

Disclosure Brochure

March 31, 2011

Burns Advisory Group

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Burns Advisory Group (hereinafter "BAG"). If you have any questions about the contents of this brochure, please contact Joy Parduhn at (405) 478-1971. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Burns Advisory Group is available on the SEC's website at www.adviserinfo.sec.gov.

Burns Advisory Group is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

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

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

BAG’s last annual update was on March 24, 2010 and there have not been any material changes to disclose since this last update.

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Item 4. Advisory Business

This disclosure brochure describes the business of BAG for existing and prospective clients. It is intended to fulfill two purposes. The first is to provide clients and prospective clients with an overview of the firm's services. The second is to fulfill the disclosure requirements of federal securities law. We invite your questions if any item needs clarification or additional detail.

BAG provides two types of services for individual clients: Wealth Management Services and Financial Planning Consulting. In addition, BAG provides fiduciary services to retirement plan. These are described more fully below. Before engaging BAG in any services, the client will complete a written agreement with BAG that describes the terms and conditions of the service, including fees. In some cases, clients may complete more than one agreement. Neither BAG nor the client may assign the agreement without the consent of the other party. A transaction that does not result in a change of actual control or management of BAG is not considered an assignment.

Burns Advisory Group has been in business as a Security and Exchange Commission (SEC) registered Investment Advisor since February 9, 2004. John Burns is the principal owner of BAG.

Burns Advisory Group has \$272,161,073 of assets under management as of December 31, 2010, all of which is managed on a discretionary basis. Please see Item 16 for more information on investment discretion.

While this brochure describes the business of BAG, some sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of BAG's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on BAG's behalf and is subject to BAG's supervision or control.

Wealth Management Services

Clients can engage BAG to manage all or a portion of their investment assets on a discretionary basis. BAG tailors its services to the individual needs of a client by meeting with the client to determine needs, goals, objectives, the investment time horizon, risk tolerance and other relevant factors. From this information, BAG prepares an investment strategy which includes an asset allocation and specific investments to complete the allocation. BAG may also prepare an Investment Policy Statement. Upon approval by the client, BAG implements and manages the investment portfolio.

Client portfolios being transferred to BAG's management may include cash or securities. After consultation with the client, BAG may liquidate transferred securities as part of the investment strategy. This action may subject the client to taxes, transaction fees, or other investment-related costs. If the client wishes to retain existing securities, the client needs to notify BAG.

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Burns Advisory Group generally allocates a client portfolio using mutual funds, exchange-traded funds (ETFs), and individual debt and equity securities. When appropriate, the subaccounts of annuities may be used.

Burns Advisory Group may also provide investment advice on other assets a client owns, such as employer-sponsored retirement plans, annuities, or other assets held by the client. When providing this advice, BAG recommends the allocation of assets, and assists the client in executing the details of the allocation. In this case, client assets remain at the retirement plan, insurance company, or other custodian.

The implementation of an investment plan is only a first step. BAG monitors the investments recommended for client portfolios on a regular basis through its Investment Committee. BAG recommends that clients meet with a representative at least annually to review their specific portfolio. Finally, BAG advises clients to notify the firm as soon as possible if there are changes in their financial situation or investment objectives.

Financial Planning Consulting Services

BAG can provide Financial Planning Consulting to clients on a broad range of issues including retirement planning, education funding, tax planning, charitable giving, business succession, risk management, estate planning, financial aspects of divorce, and other services agreed to in writing.

BAG provides specific recommendations to clients who engage the firm in Financial Planning Consulting. BAG may recommend the services of professionals, including BAG itself, to implement the recommendations. The client retains absolute discretion over all implementation decisions and is under no obligation to act upon any of the recommendations. Clients should be aware that a conflict of interest exists if BAG recommends its own services as part of the recommendations. BAG advises Financial Planning Consulting clients that it is their responsibility to notify BAG of changes in their objectives or financial situation.

When performing services to a client, BAG requests information from the client and possibly other professionals such as the client's tax advisor, insurance agent, attorney, etc. When relying on information from others, BAG is not liable for errors in the information provided, and is not required to independently verify the information provided.

401(k) Retirement Plan Fiduciary Services

BAG can serve as a fiduciary to Plan Sponsors, Investment Committees, and Participants of 401(k) and other retirement plans. We assist Plan Sponsors and Investment Committees in developing processes that provide documentation and prudent rationales for plan decisions. BAG also helps them fulfill their responsibilities by performing recurring reviews, due diligence, and benchmarking of plan features, investment options, and costs. BAG serves as an advocate for our clients in dealing with plan service

providers and can manage RFPs as needed. For Participants we offer ongoing education through group meetings as well as individual guidance regarding participant accounts and investments.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to BAG's right to terminate an account (see Item 5. Fees and Compensation) and subject to normal securities settlement procedures. BAG designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's objectives unless BAG is aware of withdrawal needs in advance and has incorporated those needs into the investment strategy.

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Item 5. Fees and Compensation

Burns Advisory Group offers its services to clients on a fee basis. This can include fees based upon assets under management for Wealth Management Services, or fees for Financial Planning Consulting, which can be fixed or hourly fees. To engage in BAG services, either Wealth Management or Financial Planning Consulting, the client is required to enter into a written agreement with BAG setting forth the terms and considerations of the engagement.

Wealth Management Fee

Burns Advisory Group provides Wealth Management Services for a fee based upon a percentage of the market value of the assets under management. This fee is generally 1% annually, but can be higher or lower depending upon the size of the client's portfolio and the services to be provided. BAG may charge a lower fee based on other factors such as anticipated additional assets, related accounts, pre-existing client, *pro bono* activities, etc. The fee will be fully disclosed to clients in writing before the engagement begins. The fee is charged quarterly, in advance, based upon the market value of assets on the last day of the previous quarter. Management fees shall be prorated for each capital contribution and withdrawal of \$100,000 or more made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid fees will be promptly refunded.

The written agreement between the client and BAG will remain in effect until terminated by either party according to the terms of the agreement. BAG's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Wealth Management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Burns Advisory Group's fee, and BAG shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that BAG considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

Financial Planning and Consulting Fees

Financial Planning Consulting fees can be set on a fixed basis or an hourly basis, as agreed to in writing between BAG and the client. Financial Planning Consulting fees generally range from \$2,500 to \$15,000.

on a fixed basis, or \$250 per hour. The fixed fees are based upon the scope of the consulting services. If a client engages BAG for Financial Planning Consulting, and then retains BAG for Wealth Management Services, BAG may reduce the Wealth Management Fee based on some or the entire amount paid for Financial Planning Consulting.

Clients choosing Financial Planning Consulting will enter into a written agreement with BAG setting forth the terms and conditions of the engagement. Generally, BAG requires one-half of the Consulting Services fee when the agreement is executed. The balance is generally due upon completion of the services.

Insurance Products

Some of Burns Advisory Group's Supervised Persons are licensed insurance agents. In their individual capacity, they may assist clients in the purchase of life, disability, long-term care and other forms of insurance contracts. In this capacity, the Supervised Persons receive commissions from the insurance company.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), BAG generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") and / or TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*") for investment management accounts. BAG participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. BAG receives some benefits from *TD Ameritrade* through its participation in the program.

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

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

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Fees for Management During Partial Quarters of Service

The written agreement between the client and BAG will remain in effect until terminated by either party according to the terms of the agreement. BAG's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate

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

This item must disclose fees that are based on performance (such as a share of the capital gains or capital appreciation), or side-by-side management (which is when some clients pay fees based on performance while others pay fees based on assets under management).

BAG does not charge any performance-based fees or engage in side-by-side management.

Item 7. Types of Clients

Burns Advisory Group provides its services to high-net-worth individuals, pension and profit sharing plans, trusts, estates, municipalities, corporations and business entities.

Minimum Account Size and/or Fees

For new clients, BAG generally has a minimum annual fee of \$7,500 for Wealth Management Services. This minimum fee may make BAG's Wealth Management Services impractical for clients with less than \$500,000 under BAG's management. BAG, in its sole discretion, may accept clients with smaller portfolios based on factors such as anticipated additional assets, related accounts, *pro bono* activities, etc. BAG may aggregate the portfolios of family members to meet the minimum portfolio size.

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

Methods of Analysis

BAG's primary method of analysis is a fundamental analysis of an investment's price, its expected income and returns, and applicable risks.

BAG does this by evaluating the current market prices and/or expected income for broad asset classes such as bonds, real estate, and stocks. The figures for each asset class are then compared to the figures of other asset classes. In addition, BAG will compare the current figures to historical data where available in order for BAG to view the numbers with a broader perspective. When the price of an investment appears low or attractive relative to its expected income, risks, or other alternatives BAG often may place greater emphasis on that investment in recommended portfolios. This analysis may, for example, lead BAG to emphasize stocks over real estate, or certain types of stocks over other types of stocks. Emphasizing lower priced investments over higher priced investments is sometimes termed "value investing." Although BAG believes that buying assets at what appear to be relatively attractive values will provide higher expected returns over time, the value of these investments can decline and it may take months or years for an investor to be rewarded for such a strategy. Conversely, asset classes that appear to be expensive can perform well and become even more expensive, and during these cycles value investing may underperform broad market averages.

Investment Strategies

When providing clients with Wealth Management Services, BAG prepares an evaluation of each client's economic situation. BAG pays particular attention to the amount and timing of all expected cash flows (such as education and living expenses), pension and social security income, and charitable and family gifting. Once these cash flows have been estimated, BAG establishes a cash flow timeline. BAG uses this timeline to determine the amount and frequency in which clients will need to withdraw from their investments. The cash flow timeline is a primary factor in determining BAG's recommendations for the allocation and investment of client funds. The recommended investment allocation is subject to a *Monte Carlo* analysis, which is a class of computational algorithms that rely on repeated random sampling to compute results, so that BAG can estimate the likelihood that the allocation will meet the client's needs and goals over time. BAG also assesses how investments may perform under various conditions and risks such as high inflation/decline of the US dollar, rising interest rates, and market volatility.

Investment Allocation

BAG recommends allocations consisting of two primary components: a fixed income/alternative component and an equity component.

The fixed income/alternative component is conservatively invested and is often used to provide cash to clients when they need to take withdrawals from their accounts. Because the component is conservatively positioned, it generally produces lower returns. BAG attempts to manage these investments with a goal of achieving a return equal to or greater than inflation. The fixed income/alternative component may include investments in high-quality government bonds and corporate bonds, certificates of deposit, foreign bonds, preferred stocks, bank loans, lower quality bonds, real estate, and income investment strategies, among others. BAG attempts to manage risks such as inflation and interest rate risk by diversifying this component into many investments with different characteristics.

The equity component provides the potential for growth and is used primarily to hedge longevity/asset depletion risk for clients who may be withdrawing from their assets for long periods of time, such as in retirement. This component is invested for growth by taking ownership stakes in public and private companies. As there is no “free lunch,” this growth is not obtainable without the client assuming the risk for such market volatility; the client will not know if, and when, these risks will result in a return. However, BAG attempts to reduce and manage these risks by properly diversifying the equity portfolio and ensuring that the client is holding enough assets in the fixed income/alternative component as well. Investments in the equity component typically include both US and international companies, as well as large, mid-sized, and small companies. In addition, BAG’s recommended equity component includes more small and lower-priced companies than typical market indices such as the S&P 500 because these companies have been shown over time to outperform larger and higher-priced companies.

Monitoring and Rebalancing

BAG generally monitors client allocations weekly to determine if any changes are necessary. Rebalancing is done when a particular investment weighting grows above or falls below an acceptable “band.” For example, if BAG recommends that an investment comprise ten percent (10%) of the client’s assets, a rebalancing might take place if the actual weighting is below eight percent (8%) or above twelve percent (12%). BAG will make the necessary trades to bring an allocation back into balance. However, for those clients who engage BAG for consulting services for monies held elsewhere, BAG may recommend rebalancing, but will not have the capabilities of executing the rebalancing.

Other Management Processes

BAG may use a number of investment vehicles in its allocations, such as mutual funds, ETFs, individual stocks and bonds, and non-publicly traded investments, to name a few. Most often, BAG utilizes mutual funds and ETFs in client allocations. The vehicle used will be based on BAG’s attempt to utilize investments that have relatively low cost, low turnover, and are well diversified.

In addition, BAG manages and rebalances accounts while considering tax consequences. BAG recommends holding investments in the type of account (IRA or Taxable account) that is most practical from a tax perspective in an attempt to achieve the highest after-tax return.

Risk of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment of any kind involves risks, including the loss of principal and/or purchasing power. BAG generally utilizes open-ended mutual funds and ETFs in our managed portfolios, although BAG can use other investment vehicles including separately managed accounts, closed-end funds, and Exchange Traded Notes (ETNs) as well as individual securities such as stocks and bonds. Each investment has its own unique set of risks including the risk of loss or selling an investment at a price lower than the price at which it was purchased.

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

Market and Other Risks

Investing involves several risks that investors should be willing to accept. These risks include but are not limited to price declines and volatility, potential illiquidity, interest rate and inflation risks, and default risk. Timing risk, the risk of having to sell an investment at a loss to raise cash, is a primary risk for investors. While BAG attempts to manage timing risk and other risks in our portfolios there can be no assurance that these risks will not have an adverse affect on client balances, especially over short time periods.

Use of Margin

Burns Advisory Group does not typically utilize margin in our managed portfolios but can accommodate those clients who choose to use margin on their accounts for individual reasons.

Item 9. Disciplinary Information

BAG is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or integrity of management. The types of events that must be disclosed are set forth in securities laws.

BAG does not have any required disciplinary disclosures.

Item 10. Other Financial Industry Activities and Affiliations

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

Receipt of Insurance Commission

Certain of BAG's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While BAG does not sell such insurance products to its investment advisory clients, BAG does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that BAG recommends the purchase of insurance products where BAG's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

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

BAG has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by BAG or any of its associated persons. The *Code of Ethics* also requires that certain of BAG’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

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

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

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

Item 12. Brokerage Practices

As discussed above, in Item 5, BAG generally recommends that clients utilize the brokerage and clearing services of *Schwab* and/or *TD Ameritrade*.

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

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

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

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

Transactions for each client generally will be effected independently, unless BAG decides to purchase or sell the same securities for several clients at approximately the same time. BAG may (but is not obligated to) combine or "block" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among BAG's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among BAG's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that BAG determines to aggregate client orders for the purchase or sale of securities, including securities in which

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

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

Software and Support Provided by Financial Institutions

BAG may receive from *Schwab* and/or *TD Ameritrade*, without cost to BAG, computer software and related systems support, which allow BAG to better monitor client accounts maintained at *Schwab* and/or *TD Ameritrade*. BAG may receive the software and related support without cost because BAG renders investment management services to clients that maintain assets at *Schwab* and/or *TD Ameritrade*. The software and related systems support may benefit BAG, but not its clients directly. In fulfilling its duties to its clients, BAG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that BAG's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence BAG's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

In addition, BAG may receive a discount on PortfolioCenter® software service from *Schwab* so long as BAG maintains a minimum level of client assets at *Schwab*.

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As discussed above, BAG considers a number of factors in selecting brokers and custodians to recommend to clients, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In recommending *TD Ameritrade* as the broker and custodian for certain of its current and future client accounts, BAG takes into consideration its arrangement with *TD Ameritrade* as to obtaining price discounts for *TD Ameritrade*'s automatic portfolio rebalancing services for advisors, known as "iRebal."

BAG may receive a price discount from *TD Ameritrade* for the portfolio rebalancing program for advisors, known as "iRebal." The standard iRebal annual license fee applicable to BAG is \$20,000, which may be reduced or completely waived if specific amounts of client taxable assets are either already on the *TD Ameritrade* platform or are committed to being placed on there. Assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title I of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

Although BAG believes that the products and services offered by *TD Ameritrade* are competitive in the marketplace for similar services offered by other broker-dealers or custodians, the arrangement with *TD Ameritrade* as to the iRebal service impacts BAG's independent judgment in recommending *TD Ameritrade* as the broker or custodian for client accounts.

Additionally, BAG may receive the following benefits from *Schwab* and *TD Ameritrade* through their respective Institutional divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For Wealth Management Services clients, BAG monitors those client portfolios as part of an ongoing process. Account reviews are offered to clients on at least an annual basis. For Consulting Services clients, reviews are conducted on an “as needed” basis. All client reviews are conducted by one of BAG’s investment adviser representatives. Clients are encouraged to keep BAG informed of changes in their financial status or in their needs, goals, objectives, risk tolerance, or other factors related to their investments. Unless otherwise agreed upon, clients are provided with transaction confirmations and account statements directly from the custodian of their accounts. Wealth Management Services clients may also receive account reports directly from BAG. These may include an inventory of account holdings as well as investment performance. Clients should compare the account statements they receive from their custodian with those they receive from BAG.

Item 14. Client Referrals and Other Compensation

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

If a client is introduced to BAG by either an unaffiliated or an affiliated solicitor, BAG may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from BAG's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to BAG by an unaffiliated solicitor, the solicitor shall provide the client with a copy of BAG's written disclosure statement which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of BAG shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of BAG's written disclosure statement at the time of the solicitation.

BAG has entered into an agreement with *Schwab*, an independent and unaffiliated broker-dealer, to participate in Schwab Advisor NetworkTM ("SAN"), an advisor referral service designed to help investors find an independent professional investment manager in their area. BAG has agreed to pay *Schwab* a fee for participating in SAN. This fee covers all client referrals made to BAG by *Schwab*, and may be increased, decreased or waived by *Schwab* from time to time. BAG shall not charge clients introduced through SAN fees or costs greater than the fees or costs BAG charges its advisory clients who were not introduced through SAN and who have similar assets under management with BAG and receive similar services. BAG's participation in SAN may raise potential conflicts of interest. BAG's referral fee to *Schwab* is lower if accounts thereafter remain in the custody of *Schwab* rather than another broker-dealer. Any recommendation to use *Schwab* as the broker-dealer shall be consistent with BAG's duty of best execution as further discussed above.

Item 15. Custody

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

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

Item 16. Investment Discretion

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

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

Item 17. Voting Client Securities

BAG may vote client securities (proxies) on behalf of its clients. When BAG accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in BAG's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in BAG's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact BAG to request information about how BAG voted proxies for that client's securities or to get a copy of BAG's Proxy Voting Policies and Procedures. A brief summary of BAG's Proxy Voting Policies and Procedures is as follows:

- BAG has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to BAG's then-current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, BAG devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct BAG's vote on a particular solicitation but can revoke BAG's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that BAG maintains with persons having an interest in the outcome of certain votes, BAG takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

In this item, it must be disclosed if BAG requires or solicits the prepayment of more than \$1,200 in fees six or months in advance: BAG does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance.

In this item, BAG is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients: BAG has no disclosure pursuant to this item.

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