Securities Group company which is not affiliated with the Sponsor or BCIS, whereby Pershing clears securities transactions on a fully disclosed basis. As described above, BCIS will serve as introducing broker, and Pershing will serve as clearing broker and custodian, for the Program accounts. The Sponsor and BCIS have entered into a service agreement to address various operational issues and relative responsibilities, as between the Sponsor and BCIS, in connection with the Program. The service agreement contains, among other things, mutual obligations of BCIS and the Sponsor, respectively, to indemnify the other party for certain losses, liabilities, claims and expenses. The service agreement may be terminated by either BCIS or the Sponsor at any time upon notice to the other.

Based upon the similarity of investments among client accounts having similar investment objectives and the fact that the Sponsor may purchase securities for more than one account simultaneously, and the possible appearance of similarity in the treatment of clients, the accounts of all Program clients are handled under the following basic conditions designed to prevent pooling of assets and or the management of accounts on a de facto pooled basis resulting in the

existence of an investment company. The custody of accounts by a clearing broker on behalf of the Sponsor and BCIS is structured such that each client's securities are held in nominee name only for ministerial purposes and each client's account is maintained as a separate account. The client's beneficial interest in a security does not represent an undivided interest in all the securities held by a clearing broker, but rather represents a direct and beneficial interest in the securities in the account.

Further, each client retains any and all rights afforded under the federal securities laws to proceed directly against the issuer of any underlying security in the client's Program account. Further, each client under the Program may withdraw, hypothecate, vote, or pledge securities in the client's account upon written notice to the Sponsor, and each client has the authority to impose reasonable restrictions on the management of the client's Program account. The Sponsor has the right to reject any restrictions that the Sponsor determines are unreasonable, including any restrictions that are inconsistent with the requirements and purposes of the Program.

Solicitor and Referral Arrangements

The Sponsor maintains various arrangements with affiliated persons under which such persons are paid cash referral compensation in connection with the referral of clients who open Program accounts with the Sponsor. These solicitation arrangements, which will be maintained by the Sponsor in compliance with Rule 206(4)-3 of the Investment Advisers Act (the "Cash Solicitation Rule"), are described briefly below. The Sponsor has the sole discretion in accepting or declining potential clients. Any persons or entities serving as solicitor for the Sponsor, other than the Sponsor's investment adviser representatives, are prohibited from making investment recommendations or giving investment advice to prospective clients while acting on behalf of the Sponsor.

The amount of the referral compensation paid to the solicitor, under no circumstances will the compensation be paid to such solicitors for providing referrals result in any additional fees or charges to the client being referred.

Investment Adviser Representatives

Investment adviser representatives of the Sponsor, including persons who are also registered representatives of BCIS and employees of Compass Bank, will receive compensation in connection with the opening and maintenance of Program accounts, including all or a portion of the Sponsor's Program Fee. In addition, it should be noted that:

- Investment adviser representatives of the Sponsor may also be registered representatives of BCIS and/or employees of Compass Bank and may receive referral or other compensation in connection with services provided to the Sponsor's clients by BCIS, Compass Bank or other affiliates.
- Investment adviser representatives of the Sponsor may recommend to their clients the services of BCIS, an affiliated broker-dealer. BCIS provides securities brokerage services on a retail basis and BCIS and investment adviser representatives of the Sponsor, in their capacity as registered representatives of BCIS, will receive compensation in connection with securities transactions effected on behalf of clients of the Sponsor.

Others

The Sponsor maintains certain solicitation arrangements under the Cash Solicitation Rule with certain affiliated persons who are not investment adviser representatives of the Sponsor and with certain unaffiliated third parties. Persons and entities serving as solicitors for the Sponsor under these solicitation arrangements are eligible, subject to certain conditions and requirements, to receive referral compensation in connection with the referral of certain non-wrap accounts, but those solicitation arrangements are not applicable to the Program or other wrap accounts offered by the Sponsor.

OTHER DISCLOSURE ITEMS

Proxies and Other Legal Notices

The Sponsor will not vote, or give any advice about how to vote, proxies for securities in the client's Program account and, in the event of any matter in which the holder of any security or other interest held in the client's Program account is permitted to vote or grant proxies, the client shall be solely responsible for determining whether or not to vote or grant and regarding the manner in which to vote such securities or other interests. If the client's Program account is or is owned by a pension or other employee benefit plan governed by the Employee Retirement Security Act of 1974 ("ERISA"), the Sponsor will be expressly denied the authority to vote any proxies for securities held in the client's Program account pursuant to the Program Documentation.

Class Action Lawsuits

If the Program Custodian receives notice of a lawsuit or related matter affecting a security held in the client's Program account, the Program Custodian will forward such notice to the client. The client shall be responsible to determine eligibility to submit a claim with respect to all lawsuits and other wise to determine all actions to be taken or not taken in connection with any such lawsuits, and the Sponsor, the Program Custodian and BCIS shall have no obligation to take any such actions or to advise the client concerning such actions.

Code of Ethics

The Sponsor has adopted a Code of Ethics to comply with the provisions of Rule 204A-1 under the Advisers Act, which requires registered investment advisers adopt a code of ethics setting forth standards of conduct and requiring compliance with federal securities laws by certain types of "supervised persons" of the investment adviser known as "access persons." Additionally, the Code of Ethics is designed to comply with Section 204A of the Advisers Act, which requires investment advisers to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such investment adviser's business, to prevent the misuse of material, non-public information by any person associated with such investment adviser. The Code of Ethics is based upon the principle that the Sponsor's employees owe a duty to the Sponsor's clients to conduct the employees' own affairs, including employees' personal securities transactions, in such a manner as to avoid 1) serving their own personal interests ahead of clients, 2) taking inappropriate advantage of their position with the Sponsor, and 3) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. Pursuant to the Sponsor's Code of Ethics, all "supervised persons" of the Sponsor, whether or not they are "access persons" under Rule 204A-1, must certify at hire and at least annually after that to their securities holdings and trading accounts "Supervised persons" includes all officers, directors and

employees of the Sponsor, as well as all other persons who provide investment advice on behalf of the Sponsor and are subject to the supervision and control of the Sponsor. The Code of Ethics also provides that no supervised person may trade securities, either personally or on behalf of others, while in possession of material, non-public information with respect to any such securities, or may communicate material, non-public information to others, other than as required and allowed by the Code of Ethics.

In the case of supervised persons of the Sponsor who are "Access Persons," pre-clearance is required for all personal securities transactions with the exception of 1) transactions effected pursuant to an automatic investment plan, 2) securities transactions for accounts over which the Access Person has no direct or indirect influence or control, and 3) trades in U.S. Government Securities, U.S. Agency Securities, mutual funds and money market funds. The following supervised persons of Sponsor are "Access Persons" for purposes of the Sponsor's Code of Ethics: 1) all directors and certain officers of the Sponsor, and 2) other employees and other advisory personnel of the Sponsor a) who have access to nonpublic information regarding client's purchases and sales of securities or b) who are involved in making securities recommendations to clients, or who have access to such recommendations that are nonpublic. Generally, the investment adviser representatives of the Sponsor who are also registered representatives of BCIS and who will act as the client liaison for clients participating in the Program will not be considered to be Access Persons because they will not have access to nonpublic information regarding client purchases and sales of securities, will not make recommendations to clients concerning securities purchases or sales or have access to nonpublic information concerning such recommendations. The preclearance policy sets forth the criteria which may result in a denial of such preclearance requests.

Management of the Sponsor may impose a number of sanctions which it feels is most appropriate for violations of the Code of Ethics. To receive a copy of Sponsor's Code of Ethics clients should contact their Sponsor representative or contact Sponsor at 713-552-9277.

BALANCE SHEET

Sponsor does not require prepayment of more than \$500 in fees per client six or more months in advance. Consequently, as required by the Investment Advisors act of 1940, Sponsor is not required to attach hereto its most recent audited balance sheet on Schedule G.