

Disclosure Brochure

February 16, 2011

The Wealth Conservatory

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of The Wealth Conservatory (herein after "The Wealth Conservatory"). If you have any questions about the contents of this brochure, please contact John Jay Hutchins at (800) 472-1844. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about The Wealth Conservatory is available on the SEC's website at www.adviserinfo.sec.gov.

The Wealth Conservatory is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This section of the brochure discusses only the material changes that have occurred since The Wealth Conservatory's last annual update dated March 10, 2010. The Wealth Conservatory has no material changes to report in this section.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1.	Cover Page	i
Item 2.	Material Changes	ii
Item 3.	Table of Contents	iii
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	7
Item 6.	Performance-Based Fees and Side-by-Side Management	10
Item 7.	Types of Clients.....	11
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9.	Disciplinary Information.....	14
Item 10.	Other Financial Industry Activities and Affiliations	15
Item 11.	Code of Ethics	16
Item 12.	Brokerage Practices	17
Item 13.	Review of Accounts	20
Item 14.	Client Referrals and Other Compensation	21
Item 15.	Custody	22
Item 16.	Investment Discretion.....	23
Item 17.	Voting Client Securities	24
Item 18.	Financial Information	25

Supervised Person Brochure Supplement(s)

Item 4. Advisory Business

The Wealth Conservatory is an investment adviser providing financial planning, consulting, and investment management services. The Wealth Conservatory maintains offices in California, Missouri, and New Hampshire and has been registered as an investment adviser since April 1995. John Jay Hutchins is the principal owner of The Wealth Conservatory.

Prior to engaging The Wealth Conservatory to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with The Wealth Conservatory setting forth the terms and conditions under which The Wealth Conservatory renders its services (collectively the “*Agreement*”). Neither The Wealth Conservatory nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of The Wealth Conservatory is not considered an assignment.

The Wealth Conservatory has \$40,108,000 of assets under management as of January 7, 2011. \$12,541,000 of these assets are managed on a discretionary basis and \$27,566,000 are managed on a non-discretionary basis.

This disclosure brochure describes the business of The Wealth Conservatory. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of The Wealth Conservatory’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on The Wealth Conservatory’s behalf and is subject to The Wealth Conservatory’s supervision or control.

General Financial Planning and Consulting Services

The Wealth Conservatory may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). These financial planning and consulting services may include advice on cash flow and debt management, risk management, financial consulting relating to divorce or marital issues, estate planning, tax issues, retirement planning, college funding, goal setting, as well as other needs identified by the client.

In performing its services, The Wealth Conservatory is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. The Wealth Conservatory may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if The Wealth Conservatory recommends its own services. The client is under no obligation to act upon any of the recommendations made by The Wealth Conservatory under a financial planning or consulting engagement or to engage the services of any such recommended professional, including The Wealth Conservatory itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of The Wealth Conservatory’s recommendations. Clients are advised that it remains their responsibility to promptly notify The Wealth

The Wealth Conservatory Disclosure Brochure

Conservatory if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising The Wealth Conservatory's previous recommendations and/or services.

Board of Directors Program

The Wealth Conservatory offers its Board of Directors program, which provides ongoing comprehensive financial planning services to clients. Within its Board of Directors Program, The Wealth Conservatory deploys specialists (accountants, attorneys, insurance agents, etc.) from across the nation to help The Wealth Conservatory develop optimal strategies for each client. The Wealth Conservatory does not hire the specialists or try to develop their expertise in-house, but instead continually scours the nation for specialists from independent / unaffiliated firms. Upon passing its initial selection criteria, The Wealth Conservatory invites the specialists to participate in its holistic wealth management process on clients' behalf. There are no formal relationships or compensation exchanges between these independent specialists and The Wealth Conservatory.

Fiduciary Assessments

The Wealth Conservatory also offers a Consultant's Assessment of Fiduciary Excellence™ (CAFE™) designed to assess an investment fiduciary's conformity to fiduciary practices, processes, and services promulgated by the Center for Fiduciary Excellence. Consultative services designed to remedy deficiencies identified through a CAFE™ may also be offered by The Wealth Conservatory under an arrangement separate from the assessment. In addition, The Wealth Conservatory may conduct certifications for the Center for Fiduciary Excellence. Depending on the relationship, The Wealth Conservatory may be engaged by the client directly or by the Center for Fiduciary Excellence.

Educational Workshops

The Wealth Conservatory may provide educational workshops and retirement planning services to employers, associations, and civic/non-profit groups (together "Sponsors") offering 401(k), 403(b), or other retirement plans. These services may include educational workshops on general financial planning topics (including asset allocation, diversification, and retirement/college savings principles), issues involving employee participation in an employer-sponsored retirement plan, assisting the Sponsors in selecting investment options and answering questions, and development of investment policy statements. Should any of the employer's participants later engage The Wealth Conservatory to render additional services, such work shall be done pursuant to a separate written agreement between the employer's participant and The Wealth Conservatory, independent of the employer's engagement for educational services.

Investment Management Services

Clients can engage The Wealth Conservatory to manage all or a portion of their assets on a discretionary or non-discretionary basis. The Wealth Conservatory primarily allocates clients' investment management assets among mutual funds and exchange-traded funds ("ETFs") in accordance with the investment objectives of the client. The Wealth Conservatory also provides advice about any type of investment held in clients' portfolios.

The Wealth Conservatory also may render non-discretionary investment management services to clients relative to their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, The Wealth Conservatory either directs or recommends the allocation of client assets among the various investment options that are available within the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

The Wealth Conservatory tailors its advisory services to the individual needs of clients. The Wealth Conservatory ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify The Wealth Conservatory if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon The Wealth Conservatory's management services.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to the usual and customary securities settlement procedures. However, The Wealth Conservatory designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5. Fees and Compensation

The Wealth Conservatory offers its services on a fee-only basis which may include hourly and/or fixed fees as well as fees based upon assets under management.

General Financial Planning and Consulting Fees

The Wealth Conservatory may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range up to \$15,000 on a fixed fee basis and/or up to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages The Wealth Conservatory for additional investment advisory services, The Wealth Conservatory may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Generally, The Wealth Conservatory requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Board of Directors Program, Fiduciary Assessments, and Educational Workshops Fees

The Wealth Conservatory charges a fixed fee for its Board of Directors program, which ranges up to \$50,000 per year and is generally based upon the client's net worth and services to be rendered.

For its Fiduciary Assessments, The Wealth Conservatory determines the fee with the client once the scope of the project is identified (but prior to beginning any work).

For educational workshops, The Wealth Conservatory will generally charge an hourly fee as set forth in an Agreement between The Wealth Conservatory and the Sponsor.

Investment Management Fee

In the event the client determines to engage The Wealth Conservatory to provide investment management services, The Wealth Conservatory does so on a fee basis. The Wealth Conservatory charges an annual fee based upon a percentage of the market value of the assets being managed by The Wealth Conservatory. The Wealth Conservatory's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. However, The Wealth Conservatory does not receive any portion of these commissions, fees, and costs. The Wealth Conservatory's annual fee is prorated and charged quarterly, in arrears, based upon either the average daily market value of the assets being managed by The Wealth Conservatory (if the assets are custodied at *TD Ameritrade* (as defined below)) or the average-month end balance for the prior three

The Wealth Conservatory Disclosure Brochure

months (if the assets are custodied outside of *TD Ameritrade*). The annual fee varies depending upon the market value of the assets under management, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$1,000,000	1.00%
next \$2,000,000	0.50%
next \$2,000,000	0.30%
above \$5,000,000	0.15%

The Wealth Conservatory, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), The Wealth Conservatory shall generally recommend that clients utilize the brokerage and clearing services of TD AMERITRADE Institutional for investment management accounts. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. The Wealth Conservatory participates in the institutional customer program offered by TD Ameritrade Institutional. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions and access to institutional mutual funds and fund classes that may not otherwise be available to retail investors. The Wealth Conservatory receives some benefits from *TD Ameritrade* through its participation in the program

The Wealth Conservatory may only implement its investment management recommendations after the client has arranged for and furnished The Wealth Conservatory with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *TD Ameritrade*, any other broker-dealer recommended by The Wealth Conservatory, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to The Wealth Conservatory's fee.

The Wealth Conservatory Disclosure Brochure

The Wealth Conservatory's *Agreement* and the separate agreement with any *Financial Institutions* may authorize The Wealth Conservatory to debit the client's account for the amount of The Wealth Conservatory's fee and to directly remit that management fee to The Wealth Conservatory. Any *Financial Institutions* recommended by The Wealth Conservatory have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to The Wealth Conservatory.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between The Wealth Conservatory and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. The Wealth Conservatory's fees shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that The Wealth Conservatory reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. The Wealth Conservatory may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

The Wealth Conservatory does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

The Wealth Conservatory provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Fee

As a condition for starting and maintaining a relationship, The Wealth Conservatory generally imposes a minimum quarterly fee of \$4,500 for its Board of Directors Program and a minimum quarterly fee of \$625 for its investment management clients. This minimum fee may have the effect of making The Wealth Conservatory's service impractical for certain clients. The Wealth Conservatory, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The Wealth Conservatory acts as an investment consultant, rather than a "money manager." The Wealth Conservatory does not analyze individual securities, but rather other money managers (generally those managing mutual funds and ETFs). The Wealth Conservatory's selection is based upon the mutual fund or ETFs anticipated ability to provide clients exposure to the risk and return characteristics sought based upon an evaluation of return needs, time horizon, and risk tolerance. Performance, cost, accessibility, and tax efficiency are among the additional criteria used in the selection process.

The Wealth Conservatory employs Modern Portfolio Theory in its oversight of client portfolios. The Wealth Conservatory generally relies on publicly available sources of economic, financial, and investment research information and may also use asset allocation software and historical or projected performance modeling software.

Modern Portfolio Theory is a theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. Modern Portfolio Theory seeks to construct an optimal portfolio by considering the relationship between risk and return, especially as measured by alpha, beta, and R-squared.

Investment Strategies

The Wealth Conservatory takes an "academic" approach to investment management, utilizing what it believes to be efficient asset class funds (when possible) in an attempt to maximize efficiency, and minimize taxes and expenses. As stated above in Item 4, The Wealth Conservatory generally allocates client assets among mutual funds and ETFs.

The Wealth Conservatory is an academic investor. Academic investors, through the discipline of systematic re-balancing, automatically sell those assets which are in the greatest demand in the marketplace and buy those assets which are currently selling at significantly depressed prices. Additionally, academic investors seek out those funds that restrict access to their funds to only those investors who maintain long-term positions and will not trade out of declining markets (typical of retail investors).

The Wealth Conservatory does not believe that active management outperforms the market. The Wealth Conservatory seeks to optimize and enhance long-term returns through both disciplined re-balancing and by gaining access for clients to both restricted funds and the institutional share class of funds which have lower expense ratios. The Wealth Conservatory allocates client portfolios by seeking the best return for clients at the lowest level of risk. When choosing mutual funds and ETFs, The Wealth Conservatory seeks fund managers who take a passive market approach.

The Wealth Conservatory Disclosure Brochure

An investment in a mutual fund or ETF involves risk, including the loss of principal. The Wealth Conservatory recommends no-load mutual funds to its clients, including both open-end and closed-end, as well as ETFs. Open-end no-load mutual funds are purchased from and redeemed directly back to the mutual fund itself at their net asset value. Closed-end mutual funds and ETFs differ from open-ended funds in that they are purchased and sold between investors through an exchange in the same manner as are individual stocks, and are therefore subject to secondary market trading risks. Since shares of closed-end mutual funds and ETFs are listed for trading on an exchange, there can be no guarantee that an active trading market for such shares will develop or continue. Shares of closed-end mutual funds and ETFs may trade on an exchange at prices at, above, or below their most recent net asset value. The per-share net asset value of each type of fund is calculated at the end of each business day, and fluctuates with changes in the market value of securities held within the mutual fund or ETF. The trading prices of shares in a closed-end mutual fund or ETF may differ significantly from that net asset value during periods of market volatility, which may, among other factors, lead to the fund's shares trading at a premium or discount to their net asset value.

Management Through Similarly Managed Accounts

For certain clients, The Wealth Conservatory may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, The Wealth Conservatory buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

The Wealth Conservatory's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to The Wealth Conservatory's clients may be limited. For example, various mutual funds may limit the ability of The Wealth Conservatory to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12B (below), The Wealth Conservatory allocates investment opportunities among its clients on a fair and equitable basis.

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

The Wealth Conservatory is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. The Wealth Conservatory does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

The Wealth Conservatory is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The Wealth Conservatory has described such relationships and arrangements below.

Referrals to Related Certified Public Accountants

The Wealth Conservatory does not render accounting advice or tax preparation services to its clients. However, one of The Wealth Conservatory's *Supervised Persons*, Michael Babcock, is a certified public accountant licensed in Missouri. In limited circumstances, Mr. Babcock may render income tax services to The Wealth Conservatory's clients.

Item 11. Code of Ethics

The Wealth Conservatory and persons associated with The Wealth Conservatory (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with The Wealth Conservatory’s policies and procedures.

The Wealth Conservatory has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by The Wealth Conservatory or any of its associated persons. The *Code of Ethics* also requires that certain of The Wealth Conservatory’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in The Wealth Conservatory’s *Code of Ethics*, none of The Wealth Conservatory’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of The Wealth Conservatory’s clients.

When The Wealth Conservatory is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when The Wealth Conservatory is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact The Wealth Conservatory to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, The Wealth Conservatory shall generally recommend that clients utilize the brokerage and clearing services of *TD Ameritrade*.

Factors which The Wealth Conservatory considers in recommending *TD Ameritrade* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *TD Ameritrade* enables The Wealth Conservatory to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by The Wealth Conservatory's clients comply with The Wealth Conservatory's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where The Wealth Conservatory determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. The Wealth Conservatory seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

The Wealth Conservatory periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct The Wealth Conservatory in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and The Wealth Conservatory will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by The Wealth Conservatory (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, The Wealth Conservatory may decline a client's request to direct brokerage if, in The Wealth Conservatory's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless The Wealth Conservatory decides to purchase or sell the same securities for several clients at approximately the same time. The Wealth Conservatory may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among The Wealth Conservatory's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will

generally be averaged as to price and allocated among The Wealth Conservatory's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that The Wealth Conservatory determines to aggregate client orders for the purchase or sale of securities, including securities in which The Wealth Conservatory's *Supervised Persons* may invest, The Wealth Conservatory shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Wealth Conservatory shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that The Wealth Conservatory determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, The Wealth Conservatory may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist The Wealth Conservatory in its investment decision-making process. Such research generally will be used to service all of The Wealth Conservatory's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because The Wealth Conservatory does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

The Wealth Conservatory may receive from *TD Ameritrade*, without cost to The Wealth Conservatory, computer software and related systems support, which allow The Wealth Conservatory to better monitor client accounts maintained at *TD Ameritrade*. The Wealth Conservatory may receive the software and related support without cost because The Wealth Conservatory renders investment management services to clients that maintain assets at *TD Ameritrade*. The software and related systems support may benefit The Wealth Conservatory, but not its clients directly. In fulfilling its duties to its clients, The Wealth

The Wealth Conservatory Disclosure Brochure

Conservatory endeavors at all times to put the interests of its clients first. Clients should be aware, however, that The Wealth Conservatory's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence The Wealth Conservatory's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

There is no direct link between The Wealth Conservatory's participation in the program and the investment advice it gives to its clients, although The Wealth Conservatory receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, The Wealth Conservatory may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist The Wealth Conservatory in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help the Registrant manage and further develop its business enterprise. The benefits received by The Wealth Conservatory participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by The Wealth Conservatory or its related persons in and of itself creates a potential conflict of interest and may indirectly influence The Wealth Conservatory's recommendation of *TD Ameritrade* for custody and brokerage services.

Item 13. Review of Accounts

For those clients to whom The Wealth Conservatory provides investment management services, The Wealth Conservatory monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom The Wealth Conservatory provides services other than investment management, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of The Wealth Conservatory’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with The Wealth Conservatory and to keep The Wealth Conservatory informed of any changes thereto. The Wealth Conservatory contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom The Wealth Conservatory provides investment advisory services will also receive a report from The Wealth Conservatory that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from The Wealth Conservatory.

Those clients to whom The Wealth Conservatory provides other services, including financial planning, consulting, and those clients who are part of its Board of Directors program, will receive reports from The Wealth Conservatory summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by The Wealth Conservatory.

Item 14. Client Referrals and Other Compensation

The Wealth Conservatory is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, The Wealth Conservatory is required to disclose any direct or indirect compensation that it provides for client referrals.

The Wealth Conservatory may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 10, above.

Item 15. Custody

The Wealth Conservatory's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize The Wealth Conservatory through such *Financial Institution* to debit the client's account for the amount of The Wealth Conservatory's fee and to directly remit that management fee to The Wealth Conservatory in accordance with applicable custody rules.

The *Financial Institutions* recommended by The Wealth Conservatory have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to The Wealth Conservatory. In addition, as discussed in Item 13, The Wealth Conservatory also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from The Wealth Conservatory.

Item 16. Investment Discretion

The Wealth Conservatory may be given the authority to exercise discretion on behalf of clients. The Wealth Conservatory is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. The Wealth Conservatory is given this authority through a power-of-attorney included in the agreement between The Wealth Conservatory and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The Wealth Conservatory takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

The Wealth Conservatory is required to disclose if it accepts authority to vote client securities. The Wealth Conservatory does not vote client securities on behalf of its clients.

Item 18. Financial Information

The Wealth Conservatory does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, The Wealth Conservatory is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. The Wealth Conservatory has no disclosures pursuant to this Item.

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Prepared by:



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