

1. Cover Page

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This document is a brochure which we provide to clients and prospective clients. It replaces our Form ADV Part II which was most recently updated as of June 14, 2010.

This brochure provides information about the qualifications and business practices of Acropolis Investment Management, L.L.C. If you have any questions about the contents of this brochure, please contact us at 888-882-0072 or dw@acrinv.com. 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 Acropolis Investment Management, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov.

The date of this brochure is February 15, 2011

2. Material Changes

There have not been any material changes from the information in our Form ADV Part II since it was most recently updated as of June 14, 2010.

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4. Advisory Business

Acropolis Investment Management, L.L.C. is a fee-only wealth management firm which has been in business since 2002. Our advisory services are described below.

Our Advisory Services. We provide financial advisory and investment management services to:

- Individuals (including trusts and estates);
- Institutional clients including corporations, other business entities, banks, insurance companies, university endowments and charitable organizations; and
- Company sponsored retirement plans.

Individual Investment Management Services. We assist individual investors in formulating their investment objectives, policies and constraints in order to develop individual investment programs. To develop a client's investment program, we first conduct an initial client interview to obtain detailed financial information and other relevant data to determine the appropriate investment guidelines, risk tolerance and other factors pertinent to the client's current financial situation and objectives. Once we have an understanding of the client's investment objectives, time horizon and risk tolerance, we develop a recommended investment program to meet the stated goals. The investment program is detailed in an Investment Policy Statement, which we discuss and review with the client, and require the client to sign, prior to making the initial investments. We generally have full trading discretion for our individual investment management services.

Individual stocks, bonds and exchange-traded funds are the primary vehicles we use in the management of client portfolios. Depending upon a client's preferences and our recommendations, other types of investments may be used. If appropriate, such investments may include certificates of deposit, bank money market funds, and non-dollar denominated securities. We may also use mortgage-backed securities including pass-throughs, collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) as part of a client's fixed income allocation, if appropriate.

A client's portfolio may be invested in private placement securities, including securities issued by privately-held companies, where suitable for the client. Any and all types of investments may be used unless otherwise restricted by the client and outlined in the client's Investment Policy Statement. However, as a matter of policy, we will not invest any part of a client's portfolio in a private placement without prior written consent of the client.

Institutional Advisory Services. We provide institutional clients with portfolio management services that include fixed income only securities, equity only securities and blended portfolios of stocks and bonds. These services are available for financial institutions, not-for-profit organizations, pension funds, insurance companies, corporate operating accounts, family offices, state and local governments and endowment accounts. The execution of these services may be provided on a fully discretionary or non-discretionary basis depending upon the objectives of the institution.

Company Sponsored Retirement Plan Advisory Services. Through our Acropolis Retirement Plan Solutions program, we provide investment advice to various company sponsored retirement plans such as 401(k) plans. As a plan fiduciary, we assist the plan sponsor with the selection of investment alternatives for plan participants and provide corresponding general information materials and educational sessions to plan participants to enable each participant to direct the investment selection for his or her own plan retirement account. We do not take discretionary control over the investments of a company sponsored retirement plan. Further, decisions regarding individual investment options are made solely by the plan sponsor. We have no authority to select the investment options or to make investment decisions on behalf of plan participants. Upon request, we will provide individual plan participants with personal consultation and education regarding the plan options that may be suitable for them.

Assets Under Management. As of **December 31, 2010**, we managed total client assets of \$745,280,434, including \$583,707,536 of assets we managed on a discretionary basis and \$161,572,898 of assets we managed on a non-discretionary basis.

Our Principal Owners. We are owned by four of our management employees, who we refer to as our "partners." Our two principal owners, each of whom owns between 25% and 50% of Acropolis, are Christopher B. Lissner and David B. Ott.

5. Fees and Compensation

The fees we charge vary for our three principal categories of clients: (1) individuals (including trusts and estates), (2) institutional clients, and (3) company sponsored retirement plans. Fees may be negotiable based upon portfolio size, level of discretion, the portfolio asset classes to be managed and other factors. Acropolis provides investment supervisory services to employees at no fee.

Individual Advisory Fee Schedule. Individual clients pay fees based on the fee schedule set forth in the following table. At our discretion, certain individual positions within a client's account may be excluded from billing, such as a low cost basis legacy position. Our full time employees do not pay fees for our advisory services.

Private Client Fee Schedule				
Tier 1	1.25%	on first	\$	500,000
Tier 2	1.15%	on next	\$	1,000,000
Tier 3	1.00%	on next	\$	1,500,000
Tier 4	0.85%	on next	\$	2,500,000
Tier 5	0.75%	on next	\$	5,000,000
Tier 6	0.40%	on all additional funds		

* Fees may be negotiable.

Institutional Advisory Fee Schedule. Institutional clients pay fees based on the fee schedules set forth in the following tables.

Institutional Fee Schedule				
Tier 1	0.80%	on first	\$	5,000,000
Tier 2	0.50%	on next	\$	10,000,000
Tier 3	0.40%	on next	\$	25,000,000
Tier 4	0.35%	on next	\$	25,000,000
Tier 5	0.30%	on next	\$	50,000,000
Tier 6	0.25%	on all additional funds		

Institutional Fixed Income Only Fee Schedule				
Tier 1	35 bp	on first	\$	10,000,000
Tier 2	30 bp	on next	\$	20,000,000
Tier 3	20 bp	on all additional funds		

* Minimum annual fee \$10,000. Fee may be negotiable.

General Information Regarding Individual and Institutional Advisory Fees. Our individual and institutional clients pay fees for our individual and institutional advisory services based upon the market value of the client's account on the last day of the applicable billing period. We generally bill individuals quarterly after the end of the calendar quarter for services performed during the completed quarter. We generally bill institutions monthly after the end of the month for services performed during the completed month. Fees for a partial period at the initiation and termination of the agreement will be prorated based upon the number of days we managed the assets. A client has a right to terminate an agreement without penalty within five business days after entering into the agreement.

For purposes of calculating our fees, we value securities based on the client's custodian reports. Custodians typically will use the closing price for all listed securities and either a third party pricing service or matrix pricing for non-listed, fixed-income securities. Other securities or investments in a client's account that the custodian does not price will be valued in a manner we determine in good faith to reflect fair market value. For investments in privately-held companies, we will generally value the investment at its initial cost until circumstances indicate that a new fair market value for the investment is appropriate. The value of fixed income investments includes interest which has been accrued but not yet paid.

Unless we agree otherwise with a client, the client authorizes us to deduct any and all fees when due from the assets held in the client's accounts. A client generally receives a statement of management fees 7-10 business days prior to the fees being debited from the client's accounts. In the event that we have agreed to bill the client directly but the client fails to pay any invoice within 30 days of the date of the invoice, the client authorizes us to debit the fees from the client's accounts.

Our fees do not include additional fees which may be incurred for the implementation of securities transactions or custodial fees. See "Brokerage Practices" beginning on page 10 of this brochure for additional information. Further, in cases where a client owns mutual funds, exchange-traded index funds, or other investment company shares, the client may pay two levels of management fees: one to Acropolis and one to the company issuing the security. We will consider such fees prior to investing in any products which would result in the client paying additional advisory fees.

The services we offer may be available from other vendors at higher or lower fees.

Company Sponsored Retirement Plan Fees. The fees we charge for investment advisory services for company sponsored retirement plans are based upon a percentage of the market value of all assets in the plan. We do not retain any 12b-1 fees paid by the mutual fund companies. We refund any 12b-1 or related fees we may receive back to the plan.

The fees for company sponsored retirement plans are based upon the schedule below.

Retirement Plan Fee Schedule				
Tier 1	90 bp	on first	\$	1,000,000
Tier 2	40 bp	on next	\$	9,000,000
Tier 3	30 bp	on next	\$	15,000,000
Tier 4	25 bp	on next	\$	15,000,000
Tier 5	20 bp	on next	\$	75,000,000
Tier 6	15 bp	on all additional funds		

The minimum annual fee is \$9,000. Fees for on-site education may be billed separately in addition to the above fee schedule depending on the number of locations and frequency of visits. These fees may be negotiable.

Fees are billed after the end of the calendar quarter for services performed during the completed quarter. The fee will be based on the account value on the last business day of the preceding quarter or the last day of contractual arrangement and will be due the following business day. We are authorized to invoice the record keeper or third party administrator directly for our fees. The sponsor is responsible for verifying the accuracy of the fee calculation. All investment management fees are deducted from plan assets, unless otherwise requested by the sponsor.

Consulting Services

Acropolis provides investment advice on a negotiable retainer or monthly fixed fee for certain institutional clients who do not desire ongoing supervisory investment management services. These fees may be negotiable at Acropolis' sole discretion based upon the complexity of the client situation and the level of services and reporting provided. Consulting services may include, but are not limited to fixed income execution, asset/liability management, cash management and business feasibility studies.

6. Performance-Based Fees and Side-By-Side Management

Neither Acropolis nor any of its supervised persons accepts performance-based fees as defined under applicable SEC rules.

7. Types of Clients

Types of Clients. We provide investment advisory services to individuals (including trusts and estates), institutional clients (including banks, thrifts, pension plans, charitable organizations, endowments, corporations and other business entities), and company sponsored retirement plans.

Account Minimums. We require a \$1,000,000 minimum account size. Clients introduced to Acropolis through the Schwab Advisor Network™ or the TD Ameritrade AdvisorDirect Program have a minimum account size of \$500,000. We may reduce or waive such minimums where we think it is appropriate to do so.

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

Our Investment Committee conducts detailed analyses of individual securities seeking relative value and risk adjusted rewards in search of attractive long-term returns.

For the equity portion of a portfolio, we begin our evaluation on a "top-down" basis. We begin by looking at industry sectors that we believe are attractive. Once we have selected the industries, we complete a peer analysis of the companies that constitute that particular industry. We evaluate the quality of management, attractiveness of the core business, position within the industry, competitive advantages, debt levels, dividend history, financial strength, profitability, growth prospects, liquidity and overall valuation. We use Morningstar Equity Select to help evaluate individual stocks.

We do not rely on any other third party research materials. All research is performed in-house utilizing publicly available data delivered via Bloomberg terminals. When implementing the equity portion of most portfolios, we utilize a "Core & Satellite" strategy. The core is represented by exchange traded index funds and the satellites are individual companies that comprise the balance of the asset class. This method allows us to emphasize industries and companies within each asset class that we feel will be superior relative performers.

When selecting fixed-income securities, we first determine the tax implications for the client's account. We then examine major sectors of the bond market including treasury, agency, municipal, corporate and mortgage-backed bonds. In determining what part of the yield curve to invest in, we consider long-term structural trends in the economy such as government policy, the shape of the yield curve, credit spreads, demographics, interest rates and inflation.

By focusing on quality assets in both equity and fixed income markets, we actively seek to keep turnover to a minimum, which minimizes trading costs and potential taxes, which in turn, reduces portfolio costs and enhances overall performance. We manage taxable portfolios on a tax efficient basis, harvesting losses when available to offset gains.

Investing in securities involves a risk of loss. We do not guarantee the future performance of any client's account or any specific level of performance or the success of any investment decision, determination or strategy that we may use in the management of a client's account.

Although our asset allocation models are designed to reflect our client's risk tolerance, any investment strategy inherently involves risk. Risks that may have an adverse effect on a client's investments managed by us include the following:

- The success of a client's investment strategy will depend on the management, skill and acumen of the members of our investment team involved in managing the client's account.
- The success of our investment strategy may be significantly and adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of our clients' investments.
- Certain types of investments may be subject to specific risks. For example, bonds may be sensitive to fluctuations in interest rates; CMOs, REMICS and other real estate investments may be subject to risks relating to commercial and residential real estate markets; investments in securities outside the U.S. may be subject to currency exchange rate fluctuations; and equity investments may be subject to volatility in the stock markets.

9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

10. Other Financial Industry Activities and Affiliations

Neither Acropolis nor any of its management persons have any other financial industry activities or affiliations required to be disclosed in this brochure.

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

From time to time, our partners or related persons may buy or sell the same securities that are purchased and sold for our clients. We have policies to prevent a conflict of interest from occurring in these transactions so that our related persons do not compete with clients, or trade in conflict with, or in any way trade securities to the detriment of, our clients. Employees may only execute such transactions for their own accounts at the same time or after all pending orders for client accounts have been executed.

We have adopted a Code of Ethics that sets forth high ethical standards of business conduct based on the principle that we and our employees owe a fiduciary duty to clients. In complying with this duty, advisory personnel must avoid activities or interests that might interfere with making decisions in the best interests of clients.

Our Code of Ethics also includes policies and procedures for the review of employee transactions as well as initial and annual securities holdings reports that must be submitted by our related persons. Among other things, our Code of Ethics also requires prior approval of any acquisition of securities in a limited offering (e.g. private placement) or an initial public offering. Our Code of Ethics also includes oversight, enforcement and recordkeeping provisions. Each person subject to the Code of Ethics is required to report all violations of which such person becomes aware to our Chief Compliance Officer. A copy of our Code of Ethics is available to our clients free of charge upon written or oral request to the Chief Compliance Officer at our principal office.

We provide investment management services for other clients and will continue to do so. We or our related persons may take action in performing their duties to other clients, or for their own personal accounts, that differ from advice given to or action taken for a given client. We are not obligated to buy, sell or recommend a client for any security or other investment that we may buy, sell or recommend for any other client or for our own accounts.

Transactions in a specific security may not be accomplished for all clients' accounts at the same time or at the same price. In the event that an employee account is participating in an aggregated transaction and there is a partial fill, the employee account, regardless of size, will be the last filled.

Where we believe that a financial interest by us or our related persons in an investment may result in a conflict of interest, we will disclose the nature of the potential conflict of interest to the client in writing before the completion of the investment and will obtain the consent of the client prior to such investment.

From time-to-time we may make an error in submitting a trade order on behalf of a client. When this occurs, we may place a correcting trade with the broker-dealer which has custody of the account. If an investment gain results from the correcting trade, the gain will remain in the account unless the same error involved other client accounts that should have received the gain, it is not permissible for the account to retain the gain or we confer with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Charles Schwab & Co. is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Acropolis will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in a client's account, they may be netted.

12. Brokerage Practices

Brokerage/Custodian Selection. We require all clients to use one of our approved brokerage firms/custodians. All trades of listed stocks are executed online directly with the client's custodian. We do not accept directed brokerage.

Our approved custodians must be able to fulfill all obligations to the client on a competitive basis. When approving a custodian, we consider, among other things, its execution capabilities, financial stability, ability to maintain confidentiality, technology and ability to obtain the best price. We do not accept commissions, equipment, products or research service in exchange for suggesting custodians to clients. We strive to have

accounts set up at brokerage firms that offer competitive commission schedules for listed stocks and do not direct order flow to firms charging an above market rate in exchange for research or other services. We do, however, participate in programs with each of our approved custodians that offer additional benefits to Acropolis and its clients. See "Additional Benefits" below for more information.

Our clients may currently choose between two approved custodians:

- Charles Schwab & Co., Inc., a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC); or
- TD Ameritrade Institutional, a division of TD Ameritrade, Inc., a member of FINRA and SIPC.

Other custodial relationships may be established from time to time to accommodate a client's needs and preferences as in the case of a corporate trustee. Each approved custodian offers services which include custody of securities, trade execution, clearance and settlement of transactions. Even though we may recommend specific custodians, each client should evaluate each custodian to ensure that the custodian selected is best suited for their particular situation.

We may receive client referrals from Schwab or TD Ameritrade and pay compensation for those referrals. See "Client Referrals and Other Compensation" beginning on page 15 for more information.

Other Brokers. Trades other than listed stocks may be executed through a broker other than the client's custodian. With respect to over-the-counter securities, we maintain full discretion on the selection, purchase and sale, and the amount paid for all over-the-counter securities within the guidelines agreed to for each individual client, unless otherwise agreed by both parties. We will also maintain full discretion on the selection of broker/dealers used in the purchase and sale of over the counter securities.

For over-the-counter fixed income and non-dollar trades, we have the discretionary authority to pick a broker other than the client's custodian to execute a trade. Clients must qualify for prime brokerage to participate in these transactions. To qualify for prime brokerage transactions, the client must have and maintain a minimum account value of \$100,000 or more and sign the appropriate prime brokerage paperwork with the custodian. We use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Each trade placed at a broker other than the client's selected custodian results in a clearing charge of approximately \$25. We will shop for the best bid and offer on generic products and execute with the best price. For non-generic products, we will shop the market to determine the relative value of securities and will execute based upon the best price and availability.

For mutual funds, we will primarily use closed-end and no-load funds. However, open-end funds may be used when in the client's best interest as in the case of frequent contributions of relatively small dollar amounts.

Additional Benefits. We participate in back office and support programs sponsored by each custodian: referred to as the Schwab Advisor Services (formerly Schwab Institutional) program; and TD Ameritrade Institutional, called the TD Ameritrade Institutional Program. We receive some benefits and additional services through our participation in these programs, including trading platforms and data interfaces, which we believe are essential to our service arrangements and capabilities. As part of our fiduciary duties to our clients, we endeavor at all

times to put the interests of our clients first. While there is no direct linkage between the investment advice given and participation in these programs, economic benefits are received which would not be received if we did not give investment advice to clients. This creates a potential conflict of interest and may indirectly influence our choice of custodians for brokerage services.

Schwab Advisor Services. We may recommend that a client establish brokerage accounts with Schwab Advisor Services (formerly Schwab Institutional). Schwab Advisor Services is a business segment of the Charles Schwab Corporation serving independent investment advisers. Charles Schwab & Co., Inc. is a FINRA registered broker-dealer and a member of SIPC. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. We are independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not contingent upon Acropolis committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client's accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to us other products and services that benefit us but may not directly benefit our client's accounts. Many of these products and services may be used to service all or some substantial number of Acropolis accounts, including accounts not maintained by Schwab. These products and services that assist us in managing and administering clients' accounts include software and other technology that (1) provide access to client account data (such as trade confirmations and account statements); (2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (3) provide research, pricing and other market data; (4) facilitate payment of our fees from client accounts; and (5) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include: (1) compliance, legal and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to us. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that our clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided. Clients should be aware, however, that the receipt of economic benefits by us in and of itself creates a potential conflict of interest because we may have an incentive to recommend.

TD Ameritrade Institutional. We also participate in TD Ameritrade's institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a FINRA registered broker-dealer and a member of SIPC. We may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive some benefits from TD Ameritrade through our participation in the program.

These benefits include the following products and services provided without cost or at a discount: (1) receipt of duplicate statements and confirmations; (2) research related products and tools; (3) consulting services; (4) access to a trading desk serving adviser participants; (4) access to block trading which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts; (5) the ability to have advisory fees deducted directly from client accounts; (6) access to an electronic communications network for client order entry and account information; (7) access to mutual funds with no transaction fees and to certain institutional money managers; and (8) discounts on compliance, marketing, research, technology, and practice management products or services provided to advisers by third party vendors. The benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

Aggregating Trades. We may or may not choose to aggregate orders depending upon the circumstances. Employees may participate in aggregated orders. All non-aggregated trades are executed on a client-by-client basis.

In the event that a security is either added or removed from the approved securities list and multiple client accounts are affected, each client that participates in an aggregated order will participate at the average share price for all transactions for clients at each custodian in that security on a given business day. Given that there may be more than one custodian involved, clients may receive different prices based upon the time the order is entered and executed. We will not favor the clients of any given custodians and will enter orders involving multiple custodians on a random basis.

Transaction costs will be shared pro-rata based on each client's participation in the transaction or as assigned by the custodian for each account. We will prepare, before entering an aggregated order, a written statement (Allocation Statement) specifying the participating client accounts and how it intends to allocate the order among those clients. In the event of a partially filled transaction, we will fill the smallest orders first in whole lots to the extent possible in order to minimize client transaction costs. As there are many possible different partial allocation scenarios, it is our objective to allocate in such a manner as to minimize the transaction costs for a given trade taking into consideration the relative size of the trade and impact upon each individual account. In the event that there is a partial fill on an aggregated transaction in which any employee account was included, the employee account, regardless of size, will be the last filled.

13. Review of Accounts

Individual Portfolio Reviews. We review portfolios for our individual clients on a continuous basis. We have two levels of performance review. First, securities invested in any clients' portfolios are reviewed continuously by one of the firm's equity analysts. Any change in the analyst's opinion with regard to a particular security triggers a review of the accounts holding the security by the portfolio manager assigned to those accounts. The portfolio managers will then determine, based on each client's individual situation, whether the client should continue to hold that security.

Our security analysts monitor for meaningful changes in general market conditions and individual securities held across accounts throughout the trading day. The individual securities may be influenced by press releases, financial reports, analyst and rating agency reports, changes in corporate structure due to debt and equity issuance or the announcement of mergers and acquisitions.

Second, each account is assigned to a portfolio manager and a portfolio administrator. Together, they are responsible to ensure that the account is invested according to the client's objectives as outlined in the client's Investment Policy Statement. Formal client account reviews are typically performed on a regular basis coordinated with the end of the month results. These reviews may also include a meeting with the client either in person or by telephone to discuss whether or not the client has had any material changes that would warrant a redirection of the client's investment objectives, to discuss possible tax issues and/or to review the past quarter's performance. These reviews may include an analysis of the asset mix, weighting for each category, and a comparison to the stated guidelines for the account. The portfolios will also be reviewed for compliance with asset quality, tax strategy, diversification and concentration guidelines. Periodic portfolio adjustments may be made to fine tune the asset mix relative to diversification and concentration guidelines based upon the degree of variance from the desired levels.

Adjustments for asset quality will be made in a timely manner if the portfolio experiences a decrease in asset quality. Acropolis seeks to have an average ratio of no more than 100 clients to one portfolio manager. The portfolio manager will perform the portfolio reviews at least quarterly and will consult with the security analyst regarding any investment decisions. Portfolio managers will report to the partners of the firm and are directed to act at all times in the sole interest of the client. The portfolio managers and the partners will meet no less than bi-monthly as a group to discuss general market conditions, issues related to specific asset types or securities, and to address general questions and topics that may come up from time to time.

Institutional Portfolio Reviews. We monitor client portfolios for our institutional clients regularly to ensure compliance with the objectives established by the client. Individual bonds are monitored for structural changes due to embedded options, credit quality, press releases, financial reports, analyst and rating agency reports, changes in corporate structure due to debt and equity issuance, or the announcement of mergers and acquisitions.

We maintain a regular dialogue with the institution to coordinate the portfolio with the stated objectives.

A portfolio manager performs the reviews. Each portfolio manager may be assigned up to 10 institutional portfolios. Portfolio reviews are performed on a regular basis. The portfolio manager reports to our President

and is directed to act at all times in the sole interest of the client. Upon performing reviews, the portfolio managers immediately bring any downgrade credit issues to the President's attention so that appropriate action can be taken on a timely basis. The portfolio managers and the President meet weekly as a group to discuss general market conditions, issues related to specific asset types or securities and to address general questions and topics that may come up from time to time.

Investment Management Reporting Service. Our individual clients receive quarterly written reports including the following:

- ***Asset Allocation:*** A comparison of the client's actual asset allocation to target allocation defined in the client's Investment Policy Statement.
- ***Comparative Portfolio Performance:*** A graphical illustration of the performance of the account since inception. For comparison purposes, it also illustrates the performance of a composite index that includes the blended performance of stocks, bonds and cash that approximately reflects the client's personal asset allocation.
- ***Performance Summary:*** A reconciliation of the account since inception, quarter to date and year to date in dollar terms summarizing all contributions and withdrawals and income net of expenses.
- ***Portfolio Statement:*** A consolidated report of all of the client's holdings across all taxable and IRA accounts identified by asset class and industry sector.
- ***Asset Class Performance Summary:*** A detailed performance by asset class for the current quarter. For comparison purposes, it also lists the performance of various indices.
- ***Purchases and Sales Report:*** A detailed summary of the trading activity in the client's account for the quarter.
- ***Billing Statement:*** A calculation of the asset management fee charged for the quarter.

In addition to the reports we provide, our clients also receive trade confirmations as well as a monthly statement from their custodian showing positions and activity including contributions and withdrawals.

Institutional Reporting Service. We provide written reports to institutional clients as agreed upon and can vary based on each client's individual needs.

14. Client Referrals and Other Compensation

Schwab Advisor Network. We receive client referrals from Schwab through our participation in the Schwab Advisor Network™ (the "Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay Schwab

fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

We pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee we pay equals a percentage of the value of the assets in the client's account. We pay Schwab the Participation Fee so long as the referred client's account remains in custody at Schwab. Schwab bills Acropolis for the Participation Fee quarterly and Schwab may increase, decrease or waive the Participation Fee from time to time.

We pay the Participation Fee, not the client. We do not charge clients referred through the Service fees or costs greater than the fees or costs we charge other clients with similar portfolios.

We generally pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab.

The Non-Schwab Custody Fee is higher than the Participation Fees we generally would have paid in a single year. Thus, we will have an incentive to recommend that client accounts referred through the Service be held in custody at Schwab. The Participation Fee and Non-Schwab Custody Fee will be based on assets in accounts of clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts. For accounts of our clients maintained in custody at Schwab, Schwab will not charge the clients separately for custody but will receive compensation from the clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed at broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees.

Thus, we may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. We, nevertheless, acknowledge our duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for our other clients.

Thus, trades for accounts in custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

TD Ameritrade AdvisorDirect. We may receive client referrals from TD Ameritrade through its participation in AdvisorDirect ("the Referral Program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, we may be selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with us and there is no

employee or agency relationship between TD Ameritrade and us. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. TD Ameritrade does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us (the "Solicitation Fee"). We also pay TD Ameritrade the Solicitation Fee on any advisory fees received by us from any of the referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hires us on the recommendation of such referred client. We do not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Our participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that the assets under management by us be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

In addition, we have agreed not to solicit clients referred to us through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when our fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for clients.

Other Solicitor Arrangements. We may adopt one or more incentive plans which provide for cash payments to our employees who develop and/or refer new business to us. These referral programs and incentives will not change the fees any client pays for advisory services.

15. Custody

Unless we agree otherwise with a client, the client authorizes us to deduct any fees when due from the assets held in the client's accounts. In the event that we have agreed with a client to bill the client directly but the client fails to pay the invoice within 30 days of the date of the invoice, the client authorizes us to debit our fees from the client's account. Other than this authority to deduct our fees from client accounts, we do not maintain any custody over client assets. Instead, all client assets are held with custodians who are "qualified custodians" under applicable SEC rules. See "Brokerage Practices – Brokerage/Custodian Selection" beginning on page 10 for more information about our approved custodians.

Each custodian provides monthly account statements directly to their clients. These statements report all activity in the account and the balance of the account at the end of each month. Clients should carefully review those statements.

On a quarterly basis, we issue reports to clients illustrating the performance of their accounts. Clients are contacted periodically to discuss the reports and review their objectives and situation for any adjustments or changes. We urge clients to compare their account statements from their custodian with those they receive from Acropolis.

16. Investment Discretion

A client may agree to grant us full trading discretion. If a client grants us such trading discretion, that authority is granted through the client agreement. We will then have the authority and ability to determine asset selection, pricing and timing of purchases and sales of individual securities without prior approval from the client. This includes the authority to direct the investment and reinvestment of any and all assets in client accounts in any type of security or any type of program as deemed to be appropriate by us and not prohibited under the client's Investment Policy Statement to achieve the stated goals of the client. This also includes the authority to vote client proxies.

17. Voting Client Securities

We provide all clients with a summary of our proxy voting policies and procedures. We only exercise proxy-voting discretion over client securities in the instances where clients give us discretionary authority to vote on their behalf.

We vote client shares primarily in conformity with Glass, Lewis & Co., LLC recommendations. Glass Lewis is a neutral third party that provides proxy advisory services and issues recommendations based on its own internal guidelines. We may vote client shares inconsistent with Glass Lewis recommendations if we believe it is in the best economic interest of our clients and such a vote was not influenced by, and did not result from, a conflict of interest. We vote client shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions, Inc. Additionally, ProxyEdge retains a record of proxy votes for each client.

We differentiate proxy issues into two classes: direct financial decisions and corporate governance issues. We define direct financial decisions as those that will have a direct and immediate effect on the value of holdings of our clients such as tender offers, mergers, shares in lieu of cash and share exchange offers. Corporate governance issues include, but are not limited to, issues such as selection of independent auditors, selection of board members, employee compensation issues, corporate structure and shareholder rights and social policy issues.

Any issue that has a direct financial impact on our clients' holdings will be addressed and appropriate action taken to maximize the financial benefit to each of our clients individually. It should be noted that it is possible that we may cast different votes on the same issue for given clients, depending upon what is in each client's best interest as it relates to their individual situation and after-tax impact of the actions taken. We generally vote in conformity with Glass Lewis on all corporate governance issues. Clients and prospective clients may contact us to obtain a copy of the firm's policy and procedures including specific examples of voting guidelines for the types of proposals that are frequently presented.

18. Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients. We are not required to provide a balance sheet because: 1. we do have discretionary authority or custody of client funds; and 2. we do not require prepayment of fees by clients.