

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



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**Quest Capital Management, Inc.**  
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**Dallas, TX 75225**  
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This brochure provides information about the qualifications and business practices of Quest Capital Management, Inc. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Quest Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Dated: March 29, 2011**

## Item 2 Material Changes

This brochure is a new document prepared in response to the 2010 amendments to SEC form ADV. It is materially different from previous Quest Capital Management, Inc. filings and includes certain new information that our previous filings did not require.

In the future, Item 2 will be used to provide clients with a summary of material changes that are made to this brochure since the last annual update.

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## Item 4 Advisory Business

### INTRODUCTION

Quest Capital Management, Inc. is a Registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission (SEC) since November 26, 2001. We are noticed filed in Florida, Louisiana, Virginia and our home state of Texas, which means we are registered to do business in these states. We may conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training.

The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

### OWNERSHIP

Quest Capital Management, Inc. is a privately owned corporation headquartered in Dallas, Texas. Kalita H. Blessing, Mary Helen Durie, Carl Joseph Kunhardt and Christopher Scott Young are the sole owners of the business.

### ADVISORY SERVICES OFFERED

We work with you to create and maintain long-term capital appreciation using prudent financial planning techniques. This could include the allocation and diversification of assets, investment planning and the use of insurance. We believe that your objectives, financial resources, sophistication, age and other factors must be reviewed on an ongoing basis to ensure that strategies are compatible with your overall goals. We offer the following services:

Financial Planning Services  
Investment Management Services  
Investment Advisory Services  
Third Party Manager Selection

### FINANCIAL PLANNING SERVICES

We provide advice in the form of a standard financial plan based on your financial situation and stated financial goals and objectives. Our Financial Plans will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. We will illustrate the impact of various investments on your current income tax and future tax liability.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of your current strategies and investment plans to help you achieve your retirement goals.
- Investments: Analysis of investment alternatives and their effect on your portfolio.

We may also provide advice on real estate, oil & gas interests, agriculture projects, cattle, timber, research and development projects and venture capital investments (generally limited partnerships) as well as precious metals and stones, rare coins and stamps may be part of a comprehensive financial plan.

Our financial plans are prepared covering the standard areas listed below and customized depending on the level of service needed.

- Personal profile
- Goals and objectives
- Risk tolerance
- Investment policy statement
- Net worth analysis

- Asset allocation
- Cash flow analysis, as needed
- Income tax analysis/planning
- Personal financial summary
- Portfolio analysis - Raymond James accounts
- Performance reporting - Raymond James accounts
- Financial independence analysis
- Risk management analysis
- Plan of action

#### **WEALTH MANAGEMENT SERVICES:**

Our Wealth Management service is an investment advisory service that incorporates financial planning, investment portfolio management and a number of aggregated financial services for high net worth individuals and business owners. Wealth accumulation is a goal, and we consider it our job to guide the process. Wealth accumulation is a part of the financial planning process that enables your personal and professional achievements to be enhanced over time.

The comprehensive plan for this service is the standard plan areas along with, distribution planning, education planning, estate planning (document review, conservation, gifting strategies, trusts, charitable techniques, and asset protection), financial plan observations and recommendations, and business observation and recommendations. You are also provided with the following services.

#### **Comprehensive Financial Plan and Annual Review (First Year)**

- Goals and objectives
- Risk tolerance
- Investment policy statement (assets > \$250,000)
- Net worth analysis
- Asset allocation
- Cash flow analysis
- Income tax analysis/planning
- Personal financial summary
- Portfolio analysis
- Performance reporting - Raymond James accounts
- Financial independence analysis - projections and distribution strategies
- Distribution planning
- Education planning, as appropriate
- Risk management analysis
- Estate planning - document review, conservation, gifting strategies, trust strategies, charitable techniques, asset protection strategies
- Financial Plan observations and recommendations
- Business observations and recommendations, as appropriate
- Plan of action

#### **Proactive Implementation/Leadership**

- Available presence to provide solutions and/or answers to any strategies and/or questions

#### **Strategy Sessions**

- Quarterly strategy sessions to review and implement the Financial Plan
- Review areas of the Financial Plan, as needed

#### **Annual Review (with renewal of advisory services, following year 1)**

- Comprehensive review of the Financial Plan with documented observations and recommendations

**Advisory Relations**

- As needed, provide summary of the Financial Plan/Annual Review to other professional advisors with client consent
- Coordinate priorities and implementation activities with advisors on the phone and/or in person, with the client's approval in advance

**Additional Services Available as Necessary**

- Family conferences
- Legacy planning/ *Making a Difference*
- Intergenerational planning and gifting strategies
- Executive compensation planning - deferred compensation, stock options, retirement plans, concentrated equity positions
- Charitable giving/planning

**Optional Services Available for a Fee\***

- Business planning
- Asset preservation strategies

*\*Fees are determined based on the level of service needed*

**COMPREHENSIVE FINANCIAL PLANNING SERVICES:**

Several primary areas are evaluated in order to develop a written, comprehensive financial plan, tailored to fit your needs. Consultation with you, involves discussion of the following: assets and liabilities, current income and expenses, goals and objectives, current investments, insurance coverage, retirement planning, estate planning, business holdings, education planning, and the attitudes and investment philosophy of the client. These topics are discussed with you, along with other relevant factors to help assess your immediate and long-term financial needs.

After thorough evaluation, we provide a written review of your financial situation. This includes recommendations and investment strategies on how to achieve your goals and objectives.

The comprehensive plan for this service is the standard plan areas along with, distribution planning, education planning, estate planning (document review/strategy), financial plan observations and recommendations, and business observation and recommendations. You are also provided with the following services.

**Comprehensive Financial Plan and Annual Review (First Year)**

- Goals and objectives
- Risk tolerance
- Investment policy statement (assets > \$250,000)
- Net worth analysis
- Asset allocation
- Cash flow analysis
- Income tax analysis/planning
- Personal financial summary
- Portfolio analysis
- Performance reporting - Raymond James accounts
- Financial independence analysis - projections and distribution strategies
- Distribution planning
- Education planning, as appropriate
- Risk management analysis
- Estate planning - document review/strategy
- Financial Plan observations and recommendations
- Business observations and recommendations, as appropriate
- Plan of action

**Proactive Implementation/Leadership**

- Available presence to provide solutions and/or answers to any strategies and/or questions

**Strategy Sessions**

- Strategy sessions to review and implement the Financial Plan - three times per year
- Review areas of the Financial Plan, as needed

**Annual Review (with renewal of Advisory Services, following year 1)**

- Comprehensive review of the Financial Plan with documented observations and recommendations

**Advisory Relations**

- As needed, provide summary of the Financial Plan/Annual Review to professional advisors with client consent
- Coordinate priorities and implementation activities with advisors on the phone and/or in person, with the client's approval in advance

**Additional Services Available as Necessary**

- Family conferences
- Charitable giving/planning

**Optional Services Available for a Fee\***

- Business planning
- Legacy planning/*Making a Difference*
- Asset preservation strategies

*\*Fees are determined based on the level of service needed*

**FINANCIAL PLANNING SERVICES (SIMPLIFIED):**

Generally, this level of service is for those with less complicated and specific financial planning needs. Several primary areas are evaluated in order to develop a written financial plan, tailored to fit your needs. The financial plan will focus only on those areas of immediate concern. This may involve discussion with you on one or more of the following: assets and liabilities, current income and expenses, goals and objectives, current investments, insurance coverage, retirement planning, estate planning, business holdings, education planning and the attitudes and your investment philosophy. These topics are discussed with you, along with other relevant factors to help assess the client's immediate financial needs.

**Financial Plan and Annual Review (First Year)**

- Goals and objectives
- Risk tolerance
- Investment policy statement (assets > \$250,000)
- Net worth analysis
- Asset allocation
- Cash flow analysis, as needed
- Income tax analysis/planning
- Personal financial summary
- Portfolio analysis - Raymond James accounts
- Performance reporting - Raymond James accounts
- Financial independence analysis
- Risk management analysis
- Education planning, as appropriate
- Estate document review
- Plan of action

**Client-led Implementation**

- Available presence to provide solutions and/or answers to any strategies and/or questions

**Strategy Sessions**

- Strategy sessions to review and implement the Financial Plan - two times per year
- Review areas of the Financial Plan, as needed

**Modular Annual Review (with renewal of Advisory Services, following year 1)**

- Review areas of the Financial Plan, as necessary, based on updates/information provided by the client

**Advisory Relations**

- Coordinate priorities and implementation activities with advisors on the phone and/or in person, with the client's approval in advance

**Optional Services Available for a Fee\***

- Full Annual Review
  - As needed, provide summary of the Financial Plan/Annual Review to professional advisors with client consent
- Financial independence analysis - projections and distribution strategies
- Risk management implementation/coordination
- Portfolio analysis - review entire portfolio

*\*Fees are determined based on the level of service needed*

You are under no obligation to follow any recommendations made by us or to alter your personal business affairs in any manner. You may either follow or disregard wholly or partially any information, recommendation, or advice given by us.

**INVESTMENT ADVISORY SERVICES**

We furnish financial planning services through consultations which are billed on an hourly basis. Financial planners are available to consult with those that desire assistance to evaluate the impact of material changes in financial position, real estate purchases, tax preparation, bookkeeping services or other issues that significantly affect your financial situation. These services do not involve completion of a comprehensive financial plan.

**Investment Advisory Services**

- Risk tolerance questionnaire
- Investment policy statement (assets > \$250,000)
- Asset allocation/portfolio analysis - Raymond James accounts
- Performance reporting - Raymond James accounts

**Strategy Sessions as Necessary**

Annual strategy session to review Investment Advisory Services

You are under no obligation to follow any recommendations made by us or to alter your personal business affairs in any manner.

**LIMITED SCOPE- SPECIFIED PROJECTS:**

We will also furnish advice on a project basis in areas of, but not limited to, risk management, tax planning, asset allocation, education funding, estate planning, retirement funds and those services listed below.

- Goals and objectives
- Risk tolerance



- Investment policy statement
- Net worth analysis
- Asset allocation
- Cash flow analysis
- Income tax analysis/planning
- Personal financial summary
- Portfolio analysis
- Performance reporting - Raymond James accounts
- Financial independence analysis - projections and distribution strategies
- Distribution planning
- Education planning, as appropriate
- Risk management analysis
- Estate planning - document review, conservation, gifting strategies, trust strategies, charitable techniques, asset protection strategies
- Financial Plan observations and recommendations
- Business observations and recommendations, as appropriate
- Plan of action
- Other Specific Services as Requested by you

You are under no obligation to follow any recommendations made by us or to alter your personal business affairs in any manner.

#### **INVESTMENT MANAGEMENT PROGRAMS**

In addition to the financial planning services we offer you may request us to implement the investment strategies. Your investments strategies may be implemented through fee based and/or non-fee based programs provided through Raymond James Financial Services, Inc. and may include the use of private accounts and fee programs. Our Investment Management Services consist of the following:

##### **Client-led Implementation**

- Available presence to provide solutions and/or answers to investment strategies and/or questions

##### **Strategy Sessions**

- Annual strategy session
- Risk tolerance
- Investment policy statement (assets > \$250,000)
- Asset allocation
- Portfolio analysis - Raymond James accounts
- Performance reporting - Raymond James accounts

##### **Advisory Relations**

- Coordinate priorities and implementation activities with advisors on the phone and/or in person, with the client's approval in advance

##### **Optional Services Available for a Fee\***

- Projects, as needed
- Plan Review
  - As needed, provide summary of the Financial Plan/Annual Review to professional advisors with client consent

*\*Fees are determined based on the level of service needed*

We provide investment management services on a discretionary basis and non-discretionary basis. We may have restricted discretionary authority on certain fee based accounts. Raymond James Financial Services, Inc. must approve your account for us to have discretionary authority. On a discretionary basis,

we design, revise and reallocate a custom portfolio for you. On a non-discretionary basis, we provide periodic recommendations to you and if such recommendations are approved, we will ensure that the authorized recommendations are carried out.

The investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors. Investment allocation is determined through this information and articulated in your Investment Policy Statement.

The various fee programs offered to you are listed below.

You are under no obligation to follow any recommendations made by us or to alter your personal business affairs in any manner.

**PASSPORT Account:**

The PASSPORT Account ("PASSPORT") is an investment advisory account, administered by Raymond James & Associates, Inc., member FINRA/SIPC, which offers, on a discretionary or non-discretionary basis, ongoing asset management services, investment advice and monitoring of securities holdings. Generally, we provide investment advice on a non-discretionary basis. There is a minimum investment of \$25,000 for PASSPORT Accounts, although smaller accounts may be accepted based upon the specific circumstances of an account.

Custody of your accounts for both securities and funds will be maintained at a qualified designated custodian and clearing firm, Raymond James Financial Services, Inc., a registered broker-dealer, member FINRA/SIPC for purposes of trading, clearing and custody.

**FREEDOM Account:**

The FREEDOM Account ("FREEDOM") is an investment advisory account which allocates your assets, through discretionary mutual fund or exchange traded fund ("ETF") management, based upon your financial objectives and risk tolerances. Raymond James & Associates, Inc. selects the representative funds and monitors their performance on a continuing basis. These services are offered nationwide in all fifty states, the District of Columbia, and Puerto Rico. FREEDOM offers six investment strategies, including Aggressive Equity, Growth Equity, Balanced with Growth, Balanced Equity Income and Income portfolios. We select the model that is most appropriate for you, but the actual funds inside the account are selected by Raymond James & Associates, Inc.

Custody of your accounts for both securities and funds will be maintained at a qualified designated custodian and clearing firm, Raymond James Financial Services, Inc., a registered broker-dealer, member FINRA/SIPC for purposes of trading, clearing and custody.

**THIRD PARTY MANAGER SERVICES**

We may recommend that you utilize the services of a Third Party Investment Adviser ("TPA") to manage your portfolio through Raymond James Financial Services, Inc. We would recommend to you a program offered through Raymond James that would be consistent with your financial needs, investment goals, tolerance for risk and stated investment objectives. Upon selection of a TPA, we will monitor the performance of the TPA to ensure their performance and investment style remains aligned with the investment goals and objectives. The TPA is granted discretionary authority by you to manage and invest your assets.

If you are referred to a TPA through Raymond James Financial Services, Inc., you will receive full disclosure, including services rendered and fee schedules at the time of the referral in addition to the Raymond James Financial Services, Inc.'s ADV Part2A Brochure and privacy policy, prior to placing the assets with them. Below is a list of several programs offered under the TPA services:

**RUSSELL MODEL STRATEGIES PROGRAM (the "Russell Program")**

The Russell Program is an asset allocation-based investment program investing in Frank Russell mutual funds. The Russell Program is a mutual fund wrap advisory service that will allow you the opportunity to allocate assets among various asset classes that cover a variety of investment objectives ("Russell

Portfolios"). Upon selection of a Russell Portfolio, you will appoint Asset Management Services ("AMS") to manage the portfolio on a discretionary basis with full power to effect buy, exchange or sell transactions of Russell mutual fund shares in predetermined model portfolios held in your name. Russell develops the portfolio asset allocation and selects the underlying funds populating the respective model strategy. AMS will annually rebalance your account to the original allocation, generally on the anniversary date of the Russell Program Account establishment.

Russell evaluates and retains investment management firms ("Portfolio Managers") to manage each Russell Fund. Portfolio Managers may be terminated or replaced by Russell generally as a result of changes in senior investment personnel, relative underperformance or a deviation or change in the Portfolio Manager's investment discipline. Portfolio Manager changes initiated by Russell will not result in transactions being effected by AMS, and such changes will be effected without prior notice to you or AMS.

Russell exercises investment discretion over the allocation of assets to each Portfolio Manager, and may elect to not allocate management duties for a portion of the Fund's assets to Portfolio Managers. Russell may also manage portions of a Fund during transition periods between Portfolio Manager allocations.

Based upon your financial needs and investment objectives, we will assist you in selecting the appropriate strategy. Available strategies include:

- Equity Growth (100% equity funds)
- Growth Equity (80% equity/20% fixed income)
- Balanced (60%/40%)
- Moderate (40%/60%)
- Conservative (20%/80%)

The equity and fixed income allocations are targets that Russell has established for each strategy, which may deviate as a result of the capital appreciation or depreciation of the underlying funds. AMS or Russell reserves the right to modify the target allocation. In addition, the 2% cash allocation is not reflected in all equity fund ratios (i.e. 100% equity fund strategies = 98% equity funds and 2% cash portfolio allocations at inception and after rebalancing).

Additional information regarding the Funds' Portfolio Managers, investment objectives, risks, charges and expenses, and other matters of interest is available in the Fund's prospectus. All strategies will reinvest dividends if you do not provide instructions to pay dividends in cash.

#### **RAYMOND JAMES CONSULTING SERVICES PROGRAM**

Raymond James Consulting Services (RJCS), a division of Raymond James & Associates, Inc., selects portfolio managers ("sub-advisors") for the RJCS program, establishes custodial facilities, monitors performance of your accounts, provides you with account and other administrative services and assists portfolio managers with certain trading activities. Based upon your financial needs and investment objectives, they will assist you in selecting the appropriate sub-advisor(s). The Investment Management Agreement is solely between RJCS and you, and there is no direct agreement between the sub-advisor and you. You may contact the sub-advisor, but generally do so through their financial advisor or the RJCS Client Services Department.

You are provided standardized information on each sub-advisor prior to entering into the Investment Management Agreement. Potential sub-advisors are considered for the program if they meet the following:

- A well-defined investment style
- Proven past performance results
- Consistency of portfolio returns
- Risks taken within acceptable bounds of investment objectives
- Complementary philosophy of the manager with the existing managers.

Other factors considered in the screening process include: low turnover of personnel; in-depth interviews with top personnel; personal visit to the investment manager's office; the size of the firm; review of the firm's current ADV; no naked options, short sales or futures; and a cooperative, open attitude. There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based on the specific circumstances of an account.

After a sub-advisor has been selected to participate in the RJCS program, they are monitored on a quarterly basis to ensure each sub-advisor's activity is consistent with the investment discipline and philosophy for which they were originally selected. This review is performed by the Due Diligence Director. Please note, however, that past performance does not guarantee future results. For all performance analysis provided to you, RJCS requires that all sub-advisors utilize AIMR (Association for Investment Management & Research) standards to calculate performance, but the information is not presented in the AIMR format.

### **EAGLE HIGH NET WORTH PROGRAM**

Asset Management Services ("AMS sponsors the Eagle High Net Worth Program "EHNW" or "Eagle"). EHNW is offered exclusively through the AMS division and is available only to clients and their immediate family. You may select one or more investment objectives managed by Eagle Asset Management, Inc. ("Eagle"). Eagle is a wholly owned subsidiary of Raymond James Financial Services, Inc. ("RJFS"), and is an investment adviser registered with the Securities and Exchange Commission. You will sign an Investment Management Agreement with us, and the agreement authorizes Eagle as a sub-advisor to manage your account(s) in accordance with your objective(s), monitoring the performance of all of Eagle's objectives, communications and reports to you, assistance with certain trading activities, and other administrative services. EHNW offers a full range of investment objectives, including equity, balanced and fixed income portfolios.

Eagle will consult with you and your financial advisor to customize portfolios to fit your needs, circumstances and objectives. There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based on the specific circumstances of an account.

We negotiate with sub-advisors the management fee payable to the sub-advisor, based on factors including but not limited to, the sub-advisor's assets under management in the RJCS program, average number of portfolio holdings, average annual turnover, anticipated sales and administrative service levels, among others.

You are under no obligation to follow any recommendations made by us or to alter your personal business affairs in any manner.

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2010 Quest Capital Management, Inc. has approximately \$205,410,641 in discretionary assets under management and \$514,882,718 million in non-discretionary assets under management for a total of \$720,293,359 million in total assets.

## Item 5 Fees and Compensation

### FINANCIAL PLANNING FEES

The following fees include a minimum number of consulting hours. There is a minimum planning fee of \$6,000 for the Wealth Management and Comprehensive Financial Planning Services and a \$3,000 minimum for Simplified Financial Planning Services. For subsequent years the fee will be reduced to 40% to 50% of the first year fee. Our financial planning fees to complete a comprehensive financial plan are dependent upon an estimate of the work involved.

Fees are not negotiable. You will pay the financial consulting fee upon execution of the retainer agreement. This fee includes the written plan with recommendations and advice given at the presentation of the plan. The agreement is renewed automatically each year unless you elect not to renew.

Continuous or on-going advice is given on a continuous basis or periodic intervals at your option and based upon updated information received from you. Certain optional services available are not included in the financial plan fee and are determined based on the level of service required by you.

You may terminate an investment advisory contract without penalty if you deliver written notice to us within five (5) business days from the date of the acceptance of the contract. After five (5) days, you may cancel the agreement and fees will be refunded for the prorated amount that you feel has not been earned. Any adjustments in fees must have a thirty (30) day written notice.

### INVESTMENT MANAGEMENT SERVICES FEE SCHEDULE

In addition to the annual retainer fees charged for financial planning services, you may request us to implement your investment strategies. Your investment strategies may be implemented through fee-based programs offered through Raymond James Financial Services, Inc. and may include the use of private accounts and fee programs.

You may choose to pay a commission on periodic trades rather than enter a fee based program. Commissions may include a transaction charge, an up-front sales charge on the sale of A share mutual funds, and/or an ongoing service charge.

We sell 'A' and 'C' shares of mutual funds through Raymond James Financial Services, Inc. An 'A' share generally has an initial sales charge (generally between 3% and 6.25%), and a small annual service charge (generally .25%). A 'C' share does not carry an initial sales charge, but has a large annual service fee (generally between .75% and 1%). Additionally, a 'C' share generally has a back-end charge if it is sold within a year (generally 1%).

The various fee programs offered are by us are listed below.

### PASSPORT Account

Generally, investment advice is provided on a nondiscretionary basis. There is a minimum investment of \$25,000 for PASSPORT Accounts, although smaller accounts may be accepted based upon the specific circumstances of an account. The advisory fees for PASSPORT Accounts are as follows:

### Blended Rate Fee Schedule

Account Value	Total Fee
PASSPORT Fee investments:	
First \$200,000	1.75%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%
Accounts greater than \$5,000,000 are negotiable	

### **Three Tier Asset Class Fee Schedule**

Account Value	Total Fee
<b><u>PASSPORT Fee Investments Excluding Open-Ended Mutual Funds, Cash and Bonds:</u></b>	
First \$200,000	2.00%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%
<b><u>PASSPORT Fee Investment Open-End Mutual Funds and Cash:</u></b>	
First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Next \$500,000	0.75%
Over \$1,000,000	0.75%
<b><u>PASSPORT Fee Investment Bonds:</u></b>	
First \$100,000	1.50%
Next \$100,000	1.25%
Next \$300,000	1.00%
Next \$500,000	0.75%
Over \$1,000,000	0.75%

Accounts greater than \$5,000,000 are negotiable. Quest may discount the PASSPORT Fee to a maximum of 1%.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. You authorize and direct RJA as Custodian to deduct asset-based fees from your account; you further authorize and direct the Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to us.

Brokerage statements will show the amount of the asset based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated. Additionally, there is a nominal Processing Fee for the execution of each trade, as follows:

#### **Security Type Processing Fee**

Exchange Traded Equities: Listed and OTC	\$30
Closed End Mutual Funds	\$30
Exchange Traded Funds	\$30
Mutual Funds	\$30
Real Estate Investment Trusts/Unit Investment Trusts	\$30
Options Contracts	\$50
Bonds	\$50

In addition to the foregoing transaction charge, you will incur a processing fee in the amount of \$4.95 per transaction. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

The Passport client agreement may be terminated by either party at any time upon providing notice pursuant to the provisions of Passport Client Agreement. In the event of termination of this Agreement, a refund of the prorated portion of the fee for the quarter of termination will be returned.

Throughout this Brochure, your financial advisor may be referred to as an Investment Advisor Representative (IAR), Advisory Agent, or Registered Representative (RR) of the BD.

**Additional Disclosures:**

Participants in the PASSPORT program may be entitled to a discounted asset-based fee if they maintain one or more related accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. Thus, Related Accounts of the PASSPORT program may be aggregated for advisory fee purposes, so that each account will pay a fee which is calculated on the basis of the total of all Related Accounts. It is your responsibility to include all Related Accounts for purposes of qualifying for an aggregated account fee discount.

While we may attempt to identify related accounts, we shall not be held responsible for failing to consider any fee if they maintain one or more related accounts not listed by you.

For non-IRA/ERISA PASSPORT accounts, your Investment Adviser Agent may elect to absorb all or a portion of the Processing Fee, if any, but not less than 10% per trade. Certain open-end mutual funds which may be acquired by you, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus.

If received by the firm, these fees will be used to offset Advisory Fees incurred by you. However, if the IAR elects to absorb at least 10% of the Processing Fees in non-IRA/ERISA accounts, they may also elect to receive trails paid by the fund company, if any, to defray the cost of the Processing Fees they absorb. If such an election is made, there may be a conflict of interest where the IAR may have an incentive to absorb a portion or all of the Processing Fees in consideration of the actual or anticipated trails they will receive.

You should understand that the annual advisory fees charged in the PASSPORT program is in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that you intend to hold fund shares for an extended period of time, it may be more economical for you to purchase fund shares outside of these programs. You may be able to purchase mutual funds directly from their respective fund families without incurring an advisory fee. When purchasing directly from fund families, you may incur a front- or back-end sales charge.

You should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not us) to deter "market timers" who trade actively in fund shares. You should consider these short-term trading charges when selecting the program and/or mutual funds in which you invest.

These charges as well as operating expenses and management fees, which may increase the overall cost to you by 1%-2% (or more), are available in each fund's prospectus.

You should also understand that more sophisticated investments such as short sells and margins may be offered in the PASSPORT program. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where an Investment Advisory Agent may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

Your total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include your ability to:

- 1) obtain the services provided within the programs separately with respect to the selection of mutual funds,
- 2) invest and rebalance the selected mutual funds without the payment of a sales charge, and
- 3) obtain performance reporting comparable to those provided within each program.

When making cost comparisons, you should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or you otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or you otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately. Your financial advisor may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to your financial advisor, which may be more than the financial advisor would receive under an alternative program offering or if you paid for these services separately. Therefore, your financial advisor may have a financial incentive to recommend a particular account program over another. Financial advisors do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, financial advisors may receive higher compensation for certain product types. In addition, your financial advisor may receive incentive compensation for utilizing a particular account program. We believe the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

Termination of the advisory agreement(s) within the first five (5) business days of entering into the advisory agreement will have any advisory fees that were charged refunded back to you.

#### **FREEDOM Account**

The advisory fees for FREEDOM Accounts are as follows: (All fees are incremental)

<u>Advisory Fee</u>	
First \$200,000	1.75%
Next \$300,000	1.50%
Over \$500,000	1.00%

Accounts greater than \$5,000,000 are negotiable. We may discount the FREEDOM Fee to a maximum of 1%.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. You authorize and direct RJA as Custodian to deduct asset-based fees from your account. You further authorize and direct the Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to RJFS. The brokerage statement will show the amount of the asset-based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated.

You may also incur charges for other account services not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, and fees for legal or courtesy transfers of securities.



FREEDOM offers asset allocation investment portfolios utilizing either ETFs or mutual funds. You should be aware that ETFs and mutual funds have unique distinguishing characteristics and their cost structures differ, sometimes significantly. Because mutual funds are typically actively managed, the underlying management fees and operating expenses assessed by the fund companies are generally higher than those for ETFs (typically 1% to 1.5% for mutual funds versus .20% to .30% for ETFs).

Clients most appropriate for the mutual fund version of FREEDOM are those willing to pay more for the potential to outperform the market or benchmark indices over the long term, but should be aware the potential to underperform is just as great. Clients most appropriate for the ETF version of FREEDOM are those willing to achieve market-like returns, less management fees and operating expenses, with little potential for the individual ETFs outperforming the respective indices they track.

The decisions will be driven by Asset Management Services ("AMS") Manager Research and Due Diligence, and the mutual fund strategies may include "Highly Recommended" funds from the Raymond James Mutual Fund Research ("MFR") coverage list. If a fund is downgraded by MFR, we will determine the appropriate course of action, which may include replacing the downgraded fund in all FREEDOM Accounts, if necessary.

However, they are under no obligation to select funds exclusively from MFR's "Highly Recommended" list. For funds selected that are not covered by MFR, it is likely that MFR will at some point in the future assume research coverage of the fund(s), and that such funds may be rated "Highly Recommended" by MFR. AMS Manager Research and Due Diligence continually monitors the funds in the FREEDOM Account.

The Investment Management Agreement may be terminated by you or RJFS at any time upon providing written notice pursuant to the provisions of the Investment Management Agreement. There is no penalty for terminating your account. Upon termination, you will receive a refund of the portion of the prepaid asset-based fee which is not utilized. Instructions to terminate the Agreement must be provided in writing by you before the Agreement will be terminated.

#### **Investment of Cash Reserves**

With respect to cash reserves of your advisory accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation). The custodian may change an investment option at any time by providing you with thirty (30) days advance written notice of such change, modification or amendment. As of July, 2010, Cash Sweep Options include the Raymond James Bank Deposit Program ("RJBDP"), the Credit Interest Program ("CIP") sponsored by RJA, and the Eagle Class- JP Morgan Fund, money-market and municipal money-market fund, or any combination thereof. Raymond James Bank is an affiliate of Registrant, and the interest rate it offers may differ from the yield on the Eagle Class- JP Morgan Fund and the CIP, but Raymond James Bank generally earns more than the interest it pays on such balances. The Eagle Class- JP Morgan money-market and municipal money market fund both pay JP Morgan (not an affiliate) a fee for investment management and administrative services. Raymond James & Associates generally earns a higher rate of interest on CIP balances than the interest rate it pays on such balances. The income earned by the Eagle Class- JP Morgan Fund and RJA is in addition to the asset-based fees that RJFS receives from these accounts.

Where an unaffiliated third party acts as custodian of account assets, you and/or the custodian will determine where cash reserves are held.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are invested automatically on a daily basis. When securities are sold, funds are deposited on the day after settlement date. Funds placed in your account by personal check usually will not be invested until the second business day following the day that the deposit is

credited to your account. Due to the foregoing practices, RJA may obtain federal funds prior to the date that deposits are credited to your accounts and thus may realize some benefit because of the delay in investing such funds.

For further information please refer to the Cash Sweep Options disclosure statement, a copy of which is available from your financial advisor, or is available on the Raymond James public website, [www.raymondjames.com](http://www.raymondjames.com).

Participants in the FREEDOM and PASSPORT programs may be entitled to a discounted asset-based fee if they maintain one or more related accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan

#### **Cash Rule Conflict**

Participants in the PASSPORT program with cash or money market investments which exceed 20% of the total market value of your account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of your account for fee purposes. This fee billing provision is intended to equitably assess advisory fees to Client assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit your holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to an IAR, as the portion of cash or money market investments will not be included in the asset-based fee charged to the account. This may cause an Investment Adviser Representative ("IAR") to reallocate your account from cash or money market investments to advisory fee eligible investments in order to avoid the application of this provision and therefore receive a fee on the full asset value in your account(s).

You should understand that Raymond James Financial stock (RJF) can be purchased on an unsolicited basis and held in accounts. This could create a conflict of interest due to the financial adviser's personal affiliation with RJF and or their personal holdings of RJF stock and or RJF stock options. In addition RJF holdings are considered non-billable assets which could create a potential disincentive for the financial adviser to recommend to you that the positions continue to be held.

#### **INVESTMENT ADVISORY FEE SCHEDULE**

We furnish financial planning services through consultations and special requested projects which are billed on an hourly basis. Fees are dependent on the service and professional providing the service.

<b>Person Responsible</b>	<b>Doc. Mod.</b>	<b>Data Gather</b>	<b>Analysis</b>	<b>Planning</b>	<b>Presentation</b>
<b>Clerical</b>	\$35.00	\$35.00	\$35.00	N/A	N/A
<b>Service Associate</b>	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
<b>Para-Planner</b>	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
<b>Associate Planner</b>	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
<b>Wealth Advisor</b>	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
<b>Senior Wealth Advisor/Principal</b>	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00

#### **Additional Fees**

All financial services are subject to an increase of fees as to the procurement of outside professional advice and services. You retain the right to be informed in advance and reject those costs.

#### **Contract Termination**

You may terminate an investment advisory contract without penalty if you deliver written notice to us

within five (5) business days from the date of your acceptance of the contract. After five (5) days, you may cancel the agreement and fees will be refunded for the prorated amount that you feel has not been earned. Any adjustments in fees must have a thirty (30) day written notice.

### **THIRD PARTY INVESTMENT ADVISER SELECTION SERVICES FEE SCHEDULE:**

#### **Russell Model Strategies Program Fee Schedule**

There is a minimum investment of \$50,000, although smaller accounts may be accepted based on the specific circumstances of an account.

The advisory fees for Russell Program Accounts are as follows (all fees are incremental):

#### **All Strategies except Conservative:**

Advisory Fee		
First	\$200,000	1.75%
Next	\$300,000	1.50%
Over	\$500,000	1.00%
Greater than \$5,000,000	Negotiable	

#### **Conservative Strategy Only:**

Advisory Fee		
First	\$200,000	1.25%
Next	\$300,000	1.00%
Over	\$500,000	0.75%
Greater than \$5,000,000	Negotiable	

You may terminate the management agreement according to the terms disclosed in the management agreement. If fees are paid prior to service being rendered, and you terminate services, the prorated fees for the portion not used will be returned.

#### **Raymond James Consulting Services Fee Schedule**

There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based upon the specific circumstances of an account.

You may terminate the management agreement according to the terms disclosed in the management agreement. If fees are paid prior to service being rendered, and you terminate services, the prorated fees for the portion not used will be returned. Fees may be discounted at the discretion of the advisor.

#### **Eagle High Net Worth Program Fee Schedule**

Eagle will consult with you and your financial advisor to customize portfolios to fit your needs, circumstances and objectives. There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based on the specific circumstances of an account.

Eagle negotiates with sub-advisors the management fee payable to sub-advisor based on factors including but not limited to, the sub-advisor's assets under management in the RJCS program, average number of portfolio holdings, average annual turnover, anticipated sales and administrative service levels, among others. The management fee payable to sub-advisors is typically 0.40% - 0.50% for equity and balanced accounts, and 0.25% - 0.30% for fixed income accounts, but may be lower due to incremental rate negotiation. Although the basis of Eagle's recommendation of sub-advisors is not based on this negotiated management fee, a conflict may exist due to the potential incentive Eagle may have to recommend a sub-advisor(s) with a lower management fee.

Participants in wrap program(s) may be entitled to discounted asset-based fee if they maintain one or more related accounts with RJCS or EHNW.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. For purposes of aggregating Related Accounts, there are two account classes, Equity (Growth, Value, Equity Income, Small Cap Equity, Equity Blend, Selected Balance, and Premium Income) and Fixed Income. Thus, Related

Accounts of the RJCS and Eagle High Net Worth Programs that fall within an account class may be aggregated for management fee purposes, so that each account will pay a fee that is calculated on the basis of the total of all Related Accounts in that particular class. Further, Premium Income accounts will be aggregated with Equity accounts to determine the Equity account fees. However, the reverse will not apply. Accounts that fall under the minimum for account asset size, but are related with another account in the asset class will not be charged a minimum management fee. Finally, assets in the Eagle International Equity Portfolio will be aggregated with Equity accounts to determine the Equity account fees (this will have no effect on fees and other expenses of the Eagle portfolio.) It is your responsibility to include all related management accounts for purposes of qualifying for an aggregated account fee discount. While AMS/RJCS may attempt to identify related accounts, they shall not be held responsible for failing to consider any related accounts not listed by you.

Employees and/ or its affiliates are entitled to lower management fee arrangements for their personal accounts.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the pervious calendar quarter, and becomes due the following business day.

You authorize and direct RJA as Custodian to deduct asset-based fees from your account. You further authorize and direct Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to Raymond James. The brokerage statement will show the amount of the asset based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated. Should you transfer management duties from one sub-advisor to another sub-advisor within the RJCS or EHNW programs, any prepaid asset-based fees will be reimbursed for the period not utilized by the previous sub-advisor and billed for the remainder of the period for the newly designated sub-advisor.

For the RJCS and the EHNW programs, you may elect either an all-inclusive wrap fee or pay a management fee and commissions. If you elect a wrap fee, the fees are set forth as follows:

**Equity and Balanced - All Accounts: (Incremental Schedule) Accounts < \$500,000**

First	\$200,000	3.00%
Next	\$300,000	2.50%

**Accounts equal to or greater than \$500,000**

First	\$500,000	2.50%
Next	\$500,000	2.00%
Next	\$1,000,000	1.60%
Next	\$3,000,000	1.40%
Next	\$5,000,000	1.30%
Greater than	\$10,000,000	Negotiable

**Fixed Income - All Accounts: (Incremental Schedule)**

First	\$500,000	1.25%
Next	\$500,000	0.90%
Next	\$1,000,000	0.80%
Next	\$8,000,000	0.65%
Greater than	\$10,000,000	0.60%

In addition to the management fee, you will pay a commission on each transaction to their selected broker-dealer. You may negotiate commission rates with their financial advisor, and such decision is at the sole discretion of the financial advisor. You may also incur charges for other account services not directly related to the advisory, execution and clearing services provided including, but not limited to, IRA custodial fees, safekeeping fees, and fees for legal or courtesy transfers of securities.

The Investment Management Agreement may be terminated by either party at any time upon providing written notice pursuant to the provisions of the Investment Management Agreement. There is no penalty for terminating your account. Upon termination, you will receive a refund of the portion of the prepaid asset-based fee which is not utilized. Instructions to terminate the Agreement will not be accepted unless such instructions are provided in writing by you. Fees may be discounted at the discretion of the advisor.

#### **ERISA and the Pension Protection Act of 2006 (PPA)**

We may also have IRA accounts or other retirement accounts which are subject to the Pension Protection Act of 2006 (PPA). In all cases an “eligible investment advice arrangement” or advisory agreement will be executed with the Client. We will be considered a “fiduciary advisor” and will charge fees to the retirement account based on a Level Fees basis which means the fees will not vary depending on the basis of the investment option selected.

### **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not charge performance based fees nor do we provide side by side management services.

### **Item 7 Types of Clients**

#### **Client Base**

Our customer base consists of individuals, trusts, estates, IRA's, 401(K) participants, pension and profit sharing plans and corporations or other business entities. These are the types of clients we service, but we may not have all these types as current clients.

#### **Conditions for Account Management**

There is an imposed a minimum account size of \$25,000 in assets to be managed for the Passport account and \$50,000 for a Freedom account. We will aggregate related accounts in the same household to meet account minimums. Smaller accounts may be accepted based upon specific circumstances of an account.

### Analysis & Investment Strategies

We work with you to devise an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of funds
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- regular monitoring of recommended investments and yearly review

Our strategies are specific to each client but overall we use a fundamental analysis method. We are not involved with the selection, recommendation or analysis in terms of charting, and so forth of individual securities. Our advice is on a broad basis, typical to a traditional financial planning. Our investment advice is in the form of a recommendation of prudent diversification of investment assets if there is a heavy concentration of investments in securities, or recommendations for investments in an alternative investment with long-term capital gain potential to help present cash flow and plan for retirement. We may use other sources of information from other professionals in the area of financial planning as well as information obtained through presentations given by professional associations and other sources.

The advice offered by us to you is determined by the areas of expertise of the agent providing the service and your stated objective. You are advised to notify us promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that you should be prepared to bear. Past performance is not necessarily indicative of future results. You should make every effort to understand the risks involved.

### Risk of Loss

If you wish to impose any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that you should be prepared to bear. Past performance is not necessarily indicative of future results. You should make every effort to understand the risks involved.

### The Principal Risks of Investing include, but are not limited to:

**General Risks:** Your investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you may lose money by investing with us. When you sell your investments, they may be worth less than what you paid for them because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

**Allocation Risk:** Our allocation of investments among different asset classes, such as equity or fixed-income assets classes, may have a more significant effect on your returns when one of these classes is performing more poorly than others.

**Market Risk:** Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial

markets fluctuate. This could result in your account value(s) declining over short or long term periods of time.

**Equity Risk:** Your investments will be subjected to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

**Special Situation Risk:** We may invest your assets in special situations. Investments in special situations may involve greater risks when compared to other strategies due to a variety of factors.

Expected changes may not occur, or transactions may take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments may result in permanent loss of capital, where we may be unable to recoup some or all of its investment.

**Foreign Securities Risk:** We have the ability to invest in foreign securities, and, from time to time, a significant percentage of your assets may be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: may have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies, and may have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

**Currency Risk:** Your investments may be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

**Interest Rate Risk:** Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.

**Credit Risk:** Your investments are subject to credit risk. An investments credit quality depends on its ability to pay interest on and repay its debt and other obligations.

**Small- to Medium-Capitalization Risk:** We may invest your assets in small to medium sized companies. Shares of small to medium sized companies may have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

**Junk Bond/High-Yield Security Risk:** We may invest your assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high yield securities may be less liquid than the market for higher-rated securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated securities. The capacity of issuers of high yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

**Prepayment Risk:** Your investments may be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

**Inflation Risk:** This is the risk that the value of your assets or income from your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

## Item 9 Disciplinary Information

Registered Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

We do not have any material facts about legal or disciplinary events that are material to your evaluation of the integrity of our firm or its advisory agents to disclose. Your confidence and trust placed in us and our advisory agents is something we value and endeavor to protect.



## Item 10 Other Financial Industry Activities and Affiliations

### Financial Industry Activities and Affiliations:

We have an arrangement with Raymond James Financial Services, Inc., ("RJFS"), a registered broker-dealer, member FINRA/SIPC, to act as the qualified custodian for both securities and funds. Advisory agents of our firm are also registered with RJFS. In this capacity, our advisory agents will receive normal and customary commissions if you elect to implement a securities transaction through RJFS or purchase a load mutual fund. If you purchase a mutual fund containing a 12b-1 fee, the advisor agent may receive such 12b-1 fee.

Advisory Agents of the Firm are also licensed insurance agents for various other companies. If you elect to implement the plan or buy insurance through the Firm's advisory agents, they may receive a commission from insurance sales (including variable products), which includes life, accident, disability and fixed annuities. This presents a conflict of interest to the extent that the advisory agent recommends the purchase of an insurance product to you which results in a commission being paid to the advisory agent as an insurance agent. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that may have products fitting your needs.

### Alternative Investments

We may recommend to you to invest in alternative investments that may be suitable for your stated investment goals, risk temperament, and investment objectives. The alternative investments can range from short term to long term investment vehicles that have various investment objectives including revenue from the production of natural gas and oil associated with those oil & gas royalty interests acquired for the fund, real estate interests, structured notes, managed futures, hedge funds, etc. We have no affiliation with the issuers. Additional information for suggested alternative investment including a discussion of certain significant risks of investing will be disclosed in the related Private Placement Memorandum. Qualified persons should read the Memorandum carefully before investing.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Code of Ethics:

We have adopted a Code of Ethics Policy to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principles, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective client's upon written request.

### Participation or Interest in Client Transactions / Personal Trading

Associated persons of our Firm will buy or sell for themselves securities that they may also recommend to you. These investment products will be bought and sold on the same basis as our clients. Our client's accounts are always given priority. In all instances, the positions would be so small they would have no impact on the pricing or performance of the security. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest.

You will receive monthly statements from RJFS, our broker dealer. Additionally, account balances and statements are available through Raymond James Financial Services websites. Investment performance reports are provided upon request or during your annual plan review or strategy sessions, if appropriate.

## Item 12 Brokerage Practices

### **Brokerage Selection:**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to deduct our fee from your account. Your assets must be maintained in an account at a "qualified custodian", generally a broker-dealer or bank. We utilize Raymond James Financial Services, Inc., ("RJFS"), a registered broker-dealer, member FINRA/SIPC, as the broker-dealer for the execution of securities transactions. We shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the custodian. We shall have no authority to withdraw or transfer any part of the Assets from the Accounts without prior written consent of you.

Factors which we consider when recommending RJFS include their respective financial strength, reputation, execution, pricing, research and service. As a registered FINRA broker/dealer, RJFS routes order flow through its affiliated broker-dealer Raymond James & Associates, Inc. ("RJA"). We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that our relationship with RJFS helps us to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. RJA is obligated to seek best execution pursuant to NASD Rule 2320 for all trades executed, however, better executions may be available via another broker-dealer based on a number of factors including volume, order flow and market making activity. The commissions and/or transactional fees charged by RJFS to you may be higher or lower than those charged by another broker-dealer.

Our Firm and its investment advisor agents do not receive, as independently contracted registered representatives of RJFS, value-adding products, research and services from RJFS. Soft dollar arrangements are not utilized.

We do not render advice to or take any actions on behalf of you with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of you with respect to transactions, securities or other investments held in your accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to you.

### **Directed Brokerage:**

If you want to direct us to use a particular broker dealer to handle security transactions then you are responsible for the custodian fee arrangement. You should understand that this might prevent us from effectively negotiating brokerage compensation or obtaining the most favorable net price and execution. When directing brokerage business, you should consider whether the commission expenses, execution, clearance and settlement capabilities that you will obtain through another broker dealer are adequately favorable in comparison to those that we would otherwise obtain for you using RJFS. However, if you do not use RJFS, we will reserve the right not to accept your account.

### **Brokerage for Client Referrals:**

Neither our Firm nor our Advisory Agents receive client referrals from a broker dealer or other third party when recommending to you a broker-dealer for the execution of securities transactions.

Neither this Firm nor our Advisory Agents receive any products, research or services other than those disclosed.

## Item 13 Review of Accounts

A comprehensive financial plan may be completed for each client on an annual basis. Your investment accounts are reviewed at that time and on an ongoing basis. Strategy sessions are held with you as necessary. The strategy sessions are for the purpose of evaluating your portfolio for performance, and to determine if it needs to be rebalanced. During the annual review process, your financial plan is updated. Our instruction may include recommending adjustments to your portfolios to ensure that the allocation of assets are in accordance with your signed Investment Policy Statement.

Asset Management reviews are annually or in some cases quarterly or as requested by you. Reviews may be warranted more frequently due to tax law changes, market changes, market conditions or changes in personal circumstances. Reviews initiated by you may be for personal objectives or for any reason you desire. The reviews will be conducted consistent with desires of you respecting frequency and changing circumstances or objectives.

Statements, confirmations and/or performance reports are furnished monthly or quarterly from various financial services institutions/firms with which you transact business. These firms may include, and are not limited to, brokerages, investment companies, insurance companies, trust companies, other registered investment advisors, banks and credit unions. You will receive account statements from these entities and not our Firm. The monthly account statements from the custodian indicate activity, previous portfolio balances, current portfolio balances, and account summary. You will also receive quarterly performance information including portfolio value and fee summary. You will also have access to account information online through account custodian website.

We receive monthly or quarterly statements from Raymond James Financial Services, Inc, our broker-dealer, depending on whether there has been activity in the account. These statements list the value of your portfolio, all transactions taken place for the period, and any gains or losses. Additionally, your asset balances are available through the Raymond James Financial Services website. Performance reports are provided to you on demand, or during your annual review or strategy session.

## Item 14 Client Referrals and Other Compensation

### **Client Referrals:**

We do not have any arrangements to compensate another for client referrals.

### **Other Compensation:**

Our Firm and/or our Advisory Agents may receive some economic benefit (including non-research services, professional seminars and conferences) from a non-client in connection with giving advice to you.

Our Agents are registered representatives of Raymond James Financial Services, Inc. ("RJFS"), Member FINRA/SIPC. In this capacity, our agents may sell securities through RJFS and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the agent recommends that you invest in a security which results in a commission being paid to the agent.

Additionally, for those that elect to implement the plan or buy insurance through us or our Advisory Agents, then the agents would receive a commission from the insurance sales, which includes life, accident, disability variable and fixed annuities. This presents a conflict of interest because they will receive a commission for these services, which is separate from the investment management, financial planning and other services provided. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that may have products fitting your needs.

We try at all times to put the interest of you first as part of our fiduciary duty. However, you should be aware that the receipt of additional compensation creates a potential conflict of interest and may affect judgment when making these recommendations.

## Item 15 Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your custodian to deduct our advisory fees directly from your account. Your funds and securities will be maintained with a "qualified custodian" as required under Rule 206(4)-2 under the Advisers Act and we will not take physical possession of any funds or securities. Custody of your accounts for both securities and funds will be maintained at a qualified designated custodian. Account statements are sent at least quarterly from the custodian and you should carefully review those statements promptly when you receive them. We also urge you to compare your custodian's account statements to the periodic portfolio reports you will receive from us.

## Item 16 Investment Discretion

### Discretionary Authority

We may have restricted discretionary authority on certain fee based accounts. Raymond James Financial Services, Inc. must approve for discretionary authority. Separate accounts are set up for clients who approve discretionary authority. In the exercise of discretionary authority we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio.

## Item 17 Voting Client Securities

### Proxy Voting Policy

We do not vote client proxies and will instruct the Custodian to forward all proxy material directly to you. We shall forward to you, or to the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise, any proxy materials it receives that pertain to the Assets in your account. You can contact our office at 800-668-1283 for any questions about a particular solicitation.

## Item 18 Financial Information

We do not require prepayment of more than \$1,200 in fees per client six months or more in advance for financial planning service. We do not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you and has not been the subject of a bankruptcy proceeding.

## Item 19 Requirements for State Registered Advisers

Not applicable, we are an SEC registered investment adviser.