

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

OMB Number 3235-0049
Expires: February 28, 2011
Estimated average burden
hours per response. . .4.07

Name of Investment Adviser: Smedley Financial Services, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
420 East South Temple, Suite 420	Salt Lake City	UT	84111	(801) 355-8888

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

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required	Schedule G

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

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

FORM ADV**Part II - Page 2**

Applicant:

Smedley Financial Services, Inc.

SEC File Number:

801-17207

Date:

10/19/10**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.

(See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|-----|---|-----|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services | 82% |
| <input checked="" type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services | 17% |
| <input checked="" type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above | 1% |
| <input type="checkbox"/> | (4) | Issues periodicals about securities by subscription | % |
| <input type="checkbox"/> | (5) | Issues special reports about securities not included in any service described above | % |
| <input type="checkbox"/> | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | % |
| <input type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | % |
| <input type="checkbox"/> | (8) | Provides a timing service | % |
| <input type="checkbox"/> | (9) | Furnishes advice about securities in any manner not described above | % |

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

B. Does the applicant call any of the services it checked above financial planning or some similar term?

Yes	No
<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

- | | |
|--|---|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input checked="" type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> (6) Other |

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

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

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

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

FORM ADV**Part II - Page 3**

Applicant:

Smedley Financial Services, Inc.

SEC File Number:

801- **17207**

Date:

8/1/05**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issues | <input type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities | <input type="checkbox"/> J. Futures contracts on: |
| (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> D. Commercial paper | |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input checked="" type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input checked="" type="checkbox"/> (1) real estate |
| | <input checked="" type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> G. Investment company securities | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (2) variable annuities | |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.**A.** Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

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

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

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

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

FORM ADV**Part II - Page 4**

Applicant:

Smedley Financial Services, Inc.

SEC File Number:

801-17207

Date:

11/22/05**5. Education and Business Standards.**

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

Yes No
☒ ☐

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

6. Education and Business Background.

For:

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

On Schedule F, give the:

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

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

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

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

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

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" type="checkbox"/> (3) other investment adviser | <input checked="" type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input checked="" type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

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

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

Yes No
☐ ☒

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

Applicant:

Smedley Financial Services, Inc.

SEC File Number:

801- 17207

Date:

8/1/05

9. Participation or Interest in Client Transactions.

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

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

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

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

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

Yes



No



(If yes, describe on Schedule F.)

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

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

For those clients to whom the registrant provides investment supervisory services, account reviews are conducted on an on-going basis by the registrant's Principal and/or Associated Persons. All investment supervisory clients are advised that it remains their responsibility to advise the registrant of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to comprehensively review investment objectives and account performance with the registrant on an annual basis.

Clients to whom the registrant provides financial planning services are advised that it remains their responsibility to inform the registrant of any changes in their financial situation, goals and/or investment objectives. All financial planning clients are encouraged to meet annually for a comprehensive review.

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

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian/program sponsor for the client accounts.

Clients participating in FAP and/or LifeGuide may receive quarterly, monthly or on-demand reports showing the investment performance of their accounts from Securities America Advisors, Inc. or Smedley Financial Services, Inc.

Clients may request on-demand client position reports from Smedley Financial Services, Inc.

Applicant:

Smedley Financial Services, Inc.

SEC File Number:

801-17207

Date:

8/10/06

12. Investment or Brokerage Discretion.

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

(1) securities to be bought or sold?

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ?

Yes No

☒ ☐

(3) broker or dealer to be used ?

Yes No

☐ ☒

(4) commission rates paid?

Yes No

☐ ☒

B. Does applicant or a related person suggest brokers to clients?

Yes No

☒ ☐

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

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

13. Additional Compensation.

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

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?

Yes No

☒ ☐

B. directly or indirectly compensates any person for client referrals?

Yes No

☒ ☐

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

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

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

Has applicant provided a Schedule G balance sheet?

Yes No

☐ ☒

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:

Smedley Financial Services, Inc.

SEC File Number:

801-17207

Date:

11/02/10

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1 Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Smedley Financial Services, Inc.

IRS Empl. Ident. No.:

87-0394223

Item of Form
(identify)

Answer

Item 1D

As discussed in this disclosure statement, the registrant offers its clients discretionary investment management and non-discretionary investment consulting services. The registrant's investment advisory services are primarily limited to the management of investment portfolios in accordance with the investment objective(s) of the client. The registrant also offers financial planning, estate planning and investment/non-investment consultations for a separate fee. In the event that the registrant determines to provide any requested consulting services, the registrant shall generally charge a separate and additional fee.

FINANCIAL PLANNING AND CONSULTING

If requested, the registrant will provide its clients with financial planning and/or consulting services (including investment and non-investment-related matters). The registrant's financial planning and consulting fees are negotiable, but between \$200 and \$2,000 on a fixed fee basis and between \$150 and \$500 on an hourly rate basis, depending upon the level and scope of the services required, and the professional(s) rendering the service(s). Prior to engaging the registrant to provide financial planning and/or consulting services, the client will generally be required to enter into a *Financial Planning and Consulting Agreement* setting forth the terms and conditions of the engagement, describing the scope of the services to be provided and the fee that is due from the client prior to the registrant commencing services.

Financial planning and consulting fees are charged in advance. If the client terminates service after the fifth day, the client will receive a refund of any unused portion of planner's fee, with a maximum refund of half of the original financial planning and consulting fee.

If requested, the registrant may provide its clients with cash flow management services. The registrant's fees are charged monthly based on the services required. Prior to engaging the registrant to provide cash flow management services, the client will be required to enter into a *Financial Planning and Consultation Agreement* with the registrant setting forth the terms and conditions of the engagement, describing the scope of the services to be provided and the fee that is due from the client on a monthly basis. Cash flow management fees are charged monthly, in advance. If the client terminates service after the fifth day, the client will receive a prorated portion of the unused cash flow management fee.

In performing its services, the registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. If requested by the client, the registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the registrant. Moreover, each client is advised that it remains his/her/their responsibility to promptly notify the registrant if there is ever any change in his/her/their financial situation or investment objectives for the purpose of reviewing/evaluating/revising the registrant's previous recommendations and/or services.

SAA Managed Opportunities Program. The registrant has established a relationship with Securities America Advisors, Inc. (SAA), a SEC registered investment advisor, to act as a sub-advisor for SAA's Managed Opportunities Program, a wrap-free program. The registrant is only providing impersonal sub-advisory services (e.g., non-discretionary research, recommendations and commentary on recommendations and portfolio models) to SAA. The registrant will not have any information concerning the investment objectives or financial circumstances of an account holder and will not be obligated to or responsible for determining the suitability of any investment advice given or investment decisions made based on individual circumstances and objections of any account. SAA will have sole responsibility for all such individual investment advice. The registrant will not have any discretionary authority over the assets or investment decisions made by or on behalf of any account. SAA will pay the registrant an on-going annualized fee of up to 25 basis points (.25%) based upon the average daily balance of the market value of assets in accounts within the model portfolios for which the registrant provides sub-advisory services to SAA.

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

A complete description of Managed Opportunities and related fees and charges are described in SAA's Managed Opportunities Schedule H Disclosure Brochure which will be given to all clients prior to or at the time a Managed Opportunities Account is established.

INVESTMENT MANAGEMENT

In the event the client determines to engage the registrant to provide investment management services, the registrant shall do so on a *fee* basis. The registrant is authorized, without prior consultation with the client, to buy, sell and trade in stocks, bonds, mutual funds and other securities and/or contracts relating to the same and to give instructions in furtherance of such authority to the registered broker/dealer and the custodian of assets.

The registrant generally allocates the investment management assets of its client accounts, on a discretionary basis, among one or more of its proprietary asset management programs, whereby the registrant shall exchange and/or transfer funds owned by the client among different asset categories within the same (or different) fund family(ies), equities or bonds, in accordance with the investment objective(s) of the client. The registrant's proprietary programs have been designed to comply with the requirements of Rule 3a-4 of the *Investment Company Act of 1940*. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to the registrant's management of client assets:

1. **Initial Interview** - at the opening of the account, the registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. **Individual Treatment** - the client's account is managed on the basis of the client's financial situation and investment objectives;
3. **Quarterly Notice** - at least quarterly, the registrant shall notify the client to advise the registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
4. **Annual Contact** - at least annually, the registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account.
5. **Consultation Available** - The registrant shall be reasonably available to consult with the client relative to the status of the client's account;
6. **Statement** - the client shall be provided with a report, no less than quarterly, for the account for the preceding period;
7. **Ability to Impose Restrictions** - client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the registrant not to purchase certain mutual funds;
8. **No Pooling** - the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;
9. **Separate Account** - a separate account is maintained for the client with the custodian; and
10. **Ownership** - each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

The registrant's investment programs may involve above-average portfolio turnover which could negatively impact the net after-tax gain experienced by an individual client in a taxable account.

The registrant shall charge an annual investment management fee either based upon 1) a percentage of the market value of the assets being managed by the registrant, or 2) a fixed fee schedule. The investment management fee is charged depending on the type of client account and shall vary (generally between 1.5% and 3.0%) depending upon the market value of assets under management or a fixed fee schedule, as specifically set forth in the *Investment Advisory Agreement* between the registrant and the client.

The registrant may charge a fixed fee for investment management which shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. Fixed fees are paid directly by the client. The registrant, in its sole discretion, may charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, historical relationship, related accounts, account composition, negotiations with client, accounts referred to advisor by another professional, etc.)

The client may choose to have direct bill management fees paid electronically. The client will sign an ACH Agreement authorizing the registrant to withdraw the agreed upon fee directly from a checking or savings account.

If the fee amount changes, the client will be notified at least 10 days before payment date.

Other SAA Programs

SAA's Financial Advisors Program (FAP) and LifeGuide Program (LifeGuide) are wrap-fee programs providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in the client's account. Under FAP and LifeGuide, the registrant will assist the client in the establishment of an FAP or LifeGuide Account (the Account) with SAA. All brokerage transactions in the Account will be processed by SAI, an affiliated broker/dealer of SAA. The brokerage transactions will then be cleared through National Financial Services, LLC (NFS) pursuant to a clearing arrangement established by SAI with NFS. SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts with SAA's FAP and/or LifeGuide. The custody of all funds and securities will be maintained by NFS, insurance companies or other custodians. At no time will SAA, SAI, the registrant or its representative's act as custodian of the Account or have direct access to the client's funds and/or securities. The registrant's representatives implement securities transactions for FAP and LifeGuide client Accounts in their separate capacities as registered representatives of SAI (*see* disclosure at Item 7B below). The annual management fees charged for this service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients unless the Account only has mutual funds and then the maximum will be 2.25%. SAA retains up to 20 basis points (.20%) of the annual management fee for FAP Accounts and up to 15% of the annual management fee for LifeGuide Accounts.

A complete description of FAP and related fees and charges are described in SAA's Financial Advisors Program Schedule H Disclosure Brochure which will be given to all clients prior to or at the time an FAP Account is established. A complete description of LifeGuide and related fees and charges are described in SAA's LifeGuide Program Schedule H Disclosure Brochure which will be given to all clients prior to or at the time a LifeGuide Account is established.

Solicitor Referral Program

The registrant may contract with unaffiliated investment advisors to solicit the registrant's investment management services to new clients. Such arrangements will be in compliance with Rule 206(4)-3 of the *Investment Advisers Act of 1940* and any applicable state regulations. Investment advisors referring clients on the behalf of the registrant must be registered as an investment advisor with the SEC or one or more state regulatory authorities. The outside investment advisor will provide a copy of the registrant's Disclosure Brochure, Investment Advisory Agreement and Solicitor's Disclosure Statement to the client.

Prior to referring the client to the registrant, it shall be the outside investment advisor's responsibility to interview the client in order to ascertain the client's financial position, investment goals and objectives, investment limitations and reasonable restrictions and risk tolerance. The outside investment advisor will document the findings of such interview and will provide the registrant with a completed profile questionnaire for the client. The outside investment firm will recommend to clients the strategy that is most appropriately suited to the client's investment needs in light of the above information gathered. Once the outside investment advisor has selected the strategy most appropriate for the client, the outside investment advisor will provide such information to the registrant along with the client's financial situation and investment objective information. The client's accounts will then be managed by the registrant on the basis of the client's financial situation, investment objectives and stated strategy as provided by the client through the outside investment advisor. The outside investment advisor will maintain direct contact with the client throughout the duration of the agreement.

Whenever the client is referred by an outside investment advisor, the registrant shall have the final authority to accept or reject the client. Compensation to the outside investment advisor will be a percentage of the investment advisor fee charged to the client by the registrant in accordance with the fee disclosures previously disclosed in this section. In the event an outside investment advisor's associated persons also serve as registered representatives of a broker/dealer, a portion of the referral fee may be paid by the outside investment advisor to the associated person's broker/dealer (or affiliate of broker/dealer) if registered as an investment

advisor.

The clients electing to use the Solicitor Referral Program will be charged a set-up fee equal to the first month's fee. Set-up fees will not be pro rated based upon the number of days services were provided. The set-up fee will be deducted directly from the account when the first month's fee is deducted.

Passive Non-Discretionary Services

The registrant also renders non-discretionary investment consulting services. When providing non-discretionary investment consulting services, the client retains exclusive responsibility for investment implementation, and is free to accept or reject any recommendation from the registrant. The registrant may also provide consulting services to the sponsors of "participant-directed" retirement plans established by the sponsors pursuant to Section 404(c) of *ERISA*. Section 404(c) permits a Plan participant to exercise control over the assets contained in his/her individual retirement account. The registrant provides the plan sponsors with advice relative to the investment alternatives available for plan participants to choose from. In addition, if requested by the sponsor, the registrant shall provide plan participants with general impersonal informational seminars and/or materials which describe or explain the various investment options available to them under the plan.

Prior to engaging the registrant to provide investment management services, the client will be required to enter into a formal *Financial Planning and Consulting Agreement*. The *Financial Planning and Consulting Agreement* between the registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Financial Planning and Consulting Agreement*. The registrant's fee shall be paid in advance. If the client terminates the agreement after the fifth day, any refund that may be due shall be promptly forwarded to the client.

Custody of all investment management accounts will generally be held at an independent custodian. In most cases, the custodian will be NFS or the specific mutual fund or insurance company that issued the mutual fund or variable life/annuity product. In addition to the *Investment Advisory Agreement*, the client may be required to execute a separate agreement with the specific custodian, mutual fund and/or insurance company. Both the registrant's *Investment Advisory Agreement* and custodial agreement may authorize the designated custodian to debit the account for the amount of the registrant's management fee and to directly remit that management fee to the registrant in accordance with required SEC procedures.

Factors which the registrant considers in recommending NFS (or other broker/dealers/custodians) to clients include financial strength, reputation, execution, pricing, research and service. Certain broker/dealers/custodians enable the registrant to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges. Broker/dealers and custodians generally charge commission rates which are generally considered discounted from customary retail commission rates. Although the commissions and/or transaction fees that may be paid by the registrant's clients shall comply with the registrant's duty to obtain best execution, the client may pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where the registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker/dealer services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although the registrant will seek competitive rates it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions and/or transaction fees charged by the designated broker/dealer/custodian are exclusive of, and in addition to, the registrant's investment advisory fee.

Custodians and/or broker/dealers generally charge transaction fees and/or commissions for effecting certain mutual fund securities transactions. In addition to the registrant's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund and variable investment products, charges imposed at the mutual fund and variable investment product level (e.g. advisory fees and other fund expenses). The brokerage commissions, transaction fees and/or custodial fees charged are exclusive of, and in addition to, the registrant's investment management fee. Certain of the mutual funds and/or variable life/annuity products which comprise the client's investment portfolio may have been purchased by the client, prior to, contemporaneous with or subsequent to the engagement of the registrant, through the registrant's principals and/or associated persons, in their individual capacities as registered representatives of SAI, for which product sales the registrant's principals and/or associated persons may have been paid a commission. In addition, the registrant's principals and/or associated persons, relative to commission mutual fund sales, also in their

	<p>individual capacities as registered representatives of SAI, may also receive on-going 12b-1 trailing commission compensation from a specific mutual fund company during the period that the client maintains the mutual fund investment in his/her/its portfolio managed by the registrant. The registrant's investment management fee is exclusive of, and in addition to, any such commission charges.</p> <p>Certain investment opportunities that become available to the registrant's clients may be limited. For example, various mutual funds may, from time to time, limit the number of shares available for purchase by mutual fund asset allocators, such as the registrant. In order to meet its fiduciary duties to all of its clients, the registrant will endeavor to allocate investment opportunities among all clients on a fair and equitable basis. However, except as otherwise provided by federal or state securities laws, the registrant shall not be liable for an adverse decision by a mutual fund or insurance company to unilaterally restrict and/or prohibit asset allocation activities such as those of the registrant.</p> <p>In performing its services, the registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. The client is free to accept or reject any recommendation made by the registrant. Moreover, each client is advised that it remains his/her/their responsibility to promptly notify the registrant if there is ever any change in his/her/their financial situation or investment objectives for the purpose of reviewing/evaluating/revising the registrant's previous recommendations and/or services.</p> <p>The registrant's clients are advised to promptly notify the registrant if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the registrant's management services.</p> <p>Neither the registrant nor client may assign the <i>Financial Planning and Consulting Agreement</i> or the <i>Investment Advisory Agreement</i> without the prior consent of the other party. Transactions that do not result in a change of actual control or management of the registrant shall not be considered an assignment.</p> <p>A copy of the registrant's written disclosure statement as set forth on Part II of Form ADV shall be provided to each client prior to or contemporaneously with the execution of the <i>Financial Planning and Consulting Agreement</i> or the <i>Investment Advisory Agreement</i>. Any client who has not received a copy of the registrant's written disclosure statement at 48 hours prior to executing the <i>Financial Planning and Consulting Agreement</i> or the <i>Investment Advisory Agreement</i> shall have five business days subsequent to executing the agreement to terminate the registrant's services without penalty.</p> <p><u>Commission Transactions</u></p> <p>In the event that the client desires, the client can engage the registrant's principals and/or associated persons, in their individual capacities as registered representatives of SAI, a FINRA member broker/dealer, to implement investment recommendations on either a commission or fee basis. In the event the client chooses to purchase investment products through SAI, brokerage commissions will be charged by SAI to effect securities transactions, a portion of which commissions shall be paid by SAI to the registrant's principals and/or associated persons, as applicable. The brokerage commissions charged by SAI may be higher or lower than those charged by other broker/dealers. In addition, SAI, as well as the registrant's principals and/or associated persons, relative to commission mutual fund purchases, may also receive additional on-going 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. The securities commission business of the registrant's principals and associated person(s) is limited and separate and apart from the registrant's fee-only investment management services discussed above.</p>
Item 2G	The registrant may, as a sub-advisor, provide investment management services for investment programs sponsored by other investment advisors, including SAA. The fees that a participant may pay to access the registrant's investment management services will differ depending upon the investment program sponsor.
Item 5	All individuals that give investment advice on behalf of the registrant must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.

EDUCATION AND BACKGROUND OF KEY PERSONNEL

Roger M. Smedley was born in 1948. He received a BS Degree in Finance from the University of Utah in 1973. He received an MBA from the University of Utah in 1975.

From 1975 to 1977, Mr. Smedley worked with the central accounting office of the United States Postal Service in Utah. For the next two years, he was the Internal Auditor for the Utah State Employees Credit Union.

From 1979 to 1981, Mr. Smedley managed the investment funds for Evans & Sutherland Computer Corporation, a Utah-based company, working with computer-generated images for commercial and military applications.

Mr. Smedley founded Smedley Financial Services in October 1981. In 1983, Mr. Smedley became President and Managing Director of Merrill Blake, Inc., a financial planning firm. At the end of 1988, Mr. Smedley again began conducting business as President and Managing Director of Smedley Financial Services, which continues to the present.

Roger M. Smedley is a registered securities principal and a registered representative of Securities America, Inc., a licensed insurance agent and a licensed financial consultant. In November 2005, Mr. Smedley became an agent with EverBank. He is the controlling shareholder of Smedley Financial Services.

Mr. Smedley received the Certified Financial Planner™ (CFP®) designation in 1987. He was a member of the National Institute of Certified Financial Planners, where he served as the National Vice President and a National Board Member for four years. He is a past President and past Chairman of the Utah Society of the Institute of Certified Financial Planners. He has been a Chapter Officer for four years with the Utah Chapter of the International Association for Financial Planning.

Mr. Smedley has been quoted by local and national periodicals regarding financial and investment matters. He continues to occasionally appear on radio or television talk shows and also speaks to civic, social and church groups about financial matters.

Mr. Smedley has served on the Board for the Salt Lake City International Airport Authority as Chairperson. He was on the Board of Directors of the Airport Authority from 1990 to 1997.

Sharla J. Jessop was born in 1963. She graduated from Weber High School in North Ogden, Utah in 1981.

Sharla is a registered securities principal and a registered representative of Securities America, Inc. She is a registered agent of an investment advisor, Smedley Financial Services, Inc., and is a licensed agent in all lines of insurance. Ms. Jessop became an agent with EverBank in November 2005.

In 1982, she was employed by Firestone Tire and Rubber Company as the Assistant Manager in its Ogden, Utah, store.

In 1984, Ms. Jessop joined Ben Lomond Insurance Agency as the Office Manager and an insurance agent. Ben Lomond Insurance was acquired by the Buckner Group in 1989, and Ms. Jessop accepted a position as a Corporate Sales Agent for the Buckner Group. Over a four year period, her role with the Buckner Group expanded to include Inside Marketing and Systems Coordinator.

In 1994, Ms. Jessop opened an insurance agency in Layton, Utah, with American National Life Insurance Company. The agency offered home, auto and small commercial, as well as life and health insurance.

In March 1994, Sharla accepted the position of Vice President of Marketing with Smedley Financial Services, Inc.

Ms. Jessop was awarded the Certified Insurance Counselor designation in 1992 by the Society of Certified Insurance Counselors. She has also completed the Life Underwriting Training Council's Business and Personal Insurance courses.

Ms. Jessop has been quoted by local and national periodicals regarding financial and investment matters. She

continues to occasionally appear on radio or television talk shows and also speaks to civic, social and church groups about financial matters.

Ms. Jessop received the Certified Financial Planner™ (CFP®) designation in 2006.

James R. Derrick was born in 1978. He graduated from West High School in Salt Lake City, Utah, in 1996. James graduated from Brigham Young University in Provo, Utah, in 2002 with a BS Degree in Finance. James received his MBA from the University of Utah in 2006.

Mr. Derrick holds the Chartered Financial Analyst (CFA) designation. He is a registered agent and Chief Investment Strategist of an investment advisor, Smedley Financial Services, Inc. He is also a registered securities principal and registered representative of Securities America, Inc. In addition, he is a licensed insurance agent for life, health and variable products.

In 1999, while attending Brigham Young University, Mr. Derrick worked for the Salt Lake City School District as a substitute teacher and for Utah Senator Scott Howell in Public Relations. He also worked for The Howard Hughes Medical Institute as a laboratory assistant and as a Spanish teacher in the LDS Mission Training Center.

Mr. Derrick joined Smedley Financial Services, Inc. in January 2000 as an office assistant. In November 2001, he accepted the position of Operations Specialist, overseeing the day-to-day activities of Smedley Financial Services. In July 2003, he accepted the position of Vice President of Operations with Smedley Financial Services. Mr. Derrick became an agent with EverBank in November 2005.

Mr. Derrick occasionally appears on television talk shows and also speaks to civic, social and church groups about financial matters.

Rodney A. Walker was born in 1977. He graduated from West Jordan High School in West Jordan, Utah, in 1995. Rodney graduated from the University of Phoenix, in Salt Lake City Utah, with a BS Degree in Business Management

Rodney is a registered representative of Securities America, Inc. and a registered agent for an investment advisor, Smedley Financial Services, Inc. He is a licensed insurance agent for life, health and variable products. In November 2005, Mr. Walker became an agent with EverBank.

In 1998, Mr. Walker worked at Draper Bank and Trust in Utah at the Corporate Office Call Center. In 1999, he worked for Discover Brokerage Direct in Salt Lake City, Utah, assisting customers with account inquiries. Morgan Stanley Dean Witter Online acquired Discover Brokerage Direct in 2000, where Rodney continued his employment. In 2001, Mr. Walker's job expanded to include a position in the Trading Department.

In May 2001, Mr. Walker accepted a position at Smedley Financial Services as a Private Wealth Management Consultant. Along with servicing clients, he also speaks to civic, social and church groups about financial matters.

Mr. Walker received the Certified Financial Planner (CFP®) designation in 2008.

Shane P. Thomas was born in 1976. He graduated from Davis High School in Kaysville, Utah, in 1995. Shane graduated from the University of Utah in 2002 with a BA Degree in Information Systems.

Mr. Thomas is a registered representative of Securities America, Inc. He is also a registered agent of an investment advisor, Smedley Financial Services, Inc. In November 2005, Mr. Thomas became an agent with EverBank.

In 1999, while attending college, Shane was a Dispute Specialist with Discover Financial Services, resolving customer complaints.

Shane accepted a position at Smedley Financial Services, Inc. in 2003 as an Information Systems Specialist. He works in all aspects of Smedley Financials information systems, including computer hardware and software development. Shane serves as Advisor Relations Specialist, working directly with advisors to market the SFS Portfolios.

	<p>Mikal B. Aune was born in 1976. He graduated from Hillcrest High School in Murray, Utah, in 1994. Mikal graduated from the University of Utah in Salt Lake City, Utah, in 2000 with a BS in Psychology and a BA in Spanish. He received an MBA from the University of Utah in 2005.</p> <p>Mr. Aune is a registered representative of Securities America, Inc. He is also a registered agent of an investment advisor, Smedley Financial Services, Inc. In addition, he is a licensed insurance agent for life, health and variable products.</p> <p>From 1999 to 2006, Mr. Aune worked for Discover Financial Services as a Human Resources Generalist, assisting with recruiting and benefits administration.</p> <p>He was awarded the Professional in Human Resources designation by The Human Resource Certification Institute in 2006.</p> <p>Mikal accepted a position with Smedley Financial Services, Inc. in April 2006, as a Private Wealth Management Consultant. Along with servicing clients, he also speaks to civic, social and church groups about financial matters.</p>
<p>Items 7B, 8C(1), 8C(3), 8C(6) 8C(9) and 9B</p>	<p>As discussed, in the response to Item 1D, the principals and associated persons of the registrant, in their individual capacities as registered representatives of SAI, may effect securities brokerage transactions for clients on a commission basis. In addition, as also discussed in the response to Item 1D, the principals and associated persons of the registrant, in their individual capacities as investment advisor representatives of registrant, may provide investment advisory services for clients on a fee basis. The registrant's principals and associated persons, in their individual capacities, are also licensed insurance agents, and may recommend the purchase of insurance products on a commission basis. The registrant's principals and/or associated persons devote approximately 40% of their time to securities and life insurance commission business. The commissions paid to the registrant's principals and associated person(s) for securities and insurance business are separate and apart from the registrant's investment management fee as discussed in the response to Item 1D.</p> <p>The registrant has established a relationship with SAA, a registered investment advisor, to act as a sub-advisor in SAA's Managed Opportunities Program, a wrap-fee program.</p> <p>The registrant may use the services of SAA, a registered investment advisor, through FAP and/or LifeGuide when managing assets and, when doing so, SAA will receive a portion of the fees.</p> <p>SAI has established an agreement with EverBank, an FDIC insured Savings Association, to allow SAI registered representatives that are also associated persons of the registrant to affiliate with EverBank. In this capacity, the registrant's associated persons may refer clients to EverBank, so that EverBank may provide the clients with banking and mortgage services. The associated persons spend a small amount of their time on this activity. The registrant's associated persons will be compensated for such referrals. However, clients are not obligated to use any of these individuals for banking or mortgage services. SAI will be compensated by EverBank for these client referrals.</p>
<p>Item 9E</p>	<p><u>Investment Policy</u></p> <p>No employee of the registrant may effect for himself or herself or for his or her immediate family (i.e. spouse, minor children) (collectively Covered Persons), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the registrant's clients, unless in accordance with the following firm procedures.</p> <p><u>Firm Procedures</u></p> <p>In order to implement the registrant's investment policy, the following procedures have been put into place with respect to the registrant and its Covered Persons:</p> <ol style="list-style-type: none"> (1) If the registrant is purchasing or considering for purchase any security on behalf of the registrant's client, no Covered Persons may transact in that security prior to the client purchase having been completed by the registrant or until a decision has been made not to purchase the security on behalf of the client; and (2) If the registrant is selling or considering the sale of any security on behalf of the registrant's client,

	<p>no Covered Persons may transact in that security prior to the sale on behalf of the client having been completed by the registrant or until a decision has been made not to sell the security on behalf of the client.</p> <p><u>Exceptions</u></p> <p>(1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of the registrant's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with the registrant's records.</p> <p>(2) Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest, and are, therefore, not prohibited by the registrant's Investment Policy and Procedures.</p> <p>The registrant is and shall continue to be in compliance with <i>The Insider Trading and Securities Fraud Enforcement Act of 1988</i>. In accordance with Section 204A of the <i>Investment Advisers Act of 1940</i>, the registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the registrant or any person associated with the registrant.</p> <p>According to the <i>Investment Advisers Act of 1940</i>, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each client. The registrant and its associated persons have a fiduciary duty to all clients. The registrant has established a Code of Ethics which all associated persons must read and then execute an acknowledgement agreeing that they understand and agree to comply with the registrant's Code of Ethics. The registrant and associated persons' fiduciary duty to clients is considered the core underlying principle for the registrant's Code of Ethics and represents the expected basis for all associated persons' dealings with clients. Registrant has the responsibility to make sure that the interests of clients are placed ahead of it or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of the registrant's Code of Ethics. If current clients or potential clients wish to review the registrant's Code of Ethics in its entirety, a copy may be requested from any of the registrant's associated persons and a copy will be provided promptly.</p>
Item 10	<p>SAA's FAP requires a minimum account value of \$25,000, and the LifeGuide requires a minimum account value of \$50,000. For FAP and LifeGuide, the registrant requires a minimum account value of \$50,000. Smedley Financial's Managed Account Program for Fidelity 403(b) accounts requires a minimum account value of \$25,000. Smedley Financial's Managed Account Program for Independent Custodial Account or Other Custodial Account requires no minimum account value. Minimum account values may be negotiable, depending on type of program and overall client account values.</p> <p>Financial Planning and Consulting minimum fixed fee is \$200 and the minimum hourly rate is \$150.</p> <p>Please see the response set forth on this Schedule F to Item 1D relating to the registrant's conditions for managing accounts.</p>
Items 12A and 12B	<p>Please see the previous responses set forth on this Schedule F to Item 1D. In addition, in seeking best execution through NFS (or any other custodian), the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration, the full range of broker/dealer services, including historical relationship, reputation, financial strength, the value of research provided, execution capability, commission rates and responsiveness.</p>
<p>Complete amended pages in full, circle amended items and file with execution page (page 1).</p>	

	<p><u>Execution of Brokerage Transactions (when applicable)</u> In seeking best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although the registrant will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.</p> <p>Consistent with obtaining best execution, transactions for the client's account may be effected through broker/dealers in return for research products and/or services which assist the registrant in its investment decision making process. Such research generally will be used to service all of the registrant's clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker/dealer a commission greater than another qualified broker/dealer might charge to effect the same transaction where the registrant determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.</p> <p><u>Proxy Voting Policy.</u> The registrant does not vote client proxies. Therefore, although the registrant may provide investment advisory services relative to client investment assets, the registrant's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. The registrant and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.</p> <p><u>Initial Public Offering (IPO) Policy.</u> The registrant does not participate in IPOs. The registrant does not purchase and/or recommend for purchase IPOs for its individual client accounts.</p> <p><u>Discretionary Authority.</u> When using SAA's FAP and LifeGuide the registrant may manage client's assets on a limited discretionary basis, upon receiving written authorization from the client. When the registrant does, the registrant limits its discretionary authority by prohibiting itself from withdrawing funds and/or securities from client accounts.</p>
Item 13A	<p>Please see previous responses set forth on this Schedule F regarding the affiliation of the registrant's principals and/or associated persons with SAI and as licensed insurance agents, pursuant to which registrant's principals and/or associated persons may offer securities and insurance products to the public on a commission basis.</p> <p>Although not a material consideration when determining whether to recommend that the client utilize the services of NFS (or other designated broker/dealer/custodian), the registrant may receive from NFS (or such other designated broker/dealer/custodian), without cost (and/or at a discount), support services and/or products which assist the registrant to better monitor and service client accounts maintained at NFS (or such other designated broker/dealer/custodian).</p> <p>The registrant's associated persons sell securities and insurance products in their separate capacities as registered representatives and independent insurance agents and may earn sales commissions. Some of the advice offered by the associated persons involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. Associated persons may receive a portion of these 12(b)-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12(b)-1 fees come from fund assets, and thus, indirectly from the client's assets. The receipt of these fees could represent an incentive for associated persons to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.</p> <p>The registrant from time to time may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.</p>

Item 13 B	<p>The registrant has arrangements in which it may reimburse investment advisors using the registrant's sub-advisor services for special events and/or marketing materials, such as seminars, client appreciation dinners or client outings. The registrant may also provide reimbursement to investment advisors not affiliated with the registrant or SAA.</p> <p>The registrant and its associated persons may enter into arrangements with unaffiliated individuals, firms and/or introducing investment advisors (collectively referred to as Solicitors) who will refer clients that may be candidates for investment advisory services to the registrant. In return, the registrant will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with the registrant. Compensation to the Solicitor will be a percentage of the investment advisory fee charged to the client or a flat fee depending on the type of advisory services the registrant provides to clients. The registrant's referral program will be in compliance with Rule 206(4)-3 of the <i>Investment Advisers Act of 1940</i>, and any applicable state regulations.</p> <p>The registrant or SAA may invest a portion of client's assets in mutual funds or variable annuities and charges an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of advisory fees for the management of their assets, one directly to the registrant or SAA and one indirectly to the managers of the mutual funds or variable annuities held in their portfolios.</p> <p>Solicitation/referral fees are paid pursuant to a written agreement retained by both the registrant and the Solicitor. The Solicitor will be required to provide the client with a copy of the registrant's Form ADV Part II and a Solicitor Disclosure Document prior to or at the time of entering into any investment advisory contract with the registrant. The Solicitor is not permitted to offer clients any investment advice on behalf of, or as an agent of, the registrant. However, if the Solicitor is also licensed as an investment advisor, the Solicitor may provide the client with investment advisory services separately or in connection with the services provided by the registrant.</p> <p>Typically, the advisor fee charged to clients will not increase as a result of compensation being shared with the Solicitor. However, certain clients may pay more to obtain the registrant's investment advisory services as a result of being referred by a Solicitor than if the client had engaged the registrant for its services independent of the Solicitor. Any additional compensation is retained by the Solicitor, and not the registrant, for the consulting and monitoring services provided to the client in connection with the client's engagement of the registrant. Such arrangements, and their terms and conditions, are determined between the client and the Solicitor.</p> <p>In the event the Solicitor also serves as a registered representative of a broker/dealer, a portion of the referral fee may be paid by the Solicitor to the broker/dealer (or affiliate of broker/dealer) if registered as an investment advisor.</p>