

ANNUAL DISCLOSURE BROCHURE

This Brochure provides information about the qualifications and business practices of True North Advisors ("True North"). If you have any questions about the contents of this Brochure, please contact True North at 214-360-7300. 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. True North is an SEC-registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about True North is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for True North Advisors is 116048.

MATERIAL CHANGES

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 28, 2011 is a new document prepared according to the SEC's new requirements and rules. This Document is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure. True North's last annual update occurred on March 26, 2010.

In the past we have offered or delivered information about our qualifications and business practices to you on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, which is December 31. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time.

Currently, our Brochure may be requested by contacting Scott Wood, Chief Compliance Officer at 214-360-7300 or swood@truenorthadvisors.com. Our Brochure is also available on our website www.truenorthadvisors.com.

Additional information about True North is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with True North who are registered, or are required to be registered, as investment adviser representatives of True North Advisors.

www.truenorthadvisors.com

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ADVISORY BUSINESS

In 2000, True North Advisors ("True North") was born out of a shared vision of its two founders, Scott Wood and Mark Gehlbach, to deliver something better in the world of wealth management. Coming from traditional money management firms where advice was tied to the selling of products, they became convinced that advice can be provided with objectivity and transparency. As a result of this independence True North mitigates conflicts and operates in an environment without product constraints typically seen in the brokerage world.

True North's clients engage the firm to offer comprehensive solutions and to perform the following services:

- Understanding the details of a client's total financial situation, including both short- and long-term goals, to achieve results for today and in the future. Returns on investments, income needs, risk tolerance, and investment objectives and restrictions on investing in certain securities or types of securities (if needed) are continually assessed.
- Creating and managing a diversified investment Portfolio from a variety of product choices, unbiased by the source or structure of the investment product. This diverse asset allocation is achieved by utilizing a variety of investible asset classes including "institutional" mutual fund shares, exchange traded funds ("ETFs"), separately managed accounts ("SMAs") and alternative investments, when appropriate. A SMA is an account managed by an outside asset management firm ("money manager") along with an administrator while alternative investments include hedge funds, natural resources, real estate and private equity, which may be more illiquid in nature.
- Collaborating with other advisors on decisions that affect the overall wealth management plan, including estate planning attorneys, insurance agents, and tax advisors.
- Providing periodic and consistent monitoring and review of progress towards the achievement of goals and objectives.
- Delivering communication on both a scheduled and as needed basis to review the Portfolios performance, and update True North's records with new information that may alter the construction of the Portfolio.

True North offers consulting services including the review and evaluation of outside investments (e.g. self directed 401K account offered by an employer), and integration into the performance reporting system. In lieu of an asset based fee, True North may charge a fixed fee for consulting services.

As of December 31, 2010, the amount of client assets under management:

Discretionary:	\$855,158,012.00
Non-discretionary:	<u>\$161,477,908.00</u>
	\$1,016,635,920.00

FEES AND COMPENSATION

Advisory Fee

For its investment management services, True North charges a blended fee based on a percentage of the assets under True North's management. The minimum annual advisory fee is \$10,000.00. In some unique instances, a flat fee may be negotiated with a client depending on the services to be provided. True North's customary annual assets-under-management fee is as follows:

Assets	True North's Advisory Fee
First \$1,000,000	1.00% of assets under management
\$1,000,001 to \$3,000,000	0.80% of assets under management
\$3,000,001 to \$5,000,000	0.60% of assets under management
\$5,000,001 to \$10,000,000	0.50% of assets under management
\$10,000,001 to \$25,000,000	0.40% of assets under management
Over \$25,000,000	0.30% of assets under management

Clients authorize the deduction of fees from an account maintained by the custodian unless alternative arrangements are approved. At the relationship onset, the fee is calculated proportionately with respect to the number of days remaining in the quarter and based on the market value of the Portfolio as of the effective date of the Investment Management Agreement. The initial advisory fee is payable when the Portfolio is established, prorated for the first partial quarter, if any. Thereafter, the advisory fee will be billed quarterly in advance, on the first day of each calendar quarter based on the market value of the Portfolio on the last business day of the preceding calendar quarter. Agreements may be terminated by giving thirty (30) days' written notice to True North, and clients will receive a pro-rata portion of the prepaid fee based on the days remaining in the applicable quarter.

Under certain circumstances, such as for clients who have multiple family members' Portfolios under True North's management, True North may collectively apply the family members' assets to its fee schedule, resulting in a reduced assets-under-management fee. Therefore, the advisory fee may vary from client to client.

SMA Fee

True North clients with a separately managed account ("SMA") enter a wrap fee arrangement with the SMA administrator such as Envestnet Asset Management, Inc. ("Envestnet") or Charles Schwab & Co., Inc. ("Schwab"). Under this arrangement, one fee is collected to cover the platform fee and the asset manager fee. Before entering this program, clients should consult the administrator's disclosure brochure, including Schedule H, for disclosure concerning the program and fee.

Platform Fee

Fee assessed for providing services such as account reconciliation, billing, trading, and performance reporting.

Clearing and Custody Fee

A custodial fee is typically debited from the Client's account directly by the custodian to facilitate trading and provide administrative reporting to the IRS. True North's advisory fee does not include any bank fees, margin interest, national

securities exchange fees, wire transfer fees or other costs or fees associated with securities transactions.

Fund Expenses

Clients' funds awaiting investment may be placed in a money market fund; True North's fee does not include any internal fee or expense of any money market fund. Portfolios with funds invested in mutual funds will bear a proportionate share of the fund's fee and expenses. True North does not share in any portion of the transaction charges imposed by the custodian holding the client funds or securities.

Consulting Fee

The type and amount of any fee charged for consulting services is negotiable and is generally based on the complexity of the work involved.

Additional information about fees are contained in the Proposal and the Investment Management Agreement. True North believes its fees are fair and justified, and that they are competitive with other providers of comparable services.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

True North does not charge a performance-based fee (fee based on a share of capital gains on or capital appreciation of the assets of a client) or perform side-by-side management, managing hedge funds "side by side" with mutual funds.

TYPES OF CLIENTS

True North provides services to high net worth individuals; corporate pension and profit-sharing plans; trusts, estates and charitable institutions; foundations, endowments, corporations and other business entities.

True North prefers to accept only Portfolios containing at least \$1,000,000. Under certain circumstances, such as for Portfolios of existing clients' family members, True North may waive its preferred minimum Portfolio size.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

True North's investment philosophy has a fundamental bias and leans heavily towards value investing principles:

- True North invests with asset managers that are primarily driven by fundamental, bottom up security analysis. This means attention is focused on a specific company rather than on the industry in which the company operates or on the economy as a whole.
- True North's Portfolios have a bias to value-oriented investment strategies, those in which True North believes the market has undervalued. This results in opportunities to profit by buying when the price is lower.
- True North believes in active management but can and will allocate portions of the Portfolio to passive investments such as index ETFs or mutual funds when appropriate.
- Within traditional asset classes, True North allocates a significant portion of the Portfolio to flexible strategies that will likely result in high tracking error relative to broad market indices. This may result in a deviation from the benchmark and allow for flexibility among investment managers.
- True North believes in the value of alternative investment strategies that add correlation benefits to a Portfolio of traditional equity and fixed income strategies. This correlation is a statistical measure of how two securities move in relation to each other.
- True North seeks out niche, opportunistic strategies within both traditional and non-traditional asset classes and allocates to such investments around our core holdings.

Other than the occasional laddered bond strategy (if appropriate), True North typically does not employ any investment strategy "in house". This means that True North outsources the management of assets to third party managers when deemed appropriate. For example, if True North desires domestic large cap equity exposure, then True North hires a manager or purchases an index exchange traded fund ("ETF") (a security that tracks an index, a commodity or a basket of assets, like an index funds) as opposed to selecting the individual securities in house. This reduces the inherent conflict of interest that brokers face

when their own "in house" strategies underperform their peers and/or the market. True North's advice-driven consultative approach allows the firm to research, recommend and terminate managers and strategies based on their fundamental merits.

True North's methods of finding managers and investment ideas vary widely. Sources include third party research, existing manager relationships, database searches, networking with family offices and other investment advisors, clients and prospective clients. Furthermore, True North gains insight and ideas from reading macroeconomic research, periodicals, news media and scores of investment letters from firms whose strategies span the investing universe.

Additional research tools and methods used for analysis include:

- Returns-based style analysis software such as MPI Stylus and Finance Ware.
- Holdings-based style analysis software such as Bloomberg and Morningstar.
- General sources of news and information such as Litman/Gregory and Fundfire.

True North's investment decision making process is centered around the Investment Policy Committee ("IPC"). The IPC has nine contributing members and six of those members carry a vote. This body is responsible for making allocation and manager selection decisions. The Research Team may bring recommendations to the IPC or the IPC may direct the Research Team to present a particular idea or manager type. In either case, due diligence efforts executed by the Research Team are summarized for the IPC in a formal due diligence report. This report includes the following: investment strategies, philosophy, and process; firm profile, organizational structure, biographies and changes in key investment personnel; performance, risks, outstanding concerns and True North's expectations. Members of the Research Team meet with asset managers (in person or via phone conference) throughout the year to keep updated on their strategies and activity related to the Portfolios True North invests in.

Diversification is at the pinnacle of True North's investment philosophy. True North believes that asset allocation decisions are the largest contributor of risk and return in any given investment strategy. True North broadly divides assets amongst cash, equities, fixed income and alternative investments. True North identifies with the "endowment model" of investing which further divides the alternatives universe to specify hedge fund strategies, private equity, real estate and natural resources. However, True North is mindful of liquidity constraints in the alternative strategies and, therefore, allocates capital suitable for a given client based on their specific circumstances.

Asset allocation decisions are not solely dictated by the IPC, rather they are unique to each client. At the beginning of each client relationship, True North assesses the objectives of each client based (broadly) on their assets, liabilities and income goals. In this process True North utilizes a Monte Carlo analysis which is a problem solving technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables on several different allocation profiles.

The projected return on investment for the Portfolio is based on broad historic index returns, risks and correlations. While this methodology is not perfect, a Monte Carlo simulation allows True North to view probabilities of success with thousands of simulations. Under long timeframes, True North believes this tool is a good source in helping select a individual clients' allocation. Two other factors play into the asset allocation decision. First, the clients' own preferences and/or risk tolerance. The second is the firm's own opinion based on the data and qualitative information gathered getting to know a particular client. Combining these three factors, the Wealth Manager, the Research Team, and the Portfolio Analyst come up with a recommended asset allocation to present to a client.

True North does not guarantee the future performance of the Portfolio or any specific level of performance in the Portfolio, the success of any asset management firm that True North may select, or the success of True North's overall management of the Portfolio. The Client understands that the investment decisions and recommendations True North makes for the Portfolio are subject to various market, currency, economic, political and business risks. The investment decisions made by True North and/or the asset

management firms that True North selects will not always be profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.

DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of True North or the integrity of True North's management. True North Advisors has no disciplinary information to disclose.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

True North receives client referrals from Schwab through True North's participation in Schwab Advisor Network[®] ("SAN"). This program is designed to help investors find an independent investment advisor. Schwab does not supervise True North and has no responsibility for the advice or services True North provides, or the management of True North's clients' Portfolios. True North pays Schwab fees to receive client referrals through SAN. True North's participation in SAN may raise potential conflicts of interest described below.

True North pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab. The Participation Fee paid by True North is a percentage of the fees the client owes to True North or a percentage of the value of the assets in the client's Portfolio, subject to a minimum Participation Fee. True North pays Schwab the Participation Fee for so long as the referred client's Portfolio remains in custody at Schwab. The Participation Fee is billed to True North quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by True North and not by the client. True North does not charge any additional fees to clients referred through SAN compared to clients not referred through SAN.

CODE OF ETHICS

True North has adopted a Code of Ethics ("CoE") for all employees describing its standard of business conduct and

fiduciary duty to its clients. The CoE includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at True North must acknowledge the terms of the CoE annually, or as amended.

Employees of True North and its affiliates may trade for their own Portfolios in securities which are recommended to and/or purchased for True North's clients. The CoE is designed to assure that the personal securities transactions of the employees of True North will not interfere with (i) making decisions in the best interest of advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own Portfolios.

The CoE requires pre-clearance of certain transactions, such as a private placements (i.e. securities limited to a certain number of investors) and initial public offerings. Nonetheless, because the CoE in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. This in and of itself creates a potential conflict of interest. Employee trading is monitored to reasonably prevent conflicts of interest between True North and its clients.

True North's Code of Ethics is available upon request.

BROKERAGE PRACTICES

The Custodian and Broker True North Uses

True North does not maintain custody of client assets. Clients' assets are maintained in a brokerage account at a "qualified custodian," generally a broker-dealer or bank. All clients will have the opportunity to select the custodian of their choice; however, clients will generally have Schwab Advisor Services ("Schwab") (formerly called Schwab Institutional®) recommended to them. True North is independently owned and operated and is not affiliated with Schwab or any other custodian or broker. While True North recommends that clients use Schwab as custodian/broker, it is up to the client to decide to do so. Clients will open

accounts by entering into an agreement directly with the custodian. True North can and True North has selected other custodians for clients. Even though accounts are maintained at a custodian, True North can still use other brokers to execute trades for accounts as described below (see *"Brokerage and Custody Costs"*).

Products and Services Available to True North from Schwab

Schwab serves independent investment advisory firms like True North. Schwab provides True North and its clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services which help True North administer accounts, while others help True North manage and grow its business.

The availability of Schwab's services benefits True North because these services are free as long as True North's clients' collectively keep a total of at least \$10 million of their assets at Schwab. This minimum may give True North an incentive to recommend that clients maintain their Portfolio with Schwab and is a potential conflict of interest. True North believes, however, that the selection of Schwab as custodian and broker is in the best interest of its clients. This decision is primarily supported by the scope, quality, and price of Schwab's services (See *"How True North Selects Brokers/Custodians"*) and not Schwab's services that benefit only True North. As of March 7, 2011, True North has approximately \$662 million in client assets under management at Schwab and does not believe that recommending clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly services fees presents a material conflict of interest.

How True North Selects Brokers/Custodians

True North recommends a broker/custodian who will hold clients' assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. True North considers a wide range of factors, including, among other things:

- Capability to execute, clear, and settle trades (i.e. buy and sell securities for clients' Portfolios).

- Capability to facilitate transfers and payments to and from accounts such as wire transfers or check requests.
- Quality and competitiveness of the price of services (e.g. margin interest rates, fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to True North and other clients.
- Availability of other products and services that benefit True North (see *"Services That Benefit True North"*).

Brokerage and Custody Costs

Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (i.e. settled) into a client's Schwab account. These fees are in addition to the other compensation paid to the executing broker-dealer. Because of this, in order to minimize trading costs, True North will have Schwab execute most trades for client Portfolios. True North has determined that having Schwab execute most trades is consistent with its duty to seek "best execution" of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How True North Selects Brokers / Custodians"*).

Following is a more detailed description of Schwab's support services:

Services That Benefit True North's Clients

Schwab's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which True North might not otherwise have access or that would require a higher minimum initial investment.

Services That May Not Directly Benefit True North's Clients

Schwab also makes available other products and services that benefit True North but may not directly benefit a client's Portfolio. These products and services assist True North in managing and administering client Portfolios. For

example, Schwab makes available software and other technology that:

- Provides access to client Portfolio data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of advisory fees from True North's clients' accounts
- Assists with back-office functions, record keeping, and client reporting

Services That Benefit True North

Schwab also offers other services intended to help True North manage and further develop its business enterprise. Schwab may provide some of these services itself. In other cases, Schwab will arrange for third party vendors to provide the services. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide True North with other benefits, such as occasional business entertainment of True North personnel. Services include:

- Educational conferences and publications on practice management and business succession
- Consulting on technology, compliance, legal, and business needs

REVIEW OF ACCOUNTS

A Wealth Manager is assigned to each Portfolio and is responsible for monitoring and maintaining compliance with client-specific guidelines. Portfolios are reviewed by both the Wealth Manager and Portfolio Analyst on a regular basis depending on the complexity of the relationship. True North encourages its clients to meet with a representative of the firm on a regular basis, which may be as frequent as each quarter, to review performance of the client's Portfolio. More frequent informal reviews may be triggered by market conditions, news events, excess cash balances, or any other

event True North deems significant. Clients are encouraged to contact True North whenever their financial situation changes (e.g. marriage, divorce, birth, death, change in employment), as this may trigger a review.

True North issues periodic reports to clients regarding the asset allocation and the performance of the client's Portfolio. In addition to True North's reports, clients receive confirmations for transactions and monthly statements from the custodians of their accounts. Custodians issue quarterly statements if no monthly account activity has taken place. Clients may opt to access Portfolio information online from the custodian's website, if desired.

CLIENT REFERRALS AND OTHER COMPENSATION

True North may compensate its employees or independent persons ("Referral Consultants") for referring clients to the firm. Before True North compensates an employee or Referral Consultant, True North will ensure that the relationship has been disclosed to the client. Occasionally True North may send a thank you gift to an individual or company for a client referral.

True North receives an economic benefit from Schwab in the form of the support products and services it makes available to independent advisors whose clients maintain accounts at Schwab. The description of these products and services, how they benefit advisors, and the related conflicts of interest are described above (See - *Brokerage Practices*).

CUSTODY

True North does not have custody of any client funds or securities; a custodian maintains actual custody of True North's client's assets. Clients receive statements at least quarterly directly from the custodian that holds and maintains their assets. Statements are sent to the email or postal address provided to the custodian by the client. True North urges clients to carefully review such statements and compare such official custodial records to the Portfolio reports provided by True North. True North's reports may vary from custodial statements based on accounting

procedures, reporting dates, or valuation methodologies of certain securities.

INVESTMENT DISCRETION

Clients enter a written Investment Management Agreement with True North which describes the discretionary authority True North has to make all investment decisions regarding the Portfolio and to make sales, purchases, and reinvestments necessarily to carry out the Client's investment objectives. In the case of SMAs, True North has the ability to select, terminate or change asset managers.

For certain Institutional Clients, discretion is not completely unlimited. A written investment policy statement is developed describing how changes and transaction are recommended and agreed to prior to any changes made or trading initiated.

VOTING CLIENT SECURITIES

True North's Investment Management Agreement provides that True North does not have any authority to and does not vote proxies on behalf of its clients. Clients retain the responsibility for receiving information from the custodian and voting for any and all securities maintained in client Portfolios.

If the Portfolio is a pension plan or otherwise covered by the Employment Retirement Income Security Act, the client must designate in writing another fiduciary who will vote proxies for the Portfolio.

FINANCIAL INFORMATION

True North is required to provide certain financial information or disclosures about its financial condition. True North has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.