

# Form ADV

## Part 2A

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### BTC Capital Management, Inc.

March 29, 2011

CRD/IARD#: 127158  
453 7th Street  
Des Moines, IA 50309  
515-245-2459  
515-247-2160 ...fax  
Jlepley@btccapitalmgmt.com

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This brochure ("Brochure") provides information about the qualifications and business practices of BTC Capital Management, Inc. ("BTC"). You should review this Brochure in conjunction with our separate brochure supplement ("Supplement"). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the supervised person(s) working with you on our behalf or who may otherwise participate in the advisory services provided to you. 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.

If you have any questions about the contents of this Brochure or our Supplement(s), please contact us at 515-245-2459 or jlepley@btccapitalmgmt.com. Additional information about BTC or any of our supervised persons (who are registered under our firm) is also available on the SEC's Investment Adviser Public Disclosure ("IAPD") which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure's table of contents can be found after the "Material Changes" section of this Brochure, not at the beginning of the Brochure. The subsections appearing under each heading shall follow the mandated ordering of the items required to be addressed in this Brochure as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. BTC's response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC's instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to "we," "our," "ours," "us," etc. are meant to refer to BTC.

## **II. Material Changes**

Filing date of last annual ADV update: March 29, 2011.

On July 28, 2010, the SEC published Release No. IA-3060, titled, “Amendments to Form ADV” which announced the approval of the new amendments to Form ADV. This Brochure is a new document prepared according to the SEC’s new requirements and rules and as set forth in the ADV and its corresponding instructions. As such, this Brochure is materially different in structure and requires certain new information that our previous client disclosure document (i.e. Part II and Schedule F) did not require. In the future, this Material Changes section will discuss only specific material changes that are made to the Brochure and will provide you with a summary of such changes.

Since the filing of our most recent annual ADV update and aside from that overall formatting/layout change described above, there have been no other material changes between our old Part II and Schedule F and this new Brochure.

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## Key Definitions

There are several terms used throughout this Brochure that are defined in the Glossary of the Form ADV. The full Form ADV and its glossary can be found on the SEC's web site at <http://www.sec.gov/about/forms/formadv.pdf>, however, several of the more important terms that are used throughout this Brochure are provided below for your reference. The definitions appear below as they appear in the glossary of the ADV so be mindful that all references made to "you," "your," or "yours" are intended to refer to BTC. Each term is presented in alphabetical order, not necessarily its order of appearance or use in this Brochure.

**Advisory Affiliate:** Your advisory affiliates are (1) all of your officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by you; and (3) all of your current employees (other than employees performing only clerical, administrative, support or similar functions).

**Control:** Control means the power, directly or indirectly, to direct the management or policies of a person, whether through ownership of securities, by contract, or otherwise. Each of your firm's officers, partners, or directors exercising executive responsibility (or persons having similar status or functions) is presumed to control your firm. A person is presumed to control a corporation if the person: (i) directly or indirectly has the right to vote 25 percent or more of a class of the corporation's voting securities; or (ii) has the power to sell or direct the sale of 25 percent or more of a class of the corporation's voting securities. A person is presumed to control a partnership if the person has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the partnership. A person is presumed to control a limited liability company ("LLC") if the person: (i) directly or indirectly has the right to vote 25 percent or more of a class of the interests of the LLC; (ii) has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the LLC; or (iii) is an elected manager of the LLC. A person is presumed to control a trust if the person is a trustee or managing agent of the trust.

**Management Persons:** Anyone with the power to exercise, directly or indirectly, a controlling influence over your firm's management or policies, or to determine the general investment advice given to the clients of your firm. Generally, all of the following are management persons: Your firm's principal executive officers, such as your chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; your directors, general partners, or trustees; and other individuals with similar status or performing similar functions; The members of your firm's investment committee or group that determines general investment advice to be given to clients; and If your firm does not have an investment committee or group, the individuals who determine general investment advice provided to clients (if there are more than five people, you may limit your firm's response to their supervisors).

**Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

**Related Person:** Any advisory affiliate and any person that is under common control with your firm.

**Supervised Person:** Any of your 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 your behalf and is subject to your supervision or control.

## IV. Advisory Business

### Item IV.(A). BTC at a Glance

#### Firm Profile

BTC provides discretionary and non-discretionary investment advisory services to individuals; qualified retirement plans; government entities; corporations; foundations; endowments and trusts; and associations.

#### Years in Business

Date of formation: May 9, 2003

Date of initial investment adviser registration: July 1, 2003.

#### Direct Principal Owners

The following party(s) maintains at least 25% direct/indirect ownership in BTC.

Owning Party	Entity Owned	Percentage Owned
Midamerica Financial Corporation	BTC	100%

### IV.(B). BTC's Advisory Services

In this section, we will describe the services we offer as well as the fees that correspond to those services.

#### Product Type Limitations

We generally provide investment advice in relation to the following specific types of securities/investments.

<input checked="" type="checkbox"/>	Exchange listed equities	<input checked="" type="checkbox"/>	Mutual funds (closed-end and open-end funds)
<input checked="" type="checkbox"/>	Over the counter equities	<input checked="" type="checkbox"/>	Real Estate Investment Trusts ("REITs")
<input checked="" type="checkbox"/>	Equities of foreign issuers	<input checked="" type="checkbox"/>	Exchange traded funds
<input checked="" type="checkbox"/>	Interests in privately offered securities (hedge funds, venture capital funds, private equity funds, etc.) involving any of the following: <ul style="list-style-type: none"><li>Real estate</li><li>Oil and gas</li><li>Mortgages or other receivables/assets</li><li>Other: bank-issued common bond and common equity trust funds</li></ul>	<input checked="" type="checkbox"/>	U.S. government securities
<input checked="" type="checkbox"/>	Warrants	<input checked="" type="checkbox"/>	Options on securities
<input checked="" type="checkbox"/>	Corporate debt securities (other than commercial paper)	<input type="checkbox"/>	Options on commodities

<input checked="" type="checkbox"/>	Commercial paper	<input type="checkbox"/>	Options on futures
<input checked="" type="checkbox"/>	Certificates of deposit	<input type="checkbox"/>	Futures contracts (tangibles)
<input checked="" type="checkbox"/>	Municipal securities	<input type="checkbox"/>	Futures contracts (intangibles)
<input type="checkbox"/>	Variable life insurance	<input type="checkbox"/>	Other:
<input type="checkbox"/>	Variable annuities	<input type="checkbox"/>	Other:

## Our Services

Service:	<b>Ongoing Asset Management</b>																						
Service description:	<p>Our ongoing asset management services can be described as follows:</p> <p><b>Discretionary Management:</b> On a discretionary basis, we may design, revise, and reallocate a custom investment portfolio for you. Investments are determined based upon factors such as your investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors.</p> <p><b>Non-Discretionary Management:</b> On a non-discretionary basis, we may provide periodic investment recommendations to you and if such recommendations are approved/authorized, we will ensure that the authorized recommendations are carried out for you.</p>																						
Use of discretion:	<p>Depending on your individual needs and the services you request of us, we may exercise full discretion as to the following elements.</p> <p> <input checked="" type="checkbox"/> Securities to be bought or sold  <input checked="" type="checkbox"/> Amount of the securities to be bought or sold  <input checked="" type="checkbox"/> Timing as to when such securities are to be bought or sold  <input checked="" type="checkbox"/> Broker-dealer and/or custodian to be used  <input checked="" type="checkbox"/> Commission rates to be paid for securities brokerage activities  <input type="checkbox"/> Other:  <input type="checkbox"/> None </p> <p>Our specific discretionary authority will be set forth in your service agreement ("Agreement") with us.</p>																						
Service fees:	<p>For the service described above, we will charge fees in the following manner:</p> <table border="1"> <thead> <tr> <th colspan="2">Asset-Based Fee Schedule</th> </tr> <tr> <th>Account(s)/Portfolio Value</th><th>Annual Percentage</th></tr> </thead> <tbody> <tr> <td colspan="2"><b>Cash</b></td> </tr> <tr> <td>First \$25 million</td><td>0.200%</td></tr> <tr> <td>Next \$25 million</td><td>0.175%</td></tr> <tr> <td>Over \$50 million</td><td>0.150%</td></tr> <tr> <td colspan="2"><b>Fixed Income</b></td> </tr> <tr> <td>First \$5 million</td><td>0.450%</td></tr> <tr> <td>Next \$5 million</td><td>0.350%</td></tr> <tr> <td>Over \$10 million</td><td>0.250%</td></tr> <tr> <td colspan="2"><b>Equity</b></td> </tr> </tbody> </table>	Asset-Based Fee Schedule		Account(s)/Portfolio Value	Annual Percentage	<b>Cash</b>		First \$25 million	0.200%	Next \$25 million	0.175%	Over \$50 million	0.150%	<b>Fixed Income</b>		First \$5 million	0.450%	Next \$5 million	0.350%	Over \$10 million	0.250%	<b>Equity</b>	
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	<table border="1"> <tr> <td>First \$5 million</td><td>0.750%</td></tr> <tr> <td>Next \$5 million</td><td>0.600%</td></tr> <tr> <td>Over \$10 million</td><td>0.450%</td></tr> <tr> <td colspan="2">Other fee/account maintenance conditions...</td></tr> <tr> <td>Minimum account/portfolio balance (initial):</td><td> <input type="checkbox"/> None  <input checked="" type="checkbox"/> \$250,000 for individuals;  <input checked="" type="checkbox"/> \$2,000,000 for institutions </td></tr> <tr> <td>Minimum account/portfolio balance (ongoing):</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$ </td></tr> <tr> <td>Minimum annual fee:</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$ </td></tr> </table> <p>All fee arrangements are negotiable at our sole discretion, including negotiated fixed fees at a fixed amount, which will be billed and collected the same as asset based fees. Specific fee arrangements will be set forth in your service Agreement with us.</p>	First \$5 million	0.750%	Next \$5 million	0.600%	Over \$10 million	0.450%	Other fee/account maintenance conditions...		Minimum account/portfolio balance (initial):	<input type="checkbox"/> None <input checked="" type="checkbox"/> \$250,000 for individuals; <input checked="" type="checkbox"/> \$2,000,000 for institutions	Minimum account/portfolio balance (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Minimum annual fee:	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$
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Minimum annual fee:	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$														
Other fees:	<p>In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses.) Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>														
Fee collection:	<p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>														
Fee frequency/timing:	<p>For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input type="checkbox"/> monthly, <input type="checkbox"/> in advance, or <input checked="" type="checkbox"/> in arrears.</p> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>														
Advanced billing and refunds:	<p>BTC does not charge its advisory fees in advance. Specific fee arrangements will be set forth in your Agreement with us.</p>														

Service:	<i>Management Services for Registered Investment Companies</i>
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Service description:	<p>We may provide ongoing asset management services to investment companies (i.e. public mutual funds) that are registered with the SEC under the Investment Company Act of 1940 (i.e. “’40 Act Funds”). Our services in regard to any ’40 Act Funds will not track closely with our ongoing asset management services described previously. Our services in regard to any ’40 Act Funds will involve us serving as a sub-adviser (“Sub-Adviser”) to the ’40 Act Fund(s). In such a case, we will be engaged by the ’40 Act Fund’s principal investment adviser and generally will be assigned a portion of the ’40 Act Fund’s assets to manage in accordance with the instructions of the principal investment adviser or the board of directors of the ’40 Act Fund(s).</p>
Use of discretion:	<p>We may exercise full discretion as to the following elements.</p> <p> <input checked="" type="checkbox"/> Securities to be bought or sold  <input checked="" type="checkbox"/> Amount of the securities to be bought or sold  <input checked="" type="checkbox"/> Timing as to when such securities are to be bought or sold  <input checked="" type="checkbox"/> Broker-dealer and/or custodian to be used  <input checked="" type="checkbox"/> Commission rates to be paid for securities brokerage activities  <input type="checkbox"/> The engagement of other investment advisers to provide the direct management of your assets. Although we may retain and exercise complete discretionary authority to hire and fire Sub-Advisers, each Sub-Adviser we engage to provide investment advisory services to the ’40 Act Funds we oversee will be directly responsible for the ongoing, day-to-day investment management functions with respect to the assets held by such ’40 Act Funds.  <input type="checkbox"/> Other:  <input type="checkbox"/> None </p> <p>Our specific discretionary authority will be set forth in the service agreement we enter into with any ’40 Act Fund.</p>
Service fees:	<p>For the service described in this section, we will charge fees as described in the Asset-Based Fee Schedule for Ongoing Asset management services.</p> <p>All fee arrangements are negotiable at our sole discretion. Specific fee arrangements will be set forth in the service agreement we enter into with any ’40 Act Fund.</p>
Other fees:	<p>In addition to our service fees, our ’40 Act Fund clients may be assessed other fees by parties independent from us. Brokerage and/or custodial fees will also be experienced by our ’40 Act Fund clients. Such fees will be charged by the broker-dealer or custodian of record or transfer agent (not us) for any trading accounts used for handling the trading activities for the ’40 Act Funds. Any such fees are exclusive of, and in addition to our compensation. Assets within each of the ’40 Act Funds will be used to pay any brokerage, custodial, or other fees experienced by the ’40 Act Funds in relation to the brokerage activity carried out for each such fund.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>
Fee collection:	<p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul>

	Specific fee arrangements will be set forth in your Agreement with us.
Fee frequency/timing:	For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input type="checkbox"/> monthly, <input type="checkbox"/> in advance, or <input checked="" type="checkbox"/> in arrears.  Specific fee arrangements will be set forth in your Agreement with us.
Advanced billing and refunds:	BTC does not charge its advisory fees in advance.

Service:	<b><i>Private Fund Management and Administration</i></b>
Service description:	<p>This service involves the provision of Ongoing Asset Management Services (as described above) to pooled investment vehicles or investment funds, hereinafter referred to as “Funds.” Specific to its investment advisory services in connection with the Funds, we will manage (on a discretionary basis) the assets of the Funds in accordance with the overall investment objectives of each such Fund. Different strategies may be carried out for each Fund and therefore, there should be no expectation that the performance of any individual Fund would or should be similar to that of any other Fund.</p> <p>As part of our Fund management services, we may handle a portion of the administrative functions related to the Funds we manage. Among other things, included in those administrative functions are the processing of investor subscriptions in to the Funds; overall investor relations; accounting; coordination of annual financial audits for the Funds; and investor reporting. Unless agreed to separately, our Fund management services do not involve the provision of specific investment advisory services to individuals (in general) or individual investors in the Funds.</p>
Use of discretion:	<p>Depending on your individual needs and the services you request of us, we may exercise full discretion as to the following elements.</p> <p> <input checked="" type="checkbox"/> Securities to be bought or sold  <input checked="" type="checkbox"/> Amount of the securities to be bought or sold  <input checked="" type="checkbox"/> Timing as to when such securities are to be bought or sold  <input checked="" type="checkbox"/> Broker-dealer and/or custodian to be used  <input checked="" type="checkbox"/> Commission rates to be paid for securities brokerage activities  <input type="checkbox"/> Other:  <input type="checkbox"/> None </p> <p>Our specific discretionary authority will be set forth in your Agreement with us.</p>
Service fees:	<p>For the service described in this section, we will charge fees in the following manner as described in the Asset- Based Fee Schedule for Ongoing Asset management services :</p> <p>All fee arrangements are negotiable at our sole discretion. Specific fee arrangements will be set forth in the service agreement we enter into with any Fund.</p>
Other fees:	In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses.) Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or

	<p>custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>
Fee collection:	<p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>
Fee frequency/timing:	<p>For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input type="checkbox"/> monthly, <input type="checkbox"/> in advance, or <input checked="" type="checkbox"/> in arrears.</p> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>
Advanced billing and refunds:	<p>BTC does not charge its advisory fees in advance. Specific fee arrangements will be set forth in your Agreement with us.</p>

Service:	<i>Pension Consulting</i>
Service description:	<p>We offer pension consulting services to various types of pension plans, including, but not limited to, profit sharing plans, employee stock ownership plans, and 401(k) plans. Collectively, we consider these types of plans as a specific segment of our client base and in turn, we will refer to these types of plans as “Pension Clients.”</p> <p>We gather and review extensive information regarding each Pension Client on an individualized basis including each Pension Client’s objectives and needs. Our pension consulting services include plan feasibility, plan design, plan review, document preparation, plan amendments and assistance with Department of Labor and/or IRS issues, among others.</p> <p>Other than those briefly described above, there are several distinct activities that may be available under our pension consulting services. These services may be provided separately or in combination with one another. Although not all-inclusive, the following information will describe some of the activities offered under our pension consulting services.</p> <p><i>Preparation of Investment Policy Statement (“IPS”):</i></p> <p>We may meet with a Pension Client to determine the relevant plan’s investment needs and goals. If required by the Pension Client, we will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of plan’s investment</p>

	<p>options/vehicles and the procedures and timing interval for monitoring of investment performance.</p> <p><i>Recommendation of Investment Options:</i></p> <p>The number and type of investment options/vehicles to be recommended will be determined by the Pension Client, based upon the plan's stated needs. We will review various investments, consisting predominantly of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the Pension Client's IPS. Our review process will result in the recommendation of specific investment options for the Pension Client to consider for inclusion in the list of plan investment options.</p> <p><i>Monitoring of Investment Performance:</i></p> <p>A plan's investment options will be monitored continuously based on the procedures and timing intervals delineated in the IPS or as otherwise set forth by the Pension Client. Although we will not be involved in any way in the purchase or sale of these investments, we will supervise the plan portfolio and will make recommendations to the Pension Client as market factors and the plan's needs dictate.</p> <p><i>Plan Performance Reporting:</i></p> <p>In conjunction with our monitoring activities, we may also provide periodic reports regarding the performance of a pension plan and its underlying investment options. Such reports may include analysis from both us as well as outside parties engaged by us to provide additional analysis in regard to such plans. Such outside parties would be engaged exclusively by use and not by a Pension Client.</p> <p><i>Employee Communications:</i></p> <p>For Pension Clients whose plans offer plan participants the ability to self-direct their own investments, we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and in conjunction with a Pension Client under the appropriate ERISA guidelines. The educational support and investment workshops will not be designed so as to provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.</p> <p><i>Advice to Participants:</i></p> <p>We may also provide individualized advice to plan participants. This service includes a review of a participant's individual situation, including age, existing assets, financial goals and attitude towards risk, and recommending an allocation of assets offered by the plan based on this information. Unless separately engaged to do so by a plan participant, we will not monitor a plan participant's situation or otherwise supervise or consult on the ongoing management of a participant's assets within the plan or otherwise.</p>
Use of discretion:	We will not possess or exercise investment discretion in relation to this service type.
Service fees:	<p>For the service described in this section, we will charge fees as described in the Asset-Based Fee Schedule for Ongoing Asset management services</p> <p>All fees are negotiable at our sole discretion. Specific fee arrangements will be set forth in your pension consulting agreement ("Agreement").</p>

Other fees:	<p>In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses.) Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>
Fee collection:	<p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>
Fee frequency/timing:	<p>For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input type="checkbox"/> monthly, <input type="checkbox"/> in advance, or <input checked="" type="checkbox"/> in arrears.</p> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>
Advanced billing and refunds:	<p>BTC does not charge its advisory fees in advance. Specific fee arrangements will be set forth in your Agreement with us.</p>

Service:	<i>Preparation of Research Reports or other Publications</i>
Service description:	<p>We produce securities/investment-related reports, publications, or other materials. These materials may be utilized by clients of BTC in their own investment decision-making processes.</p> <p>We may also distribute materials produced by other parties. It is expected that the third-party materials explained above will be used primarily by other investment adviser firms (not affiliated with BTC) in the delivery of investment advisory services to their own clients. In such cases, BTC shall make such third-party materials available to such investment advisers who are under no obligation to pay BTC for access to such materials. BTC's compensation in relation to the use of these third-party materials shall be earned based on investments (in the accounts of clients of such unaffiliated investment advisers) made in reliance on the third-party materials. Such fees shall generally be charged based on a percentage of the investments made in reliance on the third-party information made available by BTC.</p>
Use of discretion:	<p>We will not possess or exercise investment discretion in relation to this service type.</p>

Service fees:	No fees are charged for this service
Other fees:	Outside of the fees described above in this section, it is not anticipated that you will experience any other fees in relation to this service type.  Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.
Fee collection:	N/A
Fee frequency/timing:	N/A
Advanced billing and refunds:	N/A

#### **IV.(C). Customization of Advisory Services**

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To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances and other factors that may influence the investment recommendations we may make to you from time to time. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

In making investment recommendations on behalf of a client, we will rely on a data gathering document or other questionnaire, which would be completed based on information provided by a client.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines that you impose on our investment management functions may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to you.

#### **IV.(D). Wrap Fee Program Participation**

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None of our investment advisory services involve the use of wrap programs.

#### **IV. (E). Assets Under Management<sup>1</sup> ("AUM")**

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AUM (discretionary): \$ 506,655,151  
AUM (non-discretionary): \$ 57,942,149  
Total AUM<sup>2</sup>: \$ 564,597,300  
Date of AUM calculation: December 31, 2010

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<sup>1</sup> The term, "assets under management" shall carry the same meaning as that term is defined by Form ADV.

<sup>2</sup> Rounded to the nearest \$100,000

## **V. Fees and Compensation**

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### **V.(A). BTC Advisory Fees**

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Refer above to Item IV.(B).

### **V.(B). Fee Collection Process**

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Refer above to Item IV.(B).

### **V.(C). Other Fee/Expenses.**

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Refer above to Item IV.(B).

### **V.(D). Fees Charged in Advance**

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Refer above to Item IV.(B).

### **V.(E). Additional Compensation**

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Item V.(E) requires us to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Certain individuals who are associated with us, if properly registered and licensed to do so, may also receive compensation (i.e. commissions) related to the sale of securities or other investment products. Transaction-based compensation (“Additional Compensation”) such as this is separate and distinct from the other fees we may receive in connection with our investment advisory services as described above in Item IV.(B).

#### **V.(E).(1). Conflicts of Interest**

The instructions in the Form ADV require us to tell you that the receipt or potential for the receipt of Additional Compensation gives our supervised persons an incentive to recommend investment products based on the Additional Compensation received, rather than on your specific needs. Although we are obligated to tell you this, our objective as a firm, which is shared by our supervised persons, is to place nothing before your best interests.

*How we address these conflicts.* First and foremost, we address the conflicts described above in relation to Additional Compensation by disclosing them to you in this Brochure as well as your representative’s Brochure Supplement. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Written Supervisory Procedures (“WSPs”) that was designed to address, among other things, conflicts of interest such as Additional Compensation. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried out adequately and in a timely manner.

The potential conflict of interest resulting from the Additional Compensation described above is commonplace in the investment industry and we believe that such arrangements are not only appropriate but that they are proper in light of the added examination, licensing, registration, and other regulatory oversight that also takes place in the brokerage area of the investment industry. Our supervised persons have satisfied various regulatory examination and registration requirements that allow not only for the offering of the types of products and services described in the information related to the Additional Compensation described above but also the receipt of the normal and customary compensation that any similarly registered, licensed, and qualified person could receive in the form of sales compensation for those same products/services.

Bear in mind that even if our supervised persons were not registered/licensed to sell the types of products/services addressed in the preceding section, the majority of your investments or transactions involving such products would still result in you paying some sort of commission for those products. In the case of our supervised persons, their active registration/licensing may allow them to be able to receive such Additional Compensation as opposed to the executing financial institution keeping that compensation exclusively for itself.

Any Additional Compensation received by our supervised persons in connection with the products/services described in the preceding section is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

*Procedures for disclosing these conflicts.* In an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

If we recommend mutual funds to our clients, we may often or occasionally recommend no-load funds.

## **V.(E).(2). Client-Directed Brokerage**

You have the ability to purchase investment products that we recommend through any broker-dealer or other financial institution you choose. If you choose to use a firm other than the broker-dealer(s) we may normally recommend, we may not be able to properly monitor your assets and therefore we cannot be held responsible for the success or failure of any investment products or strategies that you implement at firms other than those we recommend. In other words, our services and responsibilities will not apply to transactions you effect on your own whether through firms you choose on your own or through any broker-dealer we may recommend.

## **V.(E).(3). Brokerage Compensation**

We are not registered as a broker-dealer and thus, we do not receive transaction-based compensation for securities-related activities.

## **V.(E).(4). Advisory Fee Offset**

In the event that we or our supervised persons receive compensation other than our advisory fees as described above in Item IV.(B), we will not adjust our advisory fees to offset those other fees.

# **VI. Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees.

## VII. Types of Clients

We will generally provide our services to the following types of clients.

- Individuals
- Pension plans / profit sharing plans
- Foundations / charitable organizations
- Private funds/pools or other collective investment vehicles
- Trusts for natural persons
- Estates for natural persons
- Business or corporate entities
- Investment companies

For information on any minimum fees, minimum initial/ongoing account balances, or other conditions we may impose, please refer to Item IV.(B).

## VIII. Methods of Analysis, Investment Strategies and Risk of Loss

### VIII.(A). Methods of Analysis

In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description. A description of each key risk appears later in this section.

#### **Charting / Technical –**

The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this document, we will use the term, “technical analysis.” In most cases, technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often times involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets.

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Market Risk, Operational Risk, and Strategy Risk.

#### **Fundamental**

Fundamental analysis is generally the considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company’s/issuer’s current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

### **Cyclical**

Cyclical analysis involves the evaluation of an investment instrument or perhaps its issuer for the purpose of identifying whether (and if so, to what extent) it/they may be impacted by fluctuations in the overall economic conditions throughout time. As an example, as more and more people lose their jobs, broad industries like housing or the automotive industries can be negatively impacted because consumers are less able to purchase things like homes and automobiles.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **VIII.(A). (cont.) Investment Strategies**

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In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

### **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

### **Trading**

Trading generally involve the acquisition of an investment instrument and holding it for a period of at not more than thirty days.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

### **Short Sales**

Selling short involves the sale of an investment instrument that you do not own. In most cases, a short seller will have to go out and borrow or arrange for the borrowing of a particular investment instrument before selling short. When selling short, the seller is expecting the price of the underlying investment instrument to decline but if it does, the seller is able to sell the investment instrument(s) at the present day price (in effect at the time of entering into the short sale) and the profit potential is the difference between the sale price of the borrowed shares and the cost of

purchasing the borrowed shares in order to make good on the delivery of the investment instrument(s) to the party on the other side of the initial short sale.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

**Option Writing** (including covered/uncovered options or spreading strategies)

We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when you own the underlying instrument on which the option is based. Uncovered options involve options trading when you do not own the underlying instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **VIII.(B). Risk Disclosures**

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### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

### **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### **Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

### **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### **Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### **Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### **Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose

of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

### Strategy Risk

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

## VIII.(C). Investment-Specific Risks

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

## IX. Disciplinary Information

The purpose of this section is for us to disclose to you any legal, disciplinary, or other events that you may consider material in your evaluation of our firm or the integrity of our management. Following each of the items below, we shall provide details as to each applicable matter or we will answer “No.” This information is presented in a question and answer format. The time period required to be covered by our answers in this section is ten years from the date of the events requiring disclosure.

### IX.(A). Criminal or Civil Action

In any domestic, foreign, or military court of competent jurisdiction, has BTC or any of its management persons...		
Been convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been identified as the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been found to have been involved in a violation of an investment-related statute or regulation; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## IX.(B). Administrative Proceedings

Has BTC or any of its management persons been the subject of an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which BTC or any of its management persons...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority...		
denying, suspending, or revoking the authorization of BTC or one of its management persons to act in an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
barring or suspending BTC or one of its management person's association with an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
otherwise significantly limiting BTC or one of its management person's investment-related activities; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
imposing a civil money penalty of more than \$2,500 on BTC or one of its management persons?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## IX.(C). SRO Proceedings

Has BTC or any of its management persons been involved in a SRO proceeding in which BTC or any of its management persons ...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## X. Other Financial Industry Activities and Affiliations

The following information will address any active or pending financial industry affiliations that you need to know about for the purpose of identifying any related conflicts of interest that you might consider material in regard to letting us handle your investment advisory needs.

### X.(A). Broker-Dealers

Neither BTC nor any of its management persons is registered as a broker-dealer nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer. Certain of our management persons, however, are currently or may become registered as registered representatives of a broker-dealer.

## **X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators**

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Neither BTC nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

## **X.(C). Related Persons**

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The purpose of this section is to address any relationship or arrangement (that is material to (1) our advisory business or (2) our clients) that we or any of our management persons have with any of our related persons that meet certain categories as identified by the Form ADV. Those categories are listed below and in the event that we have a related person that is included in one of those categories, we will address not only the relationship or arrangement that is material to our advisory business or our clients but also any conflict(s) arising out of this relationship/arrangement and how we address such conflict(s). It should be understood that if the checkbox immediately preceding a category is unselected, that category shall be deemed not applicable for the purpose of this item X.(C).

☐ **Broker-dealer, municipal securities dealer, or government securities dealer or broker**

*Related Person:* None.

*Conflict(s):* None.

*How we Address the Conflict(s):* N/A.

☒ **Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**

*Related Person:* Common Trust Fund of Bankers Trust Company Fixed Income Fund, Common Trust Fund of Bankers Trust Company Equity Fund, BTC Select Fund, BTC Diversified Equity Fund and BTC Diversified Bond Fund

*Conflict:* As addressed in Item IV.(B), BTC provides investment advisory services to certain privately issued, unregistered funds (“Funds”).

*How we Address the Conflict(s):* First and foremost, we address this conflict by disclosing it to you in this Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory program, detailed in our Written Supervisory Procedures (“WSPs”) that was designed to address, among other things, conflicts of interest such as the relationship between us and the Funds for which we serve as an investment adviser. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

As we stated above, in an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you

sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

Further, each of the Funds for which we may serve as Overlay Manager, also have instituted their own supervisory programs, which are also memorialized in their respective WSP manuals. Each Fund has also designated a Chief Compliance Officer as the party responsible for the overall application and oversight of each Fund's supervisory process and its WSPs. Each Fund's Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other persons associated with the Fund(s) in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

☐ **Other investment adviser or financial planner**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☒ **Banking or thrift institution**

*Related Person:* Midamerica Financial Corporation ("MFC") and Bankers Trust Company ("BT").

*Conflict:* BTC is a wholly-owned subsidiary of Midamerica Financial Corporation, an Iowa bank holding company which also wholly owns Bankers Trust Company (both Des Moines and Cedar Rapids banks) ("BT"). Both BTC and BT share principal executive officers who are dual employees. BTC may provide investment services to its banking affiliates.

*How we Address the Conflict(s):* First and foremost, we address this conflict by disclosing it to you in this Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory program, detailed in our Written Supervisory Procedures ("WSPs") that was designed to address, among other things, conflicts of interest such as the relationship between us and the Funds for which we serve as an investment adviser. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

As we stated above, in an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

Further, each of the Funds for which we may serve as Overlay Manager, also have instituted their own supervisory programs, which are also memorialized in their respective WSP manuals. Each Fund has also designated a Chief Compliance Officer as the party responsible for the overall application and oversight of each Fund's supervisory process and its WSPs. Each Fund's Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other persons associated with the Fund(s) in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

☐ **Accountant or accounting firm**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Lawyer or law firm**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Insurance company or agency**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Pension consultant**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Real estate broker or dealer**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Sponsor or syndicator of limited partnerships**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

## **X.(D) Use of Other Investment Advisers**

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We do not use other investment advisers in the course of the services described above in Item IV.(B).

# **XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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## **XI.A Code of Ethics**

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We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

## **XI.(B) Participation in Client Trading**

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The information in this item is intended to address situations in which we or one of our related persons may have a material financial interest in the investment instruments we may recommend to you. As selected below, we will address the following, applicable situations. If a check box is unchecked, that means that neither we nor any of our related persons participate in the activity being described.

☐ Principal trading activity for or on behalf of our clients

**Description of Activity:**

**Related Person:**

**Conflict:**

**How we Address the Conflict(s):**

☐ Acting as the general partner in a partnership in which we solicit clients to invest

**Description of Activity:**

**Related Person:**

**Conflict:**

**How we Address the Conflict(s):**

☒ Acting as an investment adviser to an investment company that we recommend to our clients

**Description of Activity:** As described above in Item IV.(B), BTC provides serves as a Sub-Adviser to one or more '40 Act Funds.

**Conflict:** BTC may have an incentive to recommend the '40 Act Fund(s) for which it may serve as Sub-Adviser instead of recommending other investment company securities for which it does not serve as Sub-Adviser.

**How we Address the Conflict(s):** First and foremost, we address this conflict by disclosing it to you in this Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory program, detailed in our Written Supervisory Procedures ("WSPs") that was designed to address, among other things, conflicts of interest such as the relationship between us and the Funds for which we serve as an investment adviser. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

As we stated above, in an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

Further, each of the Funds for which we may serve as Overlay Manager, also have instituted their own supervisory programs, which are also memorialized in their respective WSP manuals. Each Fund has also designated a Chief Compliance Officer as the party responsible for the overall application and oversight of each

Fund's supervisory process and its WSPs. Each Fund's Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other persons associated with the Fund(s) in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

## **XI.(C) Trading Alongside Our Clients**

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On occasion, we may invest for our own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client's accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a client. Our Designated Supervisor reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

### Investment Policy

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

### Firm Procedures

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client's purchase of that security; and
- 2) If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client's sale of that security.

As an alternative to the procedures described in the preceding points, we may included our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

## **XI.(D) Trading Around the Same Time as Clients**

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The information in this item is intended to address situations in which we or any of our related persons may invest in the investment instruments we may recommend to you. Since we do not make recommendations as to specific securities instruments, no such arrangements exist.

Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XII. Brokerage Practices**

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The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

Factors that we consider in recommending certain broker-dealers or custodians to our clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, we or certain of our supervised persons may receive certain support services that may assist us in our investment decision-making process for all of our clients.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for the client's account transactions.

### **XII.(A).(1). Research and Soft Dollar Benefits**

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Soft dollar benefits are items such as research or other products or services (other than the typical execution and other brokerage services available to all other investment advisers) that an investment adviser may receive from a broker-dealer(s) or other party in connection with the client securities transactions are directed to that particular broker-dealer(s). We do not participate in any soft dollar arrangements.

### **XII.(A).(2). Brokerage for Client Referrals**

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In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements wherein we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

### **XII.(A).(3). Directed Brokerage**

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This item is intended to address situations where we may recommend, request, or require you to provide us instructions as to how to direct brokerage activity on your behalf.

#### ***XII.(A).(3)(a). Directed Brokerage – Recommended, Requested, or Required***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer. We do not routinely recommend, request, or require that you direct us as to how to execute brokerage transactions on your behalf (i.e. using a particular broker-dealer for execution purposes).

#### ***XII.(A).(3)(b). Directed Brokerage – Permitted***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer, however, you may direct us to use a particular broker-dealer (subject to our right to decline such a request) to execute some or all transactions for your account or otherwise on your behalf. In such an event, we will not negotiate terms and arrangements for the account with the other broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" the transactions for execution through other

broker-dealers with orders for other accounts we manage. As a result, you 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.

## **XII.(B). Order Batching**

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Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn't guarantee the lowest possible price for execution, however, it is intended to reduce the overall volatility in execution price for a large # of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XIII. Review of Accounts**

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### **XIII.(A). Review of Accounts or Financial Plans**

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#### **Review of client accounts.**

The firm will review accounts on an ongoing basis with each account, at a minimum, reviewed annually. The firm's designated official reviewer will lead the review process and be accompanied in this process by the relevant members of the portfolio management, relationship management and client service staffs. Client portfolios will be grouped by investment strategy for review purposes with portfolios having similar investment objectives reviewed collectively. After reviews are completed across all investment objectives the firm will then repeat the process on an ongoing basis. The purpose of the review process is to ensure portfolios are being managed in accordance with stated client objectives, to verify client portfolios are in compliance with any restrictions applied to the portfolios as well as all applicable rules and regulations. The materials included in the process of reviewing each account will include each portfolio's stated investment objective, holdings and performance.

Name and title of Designated Supervisor: Jon Augustine, Chief Investment Officer, will employ the procedures noted above for the client's accounts subject to BTC's investment advisory services.

#### **Review of Financial Plans.**

Since we do not offer financial planning, this section is not applicable to us.

### **XIII.(B). Non-Periodic Account Reviews**

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Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

### **XIII.(C). Reports to Clients**

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Account statements will be provided no less frequently than quarterly by the custodian, not by us. Account statements will identify account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

In the event we also send account statements to you in addition to those provided by the qualified custodian, you are urged to compare any account statements provided by us to those provided by the custodian.

For any pooled investment vehicles (other than the '40 Act Funds) to which we may provide investment advisory services, the general partner, managing member, or party performing some similar role/function for the pooled investment vehicle, will ensure that all investors are provided a copy of the annual audit report within 120 days of the fiscal year-end of the pooled investment vehicle. For a fund of funds, the report must be provided within 180 days of the fund's fiscal year end. Please refer to the offering materials for the pooled investment vehicle for further details.

## **XIV. Client Referrals and Other Compensation**

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### **XIV.(A). Compensation we Receive**

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Other than the compensation arrangements described above in Item IV.(B), BTC does not receive any other compensation in connection with the investment advisory services provided to our clients, however, certain of our associated persons, when acting as registered representatives of a broker-dealer, may receive selling compensation from such broker-dealer as a result of the facilitation of certain securities transactions on your behalf through such broker-dealer.

Arrangements involving someone's receipt of both advisory and brokerage or other compensation in connection with the advisory services we provide to you can be considered "double-dipping." That term carries negative connotations but in the financial services industry, it is not only acceptable but is completely appropriate and within the permissible activities of those individuals and entities who are properly registered and licensed to engage in such activities. You should be aware that some investment advisers do not receive brokerage or other compensation for transactions they may effect on your behalf and as a result of dealing with other firms, you will not necessarily pay any less for the same services that you may receive from us, however, the individual that you may deal with or his/her sponsoring firm may not be eligible to receive brokerage or other compensation other than the investment advisory compensation that you would normally expect to pay an investment adviser for the same services.

The general industry standard for a client's overall annual fee for investment advisory services is a cap of 3.0%. This means that most investment advisers will keep their service fees for investment advisory work below 3.0% (of the assets they have been engaged to manage) on an annual basis. That said, a client could easily pay in excess of 3.0% of the assets that their investment adviser has been engaged to manage in light of other fees such as brokerage

fees/commissions, execution costs, custodial fees, etc. We routinely monitor our fees to ensure that they are not only consistent with those found in the industry for similar services, but we also review our fees for the purpose of ensuring that our billing practices are consistent with the provisions set for in your advisory agreement with us.

#### **XIV.(B). Compensation we Pay**

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From time to time, we may enter into agreements with various independent solicitors who may refer prospective investment advisory clients to us. We do not charge clients introduced by third-parties fees or costs greater than the fees or costs that we would normally charge any other clients who were not introduced by a third-party solicitor, and have similar portfolios under management with us. Any such agreements will be handled in accordance with the provisions of Rule 206(4)-3 under the Investment Advisers Act of 1940. The specific compensation arrangements vary from situation to situation but can be found in the specific solicitor disclosure document relating to each such solicitor arrangement. For more information on our solicitor arrangements, please call 515-245-2459.

#### **XV. Custody**

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We engage in certain activities that result in us being deemed to have custody of certain of our client's funds and/or securities.

- ☒ Automatic fee deduction from your brokerage or other trading accounts
- ☐ Physical possession or control (even temporary) of client funds or securities
- ☐ The ability to gain access to any client funds and/or securities
- ☒ One of our related persons has custody of one or more of our client's funds and/or securities subject to our investment advisory services
- ☒ We or one of our related persons serves as the general partner, managing member, or other similar type of control person to an investment fund to which we provide investment advisory services.

As stated previously in Item XIII.(C)., your account statements will be provided by the qualified custodian that maintains physical possession of your accounts/assets. In the event that we also provide you information related to your accounts, you are urged to review that information to the information contained on the account statements or other statements received from the qualified custodian.

#### **XVI. Investment Discretion**

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In connection with our investment advisory services, we will generally seek and obtain your authorization to carry out part of our services on a purely discretionary basis. We will memorialize your authorization of our discretionary authority in our investment advisory agreement.

If you have authorized us to do so, we will exercise discretion over the following areas.

- 1) The specific securities to be bought or sold on the client's behalf
- 2) The amount of securities to be bought or sold on the client's behalf
- 3) Timing as to when such securities are to be bought or sold
- 4) The particular broker or dealer to be used for arranging client securities transactions
- 5) Commission rates to be paid in relation to securities products effected on the client's behalf

We will have authority to exercise complete discretion with regard to the above named factors without restriction. If done so on a non-discretionary basis, we will make certain recommendations that must be authorized by you prior to our facilitation of any such transactions. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

## **XVII. Voting Client Securities**

### **XVII.(A). Proxy Voting**

#### **Proxy Voting Policies and Procedures and Client Instruction**

In the event that you have authorized (via the Agreement) us to vote proxies on your behalf, we will perform the voting process for you subject to the following information and procedures. Alternatively, if you provide us with other, specific instructions as to how we are to carry out the proxy voting process on your behalf, we will do so. Such instructions must be written and included in or as part of our Agreement.

In an effort to assure that clients' proxy votes are carried out in our clients' best interests and not affected by any conflicts of interest that may exist, we have adopted the following elements as part of our proxy voting policy.

Regardless of the nature of the issue up for vote, we thoroughly and objectively research the voting options and the corporate landscape in order to arrive at a decision that we believe meets the best interests of the client as a shareholder of the company in question. The overriding theme of our policy is to vote client proxies in the manner that we believe is most consistent with the following:

- The client's stated investment objectives
- The client's desired voting interests
- The long-term well-being of the company soliciting the proxy
- An increase in shareholder value

#### **Conflicts of Interest...**

We recognize that conflicts of interest may arise when voting your proxies. A conflict of interest exists when your best interests are contrary to our best interests due to some relationship between the us and/or our associated persons and a company that is soliciting a proxy. Some examples may include:

- The spouse of one of our associated persons is a board member of a company whose management is soliciting proxies to vote on a salary increase for the board.
- We are an affiliated company of a company that has issued a proxy notice to individuals who are our clients.
- We or one or more of our affiliates may manage a pension plan, administer employee benefit plans, or provide brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies.

It is our policy to vote proxies in the best interests of its clients regardless of the existence of any conflict of interest.

As authorized in our Agreement, we may exercise complete discretionary voting authority in relation to proxy notices that we receive on your behalf. If no apparent conflict of interest exists in relation to our exercise of our voting authority on your behalf, we shall vote all such proxies as we see fit and in your best interest.

Under certain circumstances, the most prudent action on our part may be NOT to vote a proxy(s). Under such circumstances, we shall ensure that appropriate records are maintained so as to justify not having voted such proxy(s).

#### **How to obtain our proxy voting record...**

We will ensure that a complete record is retained of the initial proxy notice and the subsequent vote that we cast on your behalf. For a copy of our proxy voting record on your behalf, please write or call us at:

BTC Capital Management, Inc.  
453 7th Street  
Des Moines, IA 50309  
Tel: 515-245-2416  
Fax: 515-247-2054  
mmandziara@btccapitalmgmt.com

### **XVII.(B). Proxy Voting**

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If you have authorized us to vote proxies on your behalf, we will do so in accordance with the information provided above in XVII.(A). Proxies related to the securities you own will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork you completed for the custodian holding your account/assets. If you have questions related to a particular proxy notice, please call us at 515-245-2416.

## **XVIII. Financial Information**

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### **XVIII.(A). Balance Sheet**

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We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recently completed fiscal year.

### **XVIII.(B). Adverse Financial condition**

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In the event that we have discretionary authority or custody of any of our clients' assets or if we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients. No such conditions exist.

### **XVIII.(C). Bankruptcy-Related Matters**

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During the past ten years, BTC has not been the subject of a bankruptcy petition.

## **XIX. Requirements for State-Registered Advisers**

As a federally-registered investment adviser, this section of our Brochure is not applicable to us.