

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Cenario Capital Management. From time-to-time, we may refer to the document as the "Brochure." If you have any questions about the contents of the Brochure, please contact us at: 717-795-1077 or 212-786-7495, or by e-mail at: msalerno@cenariocapital.com. The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Cenario Capital Management is available for review on the SEC's website at www.adviserinfo.sec.gov. Registration with the SEC and/or other state securities commissions does not imply a certain level of skill or training.

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Material Changes

Annual Update

The **Material Changes** section of this Brochure will be updated annually, and also promptly whenever material changes occur.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission (“SEC”) issued a rule in July 2010 requiring advisers like Cenario Capital Management (“HWN”) to prepare a Brochure for clients and prospective clients that is drafted using “plain English.” The new rule also specifies mandatory sections and organization for the Brochure. This Brochure, dated March 23, 2011 is the first issued by CCM since this rule, so there are no “material changes” to report at this time.

Full Brochure Available

Whenever you would like to receive a complete copy of our Brochure, please contact Michael E. Salerno by telephone at: 717-795-1077 or 212-786-7495 or by email at: msalerno@cenariocapital.com.

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Advisory Business

Firm Description

Cenario Capital Management (“CCM”) is an independent asset management firm providing unique and innovative investment and risk and volatility management solutions. Our clients include trusts, foundations, endowments, insurance companies, pension funds, family offices and sophisticated and accredited individual investors. Moving beyond traditional methods of asset management, we seek to deliver risk aware asset management solutions including risk analytics, portfolio overlay, asset allocation services and alternative asset management products. Through Cenario Solutions we provide services that includes: (1) portfolio management and restructuring ; (2) risk identification and measurement services; and (3) option overlay advisory programs that are all designed to manage volatility and enhance yield. Cenario's dedicated team of trading, portfolio and client management professionals have extensive experience managing discretionary and non-discretionary asset mandates.

Mission of Cenario Capital Management

CCM helps our clients manage their portfolios in order to manage risk and optimize risk adjusted returns. Our firm provides strategic and tactical asset management information and solutions to clients and their other financial advisors to help them make important portfolio and risk management decisions. These other advisors may include investment consulting firms and asset managers and similar professionals.

We believe risk and volatility management is a primary discipline that investors need to address in their investment policies and processes and asset allocation. The conventional institutional approach to investing is to establish a policy portfolio with the presumption that risk is stable. Experience has taught us however, that the risk environment and volatility regime changes over time. During 2008 many investors ignored the signals provided by alternative market indicators. CCM believes disciplined active risk management at the portfolio level based on is vital to capital preservation.

Risk and Asset Management Approach

Asset and risk management involves more than just investment management. It begins with developing an understanding of the client's and objectives, portfolio and investment policies. CCM will collect information on matters that are relative to a particular client. These may include the client's, assets, investments, tax status, investment and distribution policies. CCM uses this information to evaluate and develop risk budgets and portfolio solutions. This

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strategy can thereafter be implemented by our team of investment and trading professionals.

The Cenario approach to risk and asset management can include some or all of the following activities:

- risk analysis and budgeting
- asset allocation and portfolio restructuring;
- portfolio overlay and hedging services;
- advising on general investment strategies and policies;
- coordinating strategies with the client's other advisors; and
- providing referrals to the client, upon request, of other financial professionals who may be of assistance in implementing a risk aware investment management strategy.

CCM is a firm that limits its business to fee-only risk and asset management services.. We do not sell annuities, insurance, stocks, bonds, mutual funds, or other commissioned products. Except as specifically described in the "Affiliations" section of this Brochure, we are not affiliated with entities that sell financial products, insurance, or securities. CCM does not accept commissions in any form or any finder's fees. If however, conflicts of interest arise at any time during our relationship with a client, we will immediately disclose the existence of the conflict to our client.

We will have a meeting with a prospective client before we enter into any formal relationship. This initial meeting, which may be by telephone is done without cost. We view it as an exploratory interview without obligation or responsibility by either CCM or the client to proceed with any business relationship. During, and following this initial meeting, both CCM and the client will evaluate whether it makes sense to enter into a business relationship.

If we both agree to enter into a relationship, we will then discuss the type, nature and scope of services and draw up an agreement.

Types of Advisory Services

CCM provides both investment supervisory services and manages investment advisory accounts not involving investment supervisory services. On more than an occasional basis, CCM furnishes advice to clients on matters not involving securities, such as those described in the paragraph entitled Risk and Asset Management Approach described above.

CCM also may provide services that can be described as investment consulting.

Investment Management Services

Investment management services are generally offered through a specific client mandate except for a limited number of legacy clients. Typically we will build a strategic asset management model around a client's existing holdings and managers. Where we implement specific investments we generally utilize exchange traded funds and index type instruments in order to obtain asset class exposure. We may also construct portfolios where we purchase and sell options against cash and underlying asset positions. Our use of option strategies in portfolios is designed to reduce the volatility and risk of loss in portfolios and thereby generate attractive risk adjusted returns.

CCM uses a proprietary suite of indicators in order to identify the level of market risk aversion/demand. These indicators include both fundamental and technical market information including valuation of investments and market indicators (Cenario Market Indicators) designed to identify and separate noise from turbulent signals across the broad market. The Correlation and Option Report (CORE) provides relevant insights into specific asset classes and securities. Constant monitoring of these indicators serves as the guide to tactical rebalancing and portfolio management.

The process may begin with a determination of the client's investment policies and objectives. We review the client's present assets, distribution policy, risk objectives and other similar data points. Variables such as asset allocation strategies, funding and spending policies and time horizon are important variables. Complex analyses may fall within the definition of consulting and may involve the payment of a separate fee.

During this process, we work to reach understanding with the client on a strategy to achieve its risk and return objectives. CCM cannot guarantee to the client that those objectives will be met. Investment supervisory services are provided for a fee based on a percentage of assets under management.

Management of investment advisory accounts not involving investment supervisory services

CCM provides a comprehensive suite of analytical and asset management services to institutional investors (Cenario Solutions) these services include:

- Portfolio Restructuring;
- Custom Portfolio Management;
- Risk Identification and Measurement;
- Selection of Securities;
- Option Overlay Programs;
- Tactical Rebalancing;
- Cenario Leading Indicator Reporting;
- Dynamic CORE Reporting; and
- Cenario Scan including the development of risk budget targets and drawdown targets.

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CCM will also manage concentrated asset holdings including single stock positions for the purpose of yield enhancement- principally through covered call option strategies, value protection applying various option strategies and managed stock sale programs.

CCM also serves as the investment advisor to Cenario Volatility Fund, L.P. ("CVF"), a private fund as defined under SEC rule 203. CVF is a multi-strategy managed volatility fund that is only available to accredited investors. It is described in more detail in the section of this Brochure entitled "**Affiliations.**"

As of 03/15/2011, CCM managed approximately \$653,000,000 in assets for approximately 34 clients. Approximately \$83,000,000 is managed on a discretionary basis, and \$570,000,000 is managed on a non-discretionary basis.

Tailored Relationships

The goals, objectives and financial information given us by the client form the basis for setting the risk and asset management goals and developing investment strategies. We may be presented with a client direction/ policy statement or we may work with a client to create one. Clients may impose restrictions on those investment strategies at any time, such as not investing in certain securities or types of securities or strategies.

Types of Investments

In those cases where Cenario recommends specific investments we typically use the following:

Funds and ETNs

CCM generally uses no load (no sales commission) open-end mutual funds, closed-end funds and exchange traded funds and notes for clients' investments. In a limited number of legacy accounts Cenario uses individual equity securities.

Exchange Traded Options

CCM uses exchange traded derivative securities to assist clients in managing portfolio allocation and risk. In limited situations with client consent we could utilize OTC option structures.

Agreements

The scope of work and fee is contained in the written Investment Advisory Agreement signed by both the client and CCM at the start of the relationship. The Agreement will include a description of the client mandate a grant or withholding of approval for investment discretion, decision on how proxies will be voted, fees, and disbursement authority.

We provide a copy of this Brochure and CCM's Privacy Notice to the client either 48 hours in advance of signing an Agreement, or the client is given 5 days after signing the Agreement to cancel it without penalty or fee. Agreements may not be assigned without client consent.

Termination of Agreement

The Investment Advisory Agreement is an ongoing agreement, but the length of service to the client is a mutual decision of the client and CCM. During the first year either CCM or the client can terminate the Agreement on 30 days notice and after the first year on thirty days written notice to the other party. At termination, fees will be billed on a pro rata basis to the termination date. Any unearned fees will be refunded to the client per the Financial Planning Agreement.

Fees and Compensation

Description

Investment Supervisory or Advisory Services

Subject to the conditions described below, CCM generally recommends a minimum initial amount of assets of \$10,000,000 for institutional clients. The annual fees and minimum initial account values described in this Brochure may be subject to negotiation. In certain instances we may, but are under no obligation to, accept an engagement as adviser for an account with an opening value less than the amounts stated above.

Fee Billing

The fee from any client shall begin to accrue on the first Business Day (as described below) after the settlement dates for the initial investment in the program. For the purposes of the timing of payment for our fees, a "Business

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Day” shall mean any day that the New York Stock Exchange is open for business. The fee payment will be billed quarterly, in arrears and shall be based on the fair market value of the assets under management on the last calendar day of the just completed quarter. For any partial periods, the fee will be pro-rated accordingly. The fee shall become due on the fifth Business Day.

The management fee charged to clients varies based on a number of factors including the type of mandate, client objectives, amount of assets under management and our relationship with the client. Our fees typically range from .20% of assets under management to 1.00% of assets under management. CCM may also receive a performance based incentive fee.

Payment in full is expected at the time we present an invoice. Generally, CCM clients agree to permit us to deduct our fees from a designated account. Alternatively, the client may also pay the fees by check.

The client must consent in writing in advance to permit the fees to be paid directly from the account held by the custodian or broker. CCM must send an invoice to the client showing the fee calculation. Simultaneously, CCM will submit a request for payment to the custodian or broker for payment from the account.

NOTE - The custodian or broker has no responsibility to determine if the fee is properly calculated. CCM relies upon the broker or custodian to send the client a statement showing all fees paid to CCM.

Investment Company (Mutual Fund, Closed End Fund, Unit Investment Trust (UIT) and Exchange Traded Fund (ETF)) Internal Costs, Exchange Traded Derivative Securities

In certain portfolios, we may use one or more of the types of securities listed in the lines above are investment company securities. We purchase them as no-load or low-load funds. This means CCM will only purchase these investments without an upfront charge being paid to the investment company (Custodian / brokerage firms may charge a transaction fee for the purchase of some funds as described in the next section). In some cases the investment company charges a load to retail customers, but CCM will only purchase these investments if those loads are waived.

All of the investment company securities charge internal fees, commonly called the expense ratio. This means that fees, expressed as a percentage of assets, are deducted each year within the fund. Those fees, which include management, custody, marketing and other fees, are disclosed in the fund prospectus.

For example, an expense ratio of 0.50% means that the investment company charges 0.50% of the market value of assets in the fund each year for these

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services. Performance figures quoted by these investment companies in various publications are after their fees have been deducted.

CCM does not receive any compensation from any investment company described in this section.]

Custodian / Brokerage Commissions, Fees and Costs

Custodians and brokerage firms may charge transaction fees and/or commissions on purchases or sales of investment company securities described in the paragraph above. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. Some mutual funds and custodians charge redemption fees to protect shareholders from trading costs or excessive admissions and withdrawals from the funds.

Stocks and bonds are purchased or sold through the custodian / broker with fees paid by the client for these trades. These fees may include both a commission and a mark up to the broker on these trades.

CCM does not receive any part of these commissions, mark ups, and transaction fees and are in addition to the fees the client pays to CCM.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities. CCM does not use a performance-based fee structure. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

CCM provides personalized investment and financial advice to pension and profit sharing plans, trusts, estates, endowments, charitable organizations, businesses and family offices/high net worth individuals. Client relationships vary in scope and length of service.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include fundamental and technical analysis. Fundamental analysis is generally concerned with the financial performance of a particular company, as expressed in terms of certain financial ratios and objective measurement. Technical analysis looks at past market data relating to that particular security.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission (SEC), and company press releases.

CCM consults a variety of sources for relevant information. We constantly review information from online sources and periodicals such as The Wall Street Journal, Barrons and The Economist. Additionally we review both buy side and sell side research reports and services. We utilize information from independent research firms and data and analytics available from Bloomberg and other sources. CCM also uses historical investment performance figures in an effort better understand past asset class correlation and the historical effect on different investment allocations during different market conditions, both favorable and unfavorable. CCM does not utilize any confidential, non-public information that is not available to the general investing public. CCM makes recommendations based on its evaluation of the information described below, but does not guarantee the performance of any investment or any specific results of its strategies.

CCM subscribes to published services that provide analyses of funds and UITs. Based on this data CCM blends available funds and UITs into a portfolio diversified in various financial markets. It also relies on information in the financial press or provided by companies to investors through press releases, annual reports, prospectuses, and filings with the SEC. Research materials provided by brokers and other financial rating agencies or investment services are also utilized.

Investment Strategies

CCM typically provides its asset management services for long term investors, although some funds or securities are sold within a year of purchase.

CCM develops risk based asset management strategies which are reflective of its ideas regarding the risk and return opportunities available in the markets. CCM's advice is based on the client's investment policies and

objectives and is designed to assist the client in achieving superior risk adjusted returns

Depending on the investor's risk tolerance, a portion of the portfolio may be hedged using exchange traded derivative. These hedges may be increased or decreased depending on market conditions including the volatility of the market, costs in hedging, relative valuation and other considerations.

Risk of Loss

All investment programs have certain risks that the investor will bear. CCM's investment approach keeps the risk of loss in mind. Clients face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are

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interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

Neither CCM nor anyone employed by it have been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

CCM's only other financial activities are described in the next section, entitled "Affiliations."

Affiliations

CCM is the investment manager and controls the general partner of two investment partnerships that commenced operations on November 1, 2010. This partnership, that operates under the names Cenario Volatility Fund, L.P. ("CVP"), and Cenario Volatility Fund [OFFSHORE], L.P. ("CVPO"). CVP and CVPO may be referred to herein as the "Funds." CVP is a Delaware limited partnership, that seeks to provide current income and long term capital appreciation. CVPO is a Cayman limited partnership what has elected to be taxed as a corporation and has the same investment purpose as CVP. The Funds work to deliver results in a manner that is uncorrelated, or negatively correlated with global equity markets through the implementation of a multi strategy managed volatility strategy offering. The Funds seek to achieve their investment objective through the implementation of a multi strategy managed volatility strategy offering.

By combining a series of systematic and opportunistic strategies, the Funds seek to achieve best in class risk-adjusted returns in quiet markets and higher returns in turbulent markets. The Funds use liquid and transparent exchange traded single stock and equity index options as well as broad market equity

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index and exchange-traded funds (ETFs) holdings traded principally on U.S. based market exchanges.

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

Code of Ethics

CCM has adopted a code of ethics requiring all personnel associated with the company to act as fiduciaries solely in the best interest of its clients. The code sets out principles to be followed and obligations of all those associated with the company. Copies of CCM's Code of Ethics are available by calling Michael E. Salerno at 717-795-1077 or 212-786-7495 or by writing to him at 1100 Bent Creek Boulevard, Second Floor, Mechanicsburg, PA 17050.

Participation or Interest in Client Transactions

Employees comply with the provisions of the CCM Compliance Manual.

CCM has policies that are designed to avoid conflicts of interest when personnel of CCM own, buy or sell securities, including non-public securities, also owned by, bought or sold for clients. CCM permits its employees to engage in personal securities transactions. Personal transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned or considered for purchase or sale by a client. CCM has promulgated and currently maintains a Code of Ethics ("Code") as part of the Compliance Manual. The Code includes an "Employee Trading Policy" that is designed to detect and prevent such conflicts of interest. In addition to various trading restrictions, employees of CCM are required to report their personal securities transactions and these reports are monitored by our Chief Compliance Officer and his administrative staff. Other provisions of the Code reinforce the fiduciary principles that govern the conduct of advisory firms and their personnel and to establish standards of conduct that are expected of CCM's supervised persons. The Code also requires CCM's supervised persons to comply with applicable federal securities laws and to promptly report any violations of the Code to the Chief Compliance Officer or to other designated persons. The Code is reviewed annually by all supervised persons. A complete copy of the CCM's current Code may be obtained, at no charge, by sending a written request to CCM.

CCM is not a broker/dealer and will not act as a principal or agent in any security transaction.

Personal Trading

The Chief Compliance Officer of CCM is Michael E. Salerno. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of CCM receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

CCM does not have any affiliation with product sales firms.

CCM normally executes transactions through the account's custodial broker. CCM may direct transactions to brokers other than the custodial broker through a prime broker arrangement. Although the client consents to the Prime Broker arrangement, CCM will select the specific broker to execute the transaction.

CCM selects the broker based on some specialized expertise or access to securities with limited supply (municipal bonds as an example) that are generally not available through all brokers simultaneously. When selecting a brokerage firm, one may consider a number of factors, including but not limited to:

- The nature of the security being traded;
- The size and type of the transaction;
- The nature and character of the markets for the security to be purchased or sold;
- The desired timing of the trade;
- The activity existing and expected in the market for the particular security;
- Confidentiality, including trade anonymity;
- The quality of the execution, clearance and settlement services;
- Financial stability of the broker-dealer; and
- The broker-dealers execution capabilities, including block positioning, and ability to obtain best price and execution.

Commissions or commission equivalents on all brokerage transactions are subject to negotiation, except in markets which have fixed commission rates

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or in the case of fixed price offerings. Negotiated markups and markdowns take into account the difficulty involved in execution, the time taken to conclude the transaction, the extent of the broker-dealer's commitment, if any, of its own capital and the amount involved in the transaction. On relatively small trades, commission rates can be a major factor in achieving most favorable price and execution. CCM generally compares the commission rate (or commission equivalent) which an executing broker-dealer offers to the rates offered by the other brokerage firms which could provide similar services. Other factors that are considered include client's brokerage direction, available liquidity, fairness in resolving disputes, access to underwriting offerings and secondary markets and the value of any research provided if applicable (soft dollar arrangements).

Best Execution

CCM does not believe best execution on client transactions is based solely on obtaining the lowest stated commissions as discussed in the prior section **Selecting Brokerage Firms**.

CCM does not receive any portion of the trading fees.

Soft Dollars

"Soft dollar" practices generally occur when an investment adviser causes an account to pay more than the normal commission at a broker-dealer in return for research products and services. CCM does not use "soft dollars" to pay for services. CCM has never had any agreement with any brokers to direct a specified dollar amount of brokerage commissions in exchange for any trading or other services.

Goldman Sachs and Fidelity provide CCM with other services as discussed in the **Selecting Brokerage Firms** above.

Order Aggregation and Trade Allocations

CCM does not do aggregated trades without a pre-determined list of clients and amounts of securities for that trade.

CCM buys and sells many securities for client accounts that are available in sufficient quantities and/or with enough trading activity to satisfy all client orders within a short time and with little if any difference in price. Mutual fund orders are all completed at the end of the trading day at the same price. Exchange traded funds ("ETF") orders for multiple clients can be completed with little price difference. Treasury, and federal agency securities are available in sufficient quantities to execute all trades in one day, whether new

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issue or secondary purchases. Outside brokers may call with new issue bonds or unit investment trusts ("UIT") available in sufficient quantities to satisfy all client orders.

CCM may also buy and sell securities that either are not available in sufficient quantities or do not have enough trading activity to allow all client trades to be placed in a short time without causing a movement in the price of the security to the detriment of the client. These trades must be allocated.

Various types of bonds, such as tax free municipal bonds, taxable municipal bonds and corporate bonds, become available in limited quantities for purchase. CCM will maintain a list of clients' for whom these securities are appropriate. If the amount of securities available is insufficient for all appropriate client accounts, CCM will allocate certain trades to one or more clients, so that the bond positions meet minimum requirements for that security, and more importantly, provide a large enough position as a percentage of the account size. CCM is concerned that individual bond positions can be so small that a subsequent sale, if required, would severely impact the return on the security. A prime broker fee would also impact small trades done on a prorata basis. CCM will use its discretion to treat all clients fairly in this process and make sure all clients receive securities on a rotating basis.

Some securities have limited trading activity so that multiple trades or certain quantities cannot be traded without moving the price. Closed-end funds and preferred stocks are the most common types of securities in this category. CCM develops a predetermined list of clients for whom it wishes to purchase or sell these securities, for predetermined dollar amounts, prices, and/or number of shares. If all client trades cannot be not executed within a short time, CCM may not allocate resulting order(s) to client accounts on a pro rata basis at the end of the trading day.

Review of Accounts

Periodic (Cenario) Reviews

The investment team performs reviews of all accounts under their management to ensure that the various client portfolio structures are in line with the client's investment objectives. These reviews are generally performed on a quarterly basis, at a minimum, and may be accomplished through regular ongoing reviews of daily trade activity, market conditions, portfolio holdings and transactions, cash flows and account performance. Client accounts will be monitored in conjunction with our ongoing research to determine whether market conditions suggest a change in asset class allocation and/or structure of any option overlay program relevant to client objectives.

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CCM will provide at a minimum, quarterly reports. Depending on the information requested by the client, these reports may contain the following information: an appraisal of the risk profile of the portfolio, and value at risk ("VaR") by asset class. VaR is a risk measure of a risk of loss of a portfolio of assets and was selected by CCM for use in these reports due to both its wide acceptance in the financial industry and what CCM sees as the accuracy of the metric in risk measurement. Monthly reports provided by the client's custodian (not CCM), give detailed information such as change in the account's value vs. the previous month, current value of all account holdings, and a detailed transaction history for the reporting period.

Consulting Services are not provided on a continuous basis to clients, so there is no review process beyond the presentation of the completed, contracted work.

Review Triggers

Other conditions that may trigger a review are changes in investment information, new laws or regulations, and changes in a client's policies or investment situation. Changes in client accounts may be implemented at any time, if appropriate to the client's situation, subject to constraints placed upon CCM by the client.

Regular Reports

Clients receive account statements from the custodian or custodian broker at least quarterly and may receive interim statements if transactions are made during the quarter. These statements will contain summaries and detail investments. The statements show market values of investments, total balances of and current yields on money market funds, and cash transactions (including receipts and disbursements of cash, CCM fee deduction, purchases and sales of investments, and receipt of interest/dividends). IRA statements include summaries of current and prior year contributions.

No client statements are issued for consulting services.

Client Referrals and Other Compensation

Incoming Referrals

CCM has been fortunate to receive many client referrals. The referrals came from current clients, investment consultants, asset managers, and other similar sources. The firm may compensate referring parties for these referrals.

Referrals Out

CCM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

CCM receives no compensation not discussed in earlier sections of the Brochure.

Custody

Account Statements

CCM will not have the authority to withdraw client funds, nor will it serve as custodian of any client funds or securities. All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least quarterly.

Cenario Reports

Clients are urged to compare the account statements received directly from their custodians to the additional statements provided by CCM.

Technical Definition of Custody

There is one circumstance in which CCM will be considered to have “custody” as defined by the SEC. CCM may submit invoices for the payment of CCM Investment Supervisory, or Advisory Fees to custodians if the client has specifically authorized those custodians to deduct those fees from the account and to pay those fees directly to CCM. A copy of the invoice will be mailed to the client prior to the submission of the invoice by CCM to the custodian. The authority to submit fee invoices to the custodian for payment meets the technical definition of “custody” of funds as defined by the SEC.

Investment Discretion

Discretionary Authority for Trading

Clients may grant discretionary authority to CCM to manage securities accounts. Discretionary authority means that CCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. This authority is carried out in a way consistent with the investment policy that the client has approved in writing.

In other situations cases CCM accepts client relationship which requires prior client approval of trades (non-discretionary) .

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. A client signs a limited power of attorney contained in his/her agreement with the custodian broker so that CCM may execute trades.

Voting Client Securities

Proxy Votes

CCM does not vote proxies for securities over which it maintains discretionary or non-discretionary authority consistent with its proxy voting policy. A copy of CCM's proxy voting policy is available upon request.

Financial Information

Financial Condition

CCM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because CCM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.