

Name of Investment Adviser: Vellum Financial, LLC					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
4115 Broad Street, Ste B6	San Luis Obispo	CA	93401	(805)	546-1000

**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.**

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

Applicant:

Vellum Financial

SEC File Number:

801-70489

Date:

04/06/2010

Definitions for Part II

Related person -- Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services -- Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

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		40%
<input checked="" type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services		10%
<input checked="" type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either services described above		30%
<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 services described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities		%
<input checked="" type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities		20%
<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 Vellum Financial'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 type="checkbox"/>	(6) Other
D. For each checked box in A above, describe on Schedule F:			
<input type="checkbox"/> the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee			
<input type="checkbox"/> Vellum Financial's basic fee schedule, how fees are charged and whether its fees are negotiable			
<input type="checkbox"/> 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 type="checkbox"/>	G. Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D. Pension and profit sharing plans		

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

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 checked="" type="checkbox"/> (1) securities |
| | <input checked="" 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 checked="" type="checkbox"/> (1) tangibles |
| | <input checked="" type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input 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 type="checkbox"/> G. Investment company securities | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (1) variable life insurance | |
| <input checked="" type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

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

A. Vellum Financial'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 checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" 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 checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" 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 checked="" type="checkbox"/> Short sales | |

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

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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 type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

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

- 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.)

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

Applicant:

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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.)

- 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.

Bryan Sullivan, Principal and Senior Investment Advisor, reviews all accounts on at least a quarterly basis. More frequent reviews may be necessary due to the client's individual circumstances, economic conditions, general factors affecting the stock market, etc.

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

Clients will receive transaction confirmations and/or statements monthly or at least quarterly from their account custodians. Collectively, these reports will list client's account holdings, transactions and fees paid to Vellum Financial, LLC.

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

12. Investment or Brokerage Discretion.

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

- (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 product, 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 Vellum Financial'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; 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 ☒

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

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

Applicant:

Vellum Financial

SEC File Number:

801-70489

Date:

04/06/2010

(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:

IRS Empl. Ident. No.:

Vellum Financial

Item of Form

Item 1(D)

Answer

Advisory Services and Fees

Vellum Financial, LLC (hereinafter "VFL", "Adviser" or the "Firm") is a limited liability company formed under the laws of California and registered with the state of California. VFL offers investment advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other organizations. This Schedule F narrative provides clients with information regarding VFL and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of the Firm.

Please contact Bryan Sullivan, Principal and Senior Financial Advisor, if you have any questions about this Schedule F narrative. Additional information about VFL is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for VFL is 149909.

Individuals associated with VFL will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of the Firm. Such individuals are known as Investment Adviser Representatives (IARs).

Description of Services Provided***Wrap and Non-Wrap Account Portfolio Management***

Adviser will emphasize continuous personal client contact and interaction in providing discretionary or non-discretionary investment supervisory services. Further, Adviser will work with its clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement their clients' goals and objectives. Adviser may create a portfolio, consisting of individual stocks or bonds; exchange traded funds; no-load funds and/or load-waived funds (front-end commissions will not be charged).

Investment strategies may include long term buy and hold, short-term trading, short sales and option writing strategies. Each portfolio will be initially designed to meet particular investment goals. Adviser has determined that this portfolio is suitable to the client's goals, objectives, circumstances, and risk tolerance. Each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Adviser's strategy, generally, will be to seek to meet client investment objectives while providing clients with access to personal advisory services on at least an quarterly basis, or more often, depending upon prior agreement.

Fee Schedule: Vellum Managed Asset Advisory Wrap Program Portfolio Management

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
\$0-\$500,000	1.50%
\$500,001-\$1,000,000	1.25%
\$1,000,000-\$5,000,000	1.00%
\$5,000,000+	0.80%

Fee Schedule: Vellum Non-Wrap Program Portfolio Management

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
\$0-\$500,000	1.30%
\$500,001-\$1,000,000	1.05%
\$1,000,000-\$5,000,000	0.80%
\$5,000,000+	0.60%

The fee for investment management will be based on the time weighted value of the account for the previous quarter and is payable quarterly in advance. The first advisory fee is based on the value of the account on the first day of management by VFL and is payable upon execution of the agreement. The first advisory fee will be assessed on pro-rata basis taking into account the time for which the account was not managed by VFL and the time left in the quarter.

Fees may be negotiable. The client's fees will take into account the aggregate number of portfolios under management with Adviser. Fees will be automatically deducted from the account. Clients will be provided with

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Item 1(D)
(Continued)

a quarterly statement from account custodian reflecting deduction of the advisory fee.

VFL hereby discloses that clients may receive the same or comparable services from other Financial Advisors at a lower fee. VFL discloses that it may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, Adviser may recommend that clients execute transactions through unaffiliated broker-dealers further described in Item 12.B of Schedule F. In any event, client is under no obligation to act upon Adviser's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Adviser, or any of the unaffiliated broker-dealers listed in Item 12.B of Schedule F.

For the Vellum Managed Asset Advisory Wrap Program accounts, the client will not incur transaction charges imposed by unaffiliated third parties. The client may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the funds prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Client will incur transaction charges imposed by unaffiliated third parties in the *Vellum Non-Wrap Program*.

Either party may terminate the agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the Adviser's investment advisory agreement. After five (5) business days, clients will receive pro-rata refunds, which take into account work completed by the Adviser on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

Portfolio Management Services Under Third Party Advisory Services

Adviser may refer clients to other Third Party Asset Managers, where one of the third party money manager investment advisory representatives will design an investment portfolio and provide ongoing corresponding investment management services on a fee-only basis for a percentage of assets, not to annually exceed 3.0% of asset under management.

The third party money managers' annual investment advisory fee shall be pro-rated and paid quarterly, in advance or arrears. The percentage (%) portion of the fee shall be based upon the market value of the assets on the last day of the previous quarter. These third party money managers may, in their sole discretion, charge a lesser annual advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc).

Adviser shall generally recommend that investment management accounts be maintained at the third party money manager's place of business or another unaffiliated service provider. Factors which Adviser considers in recommending a third party money manager (or any other investment adviser or other broker-dealer/custodian) to clients include their respective financial strength, reputation, execution, pricing, reporting, research, and service. Adviser will make every attempt to ensure that the money manager is properly licensed or registered as an investment adviser. Prior to Adviser referring clients to third party money managers for investment management services, the client will be required to sign a Solicitation Disclosure Statement setting forth the percentage of the client's overall advisory fee to be paid to Adviser, that they understand Adviser is being paid a fee to refer the client to third party money managers and whether the client's fee will be increased as a result of the solicitation fee paid to Adviser.

Financial Planning and Financial Consulting Services

VFL will typically provide a variety of financial planning services, pursuant to a written Agreement, to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning, and business planning.

The plan developed for or financial consultation rendered to the client will usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. VFL may also refer clients to an accountant, attorney or other specialist. For planning engagements, Adviser will provide a written summary of client's financial situation, observations, and recommendations. For consulting engagements, Adviser may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Item 1(D)
(Continued)

Fee Schedule:: Financial Planning/Financial Consulting Services

Adviser offers financial planning services on an hourly basis for \$300 per hour, which may be negotiable depending on the nature and complexity of each client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship.

The Adviser's fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, the Adviser shall not receive any portion of these commissions, fees, and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services.

The Adviser may also charge a negotiable fixed fee ranging from \$1000 to \$20,000 for a financial plan, the total of which is dependent upon the level and scope of these services. One half of the total estimated fixed and hourly fees are due and payable at the time the client's agreement is executed, the remainder of the fees are due upon presentation of a plan or the rendering of consulting services. Financial plans will be presented to the clients within 6 months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the clients.

As stated previously, the hourly rate is \$300 per hour. In the event that a client should cancel the financial planning agreement under which any plan is being created, the client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in the Adviser's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the client within 5 business days of cancellation.

Either party may terminate the agreement at anytime by providing written notice to the other party within five (5) days of signing the Adviser's financial planning agreement. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

Clients is under no obligation to act upon Adviser's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Adviser, or any of the unaffiliated broker-dealers listed in Item 12.B of Schedule F.

Additional Information Concerning Fees

In certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. The fees charged are calculated as described above and are not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

All fees paid to Adviser for investment advisory services are separate from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a management fee, other fund expenses and a possible distribution fee.

A client could invest in a mutual fund directly, without the services of Adviser. In that case, the client would not receive the services provided by Adviser which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition, goals, and objectives. Accordingly, the clients should review both the fees charged by the funds and the fees charged by Adviser to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to Adviser. clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As the client's financial situation, goals, objectives, or needs change, the client must notify VFL promptly.\

Adviser shall never have custody of any client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

**Item 1(D)
(Continued)**

Advice offered by Adviser may involve investments in stocks, ETF's, hedge funds, private equities, managed futures, options, master limited partnerships, and some mutual funds. Clients are hereby advised that all fees paid to Adviser for investment advisory services are separate and distinct from the fees and expenses charged by stocks, ETF's, hedge funds, private equities, managed futures and some mutual funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. The client should review all fees charged by money market funds, Adviser, and others to fully understand the total amount of fees to be paid by the client.

Upon client's written authorization, fees will be automatically deducted from the account. Clients will be provided with a quarterly statement from account custodian reflecting deduction of the advisory fee.

Item 5

Education and Business Standards

Advisory persons associated with Vellum Financial must possess, minimally, the following: A college degree and/or appropriate business experience and all required licenses.

Item 6

Education and Business Backgrounds

A. Bryan Sullivan

Y.O.B.: 1968

Education:

Oregon State University, Corvallis, OR – 1991, Bachelor of Arts

Business Background for the last 5 years:

Principal and Senior Financial Advisor, Vellum Financial, LLC from 09/09 to present

Vice President, Financial Advisor, UBS Financial Services, Inc. from 05/06 to 09/09

Vice President, Senior Financial Advisor, Merrill Lynch Pierce Fenner & Smith, Inc. from 12/99 to 05/06

Kelly Smith

Y.O.B : 1969

Education:

California Polytechnic University - 1993, Bachelor of Science

College for Financial Planning:

Accredited Asset Management Specialist Credential 2004

University of California, Santa Barbara

Professional Financial Planning

Currently hold the following securities licenses:

Series 7, 63, 65

California Life & Variable Contracts Insurance License

California Long Term Care Partnership Insurance License

Business Background for the last 5 years:

Principal and Senior Financial Advisor, Vellum Financial, LLC from 4/10 to present

Vice President, Private Client Group, IFC Advisory from 11/05 to 4/10

Registered Representative, Multiple Financial Services, Inc 09/2009 to Present

Registered Representative, Purshe Kaplan Sterling Investments from 11/05 to 09/2009

Registered Representative, Edward Jones Investments, Inc., from 6/00 to 11/05

Items 7(C)

Other Business Activities

Certain employees may be separately licensed as insurance agents and may recommend to advisory clients a variety of insurance products and offer commissionable insurance products to Adviser's clients for which they may receive compensation.

Certain employees may be separately licensed as registered representatives with a FINRA registered broker-

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dealer.

Mr. Sullivan is a principal with a real estate investment company which purchases, develops, and manages real estate.

These activities constitute 20% of Mr. Sullivan's time.

Item 8(C)(1)

Other Financial Industry Activities Or Affiliations

Certain employees may be separately licensed as registered representatives with a FINRA registered broker dealer and/or insurance agents or brokers for one or more insurance companies.

**Item 9 (E) &
Miscellaneous**

Participation or Interest in Client Transactions

Vellum Financial or/its representatives may buy or sell – for their personal account(s) - investment products identical to those recommended to clients. It is the expressed policy of the Adviser that no person employed by the Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

Code of Ethics

Adviser and/or its representatives may buy or sell for their personal account(s) investment products identical to those recommended to clients. It is the general policy of Adviser that neither Adviser, nor its representatives may purchase or sell any individual stock or bond prior to a transaction(s) being implemented for an advisory account. This policy is meant to prevent Adviser and/or its representatives from benefiting as a result of transactions placed on behalf of advisory accounts.

Adviser has established the following restrictions in order to ensure its fiduciary responsibilities to clients are met:

- 1) Adviser's representatives shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by their role as an Investment Advisory Representative of Adviser, unless the information is also available to the investing public on reasonable inquiry. In no case, shall Adviser's representatives prefer their own interest to that of their advisory clients^(1,2).
- 2) Adviser emphasizes the unrestricted right of its clients to decline to implement any advice rendered.
- 3) Adviser recognizes it must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

Footnotes

(1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of Adviser's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an 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 Adviser's records in the manner set forth above.

(2) Open-end mutual funds and/or the investment sub-accounts 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 of redemption. As such, transactions in mutual funds and/or variable insurance products by Adviser are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by Adviser's Investment policies and procedures.

Insider Trading

Adviser also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Adviser.

Proxy Voting

Adviser does not vote proxies

Item 10

Conditions for Managing Accounts

Adviser's minimum account size is generally \$500,000. This amount may in certain circumstances be negotiable by Adviser.

**Items 12(A)(1), (2), (3)
& (4)**

Investment or Brokerage Discretion

Adviser may have discretionary authority to determine the securities to be bought or sold, the amount of securities to be bought or sold, broker or dealer to be used, and commission rates to be paid to a broker or dealer for a client's account/securities transactions.

Item 12(B)

Recommended Broker-Dealers

VFL may execute or recommend that clients execute their securities transactions through the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer with FINRA/SIPC, or the Fidelity Investments Institutional Brokerage Group ("Fidelity") program sponsored by Fidelity Brokerage Services, Inc., a registered broker-dealer with FINRA/SIPC. Schwab or Fidelity may charge commissions (ticket charges) for executing VFL's transactions. VFL does not receive any part of these separate charges which are assessed directly to VFL. Schwab or Fidelity do not have a role with respect to VFL's investment advisory accounts, however they may serve as the broker-dealer in cases where clients wish to execute recommendation as part of the implementation of a financial plan. It is important to note that

Schwab or Fidelity do not maintain supervisory relationships with respect to VFL or its representatives nor are they in any way affiliated with them. VFL is independently owned and operated.

VFL may recommend/require that clients establish accounts with Schwab or Fidelity to maintain custody of clients' assets and to effect trades for their accounts. Schwab or Fidelity may provide VFL with access to their institutional trading and custody services, which are typically not available to/or Schwab or Fidelity retail investors. Schwab's and Fidelity's services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For VFL's clients' accounts maintained in their custody, Schwab or Fidelity do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through Schwab or Fidelity or that settle into Schwab or Fidelity.

Schwab or Fidelity also make available to VFL other products and services that may benefit VFL but which may not benefit its clients. These types of services will help VFL in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of VFL's fees from its clients' accounts; and assist with back-office functions, record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of VFL's accounts.

Adviser places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Adviser may use broker-dealers other than Schwab or Fidelity to execute trades for client accounts maintained at Schwab or Fidelity, but this practice may result in additional costs to clients so that Adviser is more likely to place trades through Schwab or Fidelity rather than other broker-dealers. Schwab's and Fidelity's execution quality may be different than other broker-dealers.

Item 13(A)

Additional Compensation

Schwab has provided a loan to Adviser to assist its business operations, and the loan is guaranteed by **Bryan Sullivan and Tricia Mulay**, principal(s) of Adviser. The terms of the loan require that management fees to Adviser be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before Adviser may have access to that fee payment. The loan agreement contains various representations by Adviser, including that it will maintain **\$80 million in assets under management**, and various events of default, including that Adviser will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Adviser's ability to perform services for clients.

Some of the products, services and other benefits provided by Schwab, including the Schwab Institutional Business Loan noted above, benefit Adviser and may not benefit Adviser's client accounts. Adviser's recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to Adviser, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

VFL may receive research and execution related services from the parties mentioned in Item 12B of Schedule F to assist VFL in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

Miscellaneous

Privacy Statement

VFL is committed to safeguarding the confidential information of its clients and holds all personal information provided to it in the strictest confidence. These records include all personal information that VFL collects from its clients or receives from other firms in connection with any of the financial services they provide. VFL also requires other firms with whom they deal to restrict the use of client's information. VFL's Privacy Policy is available upon client's engagement of VFL's services or by prior request of the client.

