



H.D. Vest Advisory ServicesSM®

**Advisory Program Services
Wrap Fee Brochure for:**

Private Investment Management

SEC File No. 801 - 29892

Investment Advisory Services of H.D. Vest Advisory ServicesSM

August 2012

This wrap fee program brochure provides information about the qualifications and business practices of H.D. Vest Advisory Services, Inc., which uses the trade name H.D. Vest Advisory Services ("HDVAS"). If you have any questions about the contents of this brochure, please contact us at (972) 870-6000 . This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about H.D. Vest Advisory ServicesSM is also available at www.adviserinfo.sec.gov.

You should review this brochure and consider its contents before investing in this Program.

Securities offered through H.D. Vest Investment ServicesSM, Member: SIPC
Advisory services offered through H.D. Vest Advisory ServicesSM
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ITEM 2: Summary of Material Changes

The following is a summary of material changes since the last updated Private Investment Management (“PIM”) Brochure Disclosure dated March 2012 (“Disclosure Brochure”). (Please see the “Important Definitions” section for an explanation of defined terms.)

1) The Code of Ethics has been modified to more closely reflect the ethics expected of HDVAS and the general profession as well as to encourage professional conduct. The changes reflected are style changes. A copy of the Code of Ethics is located in Item 9 of this document and can be obtained by contacting your Advisory Consultant or the HDVAS Compliance department at (866) 218-8206, option 1, x4790.

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IMPORTANT DEFINITIONS

“Access Person” is a Supervised Person including directors, officers, employees and Investment Adviser Representatives (“IARs”) who has access to nonpublic information regarding clients’ purchase or sale of securities, is involved in making securities recommendations to clients or who has timely access to such recommendations that are nonpublic.

“Account(s)” means your **Private Investment Management (“PIM”)** account(s).

“Account Profile” or the **“Profile”** means the questionnaire that collects information about your investment objective, risk tolerance and financial situation and is required to open an Account.

“Advisory Consultant” means the HDVAS Advisory Consultant assigned to service your Account.

“Advisory Services Agreement” means the written agreement required to participate in **Private Investment Management** which governs the terms and conditions of the Program and associated services.

“Brochure Supplement” means Form ADV – Part 2B Supplement Disclosure Document that describes your Advisory Consultant’s background, credentials and other material information.

“Cash Sweep Disclosure Statement” means the disclosure document provided at account opening or upon request describing available account sweep alternatives into which free credit balances will be swept on a daily basis.

“Client,” “you,” and “your” means the person(s) or organization(s) that contract with us for Program services.

“Code of Ethics” means the code adopted by HDVAS setting out the ethical principles of the Firm.

“Disclosure Brochure” means this document which provides important information about the **Private Investment Management** Program.

“Educational Partners” means the mutual fund companies or their affiliates that have an agreement with HDVIS to provide additional payments to help defray the educational, training, record-keeping and other costs associated with offering products to clients.

“Eligible Assets” means investments HDVAS determines are eligible to be purchased, sold and held in a **Private Investment Management** Account, currently including mutual funds, stocks, bonds, options, closed-end funds and exchange-traded funds (ETFs). Eligible Assets are included within the quarterly performance calculation and generally are included in the fee billing.

“Federal Deposit Insurance Corporation” or “FDIC” means the federal program insuring depositors in an insured bank for up to \$250,000 per account registration, subject to the regulation, terms and conditions of the Federal Deposit Insurance Corporation, in the event of a bank failure.

“First Clearing” or “FCC” means First Clearing, LLC, the clearing broker-dealer that provides custodial and execution services for the Program pursuant to a clearing agreement with HDVIS.

“FINRA” means the Financial Industry Regulatory Authority, a self-regulatory organization that regulates broker-dealers.

“General Account Agreement and Disclosure Document” refers to the HDVIS brokerage account agreement and disclosure provided at account opening that provides material information about the terms of your Account.

“HDVAS,” “we,” “us” or the “Firm” means H.D. Vest Advisory Services, a wholly-owned subsidiary of H.D. Vest, Inc.

“HDVIS” means H.D. Vest Investment Services, Inc., a broker-dealer registered with the U.S. Securities and Exchange Commission, and a wholly-owned subsidiary of H.D. Vest, Inc. HDVIS is an affiliate under common control with HDVAS, and serves as the introducing broker-dealer to First Clearing with respect to your Account.

“Ineligible Assets” means investments that HDVAS has determined are not available for purchase in a **Private Investment Management** Account. Ineligible Assets will not be included in the fee billing and will not be included in the account performance reports.

“Margin Disclosure Document” means the disclosure document which provides detailed information about the use of margin to investors who seek a margin account.

“Private Investment Management” or the **“Program”** means the investment advisory wrap fee program discussed in this Disclosure Brochure.

“Program Fee” means the fee charged to Client by HDVAS for Program services.

“Quarterly Performance Report” means the quarterly report which provides **Private Investment Management** Clients important information about the investment performance of their Account.

“Related Accounts” means Program accounts grouped together for purposes of qualification, reduced pricing and, where requested, consolidated reporting, of advisory programs offered by or through HDVAS.

“SEC” means the U.S. Securities and Exchange Commission.

“SIPC” means the federal program that protects brokerage accounts against the loss in the event of a broker-dealer member’s insolvency and liquidation by replacing missing securities and cash up to a maximum of \$500,000 per client, including \$250,000 for claims of cash. SIPC does not protect against losses from market fluctuations.

“Supervised Person” means directors, officers (or other person occupying a similar status or performing similar functions), employees, investment adviser representatives or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of H.D. Vest.

“Value of the Account” means the market value of the Eligible Assets held in the Account, including any purchased on margin, which are used to determine the Program Fee.

HDVAS was established in 1987 and is a wholly-owned subsidiary of H.D. Vest, Inc. HDVAS is an indirect subsidiary of HDV Holding, LLC, a company controlled by Parthenon Capital Partners. HDVAS is an affiliate of H.D. Vest Investment Services (“HDVIS”), which is a broker dealer registered with the SEC, and a FINRA member firm. HDVAS was created to offer ongoing consultative investment management services through investment advisory programs designed to help our clients meet their financial objectives.

In addition to the Private Investment Management Program, HDVAS offers a number of programs that are designed to help clients meet their investment objectives and goals. They include:

- Separately Managed Account Programs
- Mutual Fund Advisory Programs
- Advisory Consultant Directed Programs
- Client Directed Advisory Programs
- Financial Planning

Descriptions of the services and fees for other programs are provided in other disclosure documents related to the specific programs, copies of which are available to you upon request. As of July 2012, HDVAS manages approximately \$1.3 billion of client assets on a discretionary basis and \$4.9 billion of client assets on a non-discretionary basis.

ITEM 4: Services, Fees and Compensation

H.D. Vest Advisory Services, Inc. has entered into an agreement with Wells Fargo Advisors (“WFA”), pursuant to which WFA provides advisory and/or other services with respect to the programs. Clients of investment advisory accounts described herein are clients of HDVAS. H.D. Vest Advisory Services, Inc. is not related to or affiliated with WFA or First Clearing, LLC (the “Clearing Agent”). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a “qualified custodian” as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

Services

For PIM, certain specially trained HDVAS Advisory Consultants provide investment advisory and brokerage services to your Account on a discretionary basis. As a minimum criterion for providing advisory services, we require the Advisory Consultants to possess satisfactory past business experience, plus any required industry examinations and registrations. Unless they possess satisfactory portfolio management experience, they must also attain established firm or industry experience levels. Your Advisory Consultant will recommend an asset allocation based

on your investment objectives and individual needs. Your Advisory Consultant will have discretion to manage your assets to an appropriate investment strategy.

PIM Advisory Consultants may develop specific investment strategies using a mix of various analytic methods. They also establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Advisory Consultants investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

Your HDVAS Advisory Consultant may also use the WFA Advisory Services Group or third-party research to assist in developing security selection models for PIM. Due to any number of factors, including timing of Client asset deposits, investment selection process or Client investment needs, certain clients may receive different execution prices and investment results.

Fees and Compensation

Program Fee

You pay an annual Program Fee for portfolio management, monitoring, reporting and other services provided through PIM. The Program Fee is negotiable subject the maximum annual fee listed in the table below. HDVAS and your Advisory Consultant price their services based on the total compensation they expect to receive from the Account, including 12b-1 fees and expense sharing and networking payments from certain mutual funds and Educational Partners. Clients should make sure that they fully understand the services provided by HDVAS and the Advisory Consultant, and all fees and compensation associated with the Account. The Program Fee is negotiable and should be discussed with your Advisory Consultant before participating in the Program.

The Program Fee is assessed quarterly in advance. Compensation that you pay HDVAS is outlined in the fee schedule in the Advisory Services Agreement and the General Account Agreement and Disclosure Document that is executed upon Account opening. The Program Fee is automatically deducted from your Account, and therefore you will not receive invoices for the Program Fee. The Program Fee will be listed under “Fee” or a similar designation under the “Miscellaneous Transactions” section of the associated brokerage account statement (received at least quarterly in the case of no monthly activity). Because the Program Fee is charged only one quarter in advance, there is no long-term commitment or contractual obligation to continue the Program.

The Advisory Consultant recommending PIM receives compensation as a result of your participation in the Program. The amount of this compensation may be more or less than what the Advisory Consultant would receive if the Client participated in other HDVAS programs or paid separately for investment advice and brokerage and other services. The Advisory Consultant may have a financial incentive to recommend PIM over other programs and services. (See also “Conflicts of Interest” section under Item 9.)

The Program Fee is a tiered or incremental fee based on the amount of assets you have in the Program and Related Accounts. The following table represents the *maximum* Program Fee:

Total Account Value	Annualized Fee for Equities, Fixed Income & Cash	Annualized Fee for Mutual Funds
First \$500,000	3.00%	2.00%
Next \$500,000	2.25%	1.50%
Next \$1,000,000	1.75%	1.00%
Over \$2,000,000	Negotiable	Negotiable

The initial Program Fee is calculated as of the date that the Account is accepted into the Program and covers the remainder of the calendar quarter. Subsequently, the Program Fee is billed in advance on a quarterly basis and is calculated based on the market value of the Eligible Assets held in the Account on the last business day of the prior calendar quarter. HDVAS will retain a portion of the Program Fee between 0% and 1.19% of assets under management, and the remaining portion of the fee is paid to your Advisory Consultant.

For the purposes of calculating the Program Fee, the Value of the Account is calculated as the sum of the long and short market value of all Eligible Assets held in the Account, plus margin balances. HDVAS will use the closing prices or, if not available, the lowest published “bid-price,” and if none exists, the last reported transaction if occurring within the last 45 days. For mutual funds, we will use the fund’s most current net asset value, as computed by the fund company. We use information provided by quotation services believed to be reliable. If any prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value.

The Program Fee will not be adjusted during the quarter for changes in value (appreciation or depreciation) of the Eligible Assets held in the Account. However, the Account will be charged or refunded a supplemental pro-rated Program Fee on a monthly basis if there are significant net additions or net withdrawals in the Account during a month. Any additions or withdrawals have a pro-rated fee applied for the days remaining within the quarter and all fees are netted within the month. This pro-rated adjustment will only occur if the net addition or withdrawal would generate an incremental Program Fee or refund of at least \$40 for the quarter. A pro-rated Program Fee will be assessed in the month following the net addition or net withdrawal.

Related Accounts may be linked together upon request to reduce the Program Fee and, where requested by you, for consolidated reporting. You must affirmatively notify HDVAS of the Accounts that are proposed to be linked and provide HDVAS information on any forms designated

by HDVAS for purposes of linking the Accounts. Related Accounts are limited to immediate family members or as accepted by HDVAS in its sole discretion. Each Related Account should meet the advisory Program requirements; however, exceptions may be made in the sole discretion of HDVAS.

To the extent you use margin to borrow against the Eligible Assets in your Account, you should be aware that the margin debit balance will not reduce the market value of Eligible Assets, and the value of Eligible Assets purchased with the proceeds of margin loans will be included in calculating your Program Fee. Therefore, the use of margin will increase the expenses associated with participating in the Program (through the payment of margin interest), and increase the Program Fee. HDVAS earns additional compensation when you take a margin loan, and the increased Program Fee may provide an incentive for your Advisory Consultant to recommend the use of margin strategies. The use of margin is not suitable for all investors as it increases leverage in your Account, and therefore increases the risk of significant loss if the value of Eligible Assets in the Account declines. Please see the Margin Disclosure Statement and General Account Agreement and Disclosure Document for more details on the risk of margin use.

The Program Fee does not include certain odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, and any other fees required by law.

The Program includes account management, certain brokerage services, reporting, custody and administrative services. In other non-wrap fee programs, you may be charged separately for these services. The Program Fee is negotiated between you and the Advisory Consultant, subject to the HDVAS maximum Program Fee as described in this Disclosure Brochure. In addition to the Program Fee, which is deducted directly from the Account, HDVAS and its affiliates will indirectly earn compensation from other sources, including fees and expense sharing paid by First Clearing, Educational Partners, or sponsors of other Eligible Assets held in the Account. The Program Fee and other compensation earned by HDVAS and its affiliates are used to offset the costs of the Program, and to compensate HDVAS and your Advisory Consultant. A portion of the Program Fee is used to cover expenses associated with trading in the Account and the other services described in this Disclosure Brochure.

Depending upon the amount of the Program Fee, the level of activity in the Account, the value of custodial and other services provided, and other factors, the Program Fee may exceed the aggregate cost of these services if they were obtained separately. Accordingly, you should be aware that the Program Fee may be more or less expensive than if you selected separate brokerage services, in the absence of the additional wrap fee program services provided. You should consider the importance and value of these advisory services to you when comparing various options for obtaining advice, reporting and execution services. The combination of custodial, advisory, reporting, administrative and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among programs and assessing the overall cost. The Program typically assumes a normal

level of trading activity will occur in the Account. Therefore, if there are prolonged periods of inactivity or an asset allocation with significant cash or cash equivalents, these would usually result in higher overall expenses than if commissions were paid separately for each transaction outside a fee-based advisory program.

Sweep Compensation

One of the features of your Account is a “sweep” feature which automatically transfers cash balances to an account or investment where those balances can earn interest or dividends. This sweep may be the Bank Deposit Sweep (“BDS”) or a money market mutual fund sweep for Accounts governed by ERISA. You can elect whether to participate in the BDS and/or periodically invest cash balances directly in available money market mutual funds or other products offered as direct investments outside of the sweep program by providing instructions to your Advisory Consultant. Additional information about sweep options is available in the Cash Sweep Disclosure Statement provided with your related brokerage account.

The BDS is an interest-bearing bank deposit account held with three Wells Fargo bank subsidiaries that pays interest on your swept funds and provides FDIC insurance up to \$750,000 (\$250,000 per account spread to three banks). By participating in the BDS, HDVAS and/or its affiliates receive additional compensation based on client holdings. Please see the Cash Sweep Disclosure Statement for more information.

The money market mutual fund sweep is an investment product which provides a return on your swept funds. Money market mutual funds are not FDIC insured but are covered by SIPC, which protects against the custodial risk (not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000 of which \$250,000 may be cash. The Firm and its affiliates receive 12b-1 fee compensation from the money market mutual funds ranging from 0% to 0.50% as determined by the fund company and set forth in the fund’s prospectus.

A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with the fund’s investment objectives, which can be found in the fund’s prospectus. The rate of return will, however, be impacted by the fees imposed by the particular class of shares designated for the money market sweep. Rates will vary over time and may be higher or lower than the rate paid on other sweep options (including BDS) or other money market mutual funds. However, certain sweep options pay HDVIS a 12b-1 fee, which increases the compensation earned by HDVIS, and also indirectly increases the fees paid by the Client, which can negatively affect your return. Clients who have retirement accounts governed under ERISA will receive a refund of 12b-1 fees. HDVAS may select a money market mutual fund that pays the Firm or its affiliates a 12b-1 fee even if alternatives are available that do not pay such a fee. HDVAS may also earn more by designating the BDS as the sweep option for PIM accounts. Accordingly, HDVAS has a conflict in selecting the sweep options available for the Program.

The rates of return for sweep options vary over time. Current rates can be obtained from your Advisory Consultant. There is no guarantee that the yield on any particular cash sweep will remain higher than others over any given period. The rate of return on any sweep options may be lower than that of similar investments offered outside the BDS or money market mutual fund sweep.

Mutual funds are sold pursuant to a prospectus which contains important information about the funds. You should consider the investment objectives, risk, charges and expenses carefully before investing. For this and other information, contact your Advisory Consultant for a free prospectus. You should read the prospectus carefully before investing.

An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other governmental agency. Although money market mutual funds seek to preserve the value of your investment at \$1.00 per share it is possible to lose money by investing in a money market mutual fund.

Eligible Asset Compensation and 12b-1 Fees

The Program uses Eligible Assets including mutual funds, closed-end funds, ETFs, stocks, bonds, options and sweep investments. Eligible Assets are purchased with no sales charges, but clients will pay their proportionate share of ongoing mutual fund, closed end funds, ETF or money market management and administrative fees. HDVAS will disclose a fund's expenses upon request and these fees are also disclosed in the applicable product prospectus and/or statement of additional information of the fund. Clients who transfer securities into the Program would bear the expense of any contingent or deferred sales loads incurred upon selling the product.

Within PIM, no-load funds, load-waived class A share funds and advisory share classes are utilized. Although there are no sales charges, some of these funds pay a marketing, distribution and/or client servicing fee to HDVIS, commonly referred to as a 12b-1 fee. 12b-1 fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder. You do not pay these fees directly; they are deducted from the total assets in the fund and therefore reduce investment returns. The amount of the 12b-1 fee is determined by the mutual fund company and is disclosed in the mutual fund's prospectus.

The 12b-1 fees are paid based on the assets held in the fund (including your investment) and generally range between 0% to as much as 1% annually. Some fund families offer different classes of the same fund, some of which may include a 12b-1 fee while others do not. ***In selecting funds for the Account, mutual funds that pay a 12b-1 fee can be used, even if the fund company offers a share class of the same mutual fund that does not pay a 12b-1 fee***

and/or has a lower expense ratio. This increases the compensation to HDVIS and the Advisory Consultant by the amount of the applicable 12b-1 fee and also affects the expenses indirectly paid by you. For example, if you agreed to an annual wrap program fee of 1.25% (detailed in the Program's agreement) and the mutual funds selected for your Account all paid 12b-1 fees of 0.25%, the total annual compensation earned by HDVIS, HDVAS and the Advisory Consultant would be 1.50% (not including potential expense sharing or other additional fees).

HDVAS and the Advisory Consultant take into consideration the payment of 12b-1 fees when establishing the fees associated with the PIM. If the Advisory Consultant were required to use share classes of mutual funds without 12b-1 fees whenever such a share class was available, this would reduce the total compensation associated with the Program and the result would likely be that HDVAS would raise the Program Fee it charges and/or replace the 12b-1 fee compensation in other ways such as imposing (or raising) ticket charges associated with trading activity. Information about 12b-1 fees is contained in the prospectus of the individual mutual funds. You may also contact your Advisory Consultant with questions about 12b-1 fees or how they affect the investments or the compensation earned by HDVIS, HDVAS and your Advisory Consultant.

HDVAS is expanding its mutual fund product offerings to include share classes such as Institutional ("I") shares or special share classes designed for fee-based investment advisory products (the institutional and advisory share classes may also be called I, W, S, Y, F or Z shares but are referred to as "advisory" share classes). The lettering system used to identify these advisory share classes varies by mutual fund manufacturer, and the availability of advisory share classes is determined by the fund manufacturer, clearing firm (First Clearing) and/or HDVAS. In general, what differentiates advisory shares from traditional mutual fund shares used in fee-based accounts (commission- or load-waived class A shares) is that advisory shares have reduced or eliminated the 12b-1 distribution fees paid to firms that sell the fund, and may also have lower ongoing expenses. Accordingly, these advisory share classes generally have lower costs associated with them, and HDVAS and its affiliates earn less compensation from advisory shares.

As these advisory share classes become available your Advisory Consultant may use them in your recommended portfolio, and/or recommend a conversion of your existing mutual fund positions to advisory share classes. Typically, this process involves an adjustment to your fee agreement to increase the Program fee to offset the reduction in revenue to HDVAS and your Advisory Consultant. This would increase the fees charged directly by HDVAS, but you would benefit from lower expenses charged by the mutual funds. Although utilizing advisory shares may result in you paying more or less total overall expenses, it results in a clearer delineation between fees charged for mutual fund management, servicing and distribution, and fees charged for the services you receive from HDVAS and your Advisory Consultant. Depending on the negotiated PIM fee arrangement and the amount of existing non-advisory shares in your Account, conversion to advisory share classes may or may not be advantageous for you in terms of the overall expenses you will pay. You should discuss with your Advisory Consultant the fees and expenses associated with your mutual fund investments and the Program to determine the

right approach for your Account. No changes will be made to your current negotiated PIM fee agreement unless you expressly authorize a change in writing.

When Client funds have been converted to advisory share classes, HDVAS will in its sole discretion pay the Advisory Consultant a marketing allowance in consideration for the time your Advisory Consultant would need to complete new agreements and fee schedules and/or to offset the loss or reduction in compensation from the loss of 12b-1 fees. HDVAS will review this marketing allowance on an annual basis.

Expense Sharing Arrangements (Educational Partners)

Within the universe of mutual funds used in PIM, a select group of companies (Educational Partners) have agreements with HDVIS to provide payments to help defray the educational, training, record-keeping and other costs associated with offering these products to clients. These payments, which are in addition to the fees and expenses disclosed in the fund prospectus fee table, are calculated as a percentage of assets under management, a percentage of initial sales, or a combination of assets and sales. The amount paid by Educational Partners can be up to 0.10% on assets under management and 0.10% to 0.25% on sales. For example, for every \$10,000 investment, HDVIS would receive up to \$25 in additional compensation on the sale, and up to \$10 annually as long as the assets stay invested. HDVIS also receives additional lump sum payments from Educational Partners, which could be significant in amount.

Over the course of managing the Client relationship, HDVAS and the Advisory Consultant are likely to recommend and use Eligible Assets offered by Educational Partners. Although the expense sharing payments from Educational Partners are not shared with the Advisory Consultant and are not directly tied to the expenses applied to your Account, a conflict of interest exists for HDVAS in the selection and recommendation of Eligible Assets sponsored by Educational Partners. In addition, Advisory Consultants may, consistent with FINRA rules, separately receive from product sponsors reimbursement for marketing expenses, client functions and attendance at due diligence, training and education meetings sponsored by HDVAS, HDVIS or the product sponsors. For more information, you should ask your Advisory Consultant which product sponsors, if any, provided expense reimbursement or additional compensation to the Advisory Consultant.

The following Educational Partners paid HDVIS additional payments during the past year:

<u>Mutual Funds</u>			
American Funds	DWS	John Hancock Funds	Putnam Investments
Columbia Management	Franklin Templeton Investments	MFS Investment Management	RS Funds & Guardian Investor

Davis Selected Advisers	The Hartford Funds	Nuveen Investments	Virtus Investment Partners
Delaware Investments	Invesco	Oppenheimer Funds	Wells Fargo Advantage Funds
Dreyfus	Ivy Funds	Pioneer Investments	

Transaction Charges

All transaction costs associated with Eligible Assets are included in the Program Fee. Ineligible Assets are excluded from advisory services, and therefore, you will pay separately for the execution costs associated with transactions in Ineligible Assets. Ineligible Assets are not included in individual Account quarterly performance reports.

Termination of Agreement

You may terminate the Advisory Services Agreement within five (5) days of signing without incurring a Program Fee. While the Program Fee will be waived during this period, you will incur any gain or loss in your Account for any period it was invested, so you may not receive back your entire investment.

Clients who want to terminate the Program should notify their Advisory Consultant or HDVAS in writing. Quarterly management fees are paid in advance; therefore HDVAS will provide a pro rata refund of the prepaid fees, less reasonable start-up expenses, if the contract is terminated prior to the end of the quarter.

At the end of the quarter, HDVAS will review and terminate accounts that no longer meet the program's minimum qualifications although exceptions to the minimum qualifications may be made in the sole discretion of HDVAS.

Generally, if you terminate the Advisory Services Agreement, the Account will be converted to a commission-based brokerage account, for which you are obligated to pay commissions for each transaction. If you terminate the Advisory Services Agreement after the Account has been invested, you have the option of: (1) liquidating all or some of the Eligible Assets held in the account; or (2) requesting an "in kind" transfer of Eligible Assets to another account. HDVAS is not responsible at any time for market losses during the liquidation process. Certain mutual fund companies have separate and independent restrictions regarding the transfer of particular mutual fund share classes (e.g., advisory share classes discussed in this document). You may be required to convert these funds to a retail share class or liquidate the funds and/or incur redemption fees. Liquidating funds

may result in a taxable event. Please see the fund's prospectus and consult your tax advisor for additional details.

Instructions to terminate or liquidate your Account(s) can take up to two business days to process once notification is received by HDVAS. Depending on the Eligible Assets held in the Account, however, liquidation may take longer. The Firm is not responsible for Account losses, including any losses due to market fluctuations occurring from the time of your request to liquidate until liquidation is completed. Best efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an Account include Account and position size, types of investment, liquidity of the security and market makers' abilities.

Item 5: Account Requirements and Types of Clients

Private Investment Management is designed for individuals, pension and profit sharing plans, charitable organizations, corporations or other businesses with investment portfolios valued at \$50,000 or more, although exceptions may be made at the discretion of HDVAS. HDVAS reserves the right to terminate the advisory relationship if the market value of assets in the Account falls below the minimum level.

Item 6: Portfolio Manager Selection and Evaluation

Most types of securities are eligible for purchase in a your Account including, but not limited to, common and preferred stocks, ETFs, closed-end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options and certain mutual funds whose shares can be purchased at net asset value.

Eligible Assets for your Account are selected based on your investment objective. Specific Eligible Assets are recommended by your Advisory Consultant based on criteria such as:

- **Size** – The Eligible Assets must be large enough to transact high-volume business efficiently, retain talented, professional managers and respond effectively to a changing market environment.
- **Investment categories** – The Eligible Assets are categorized into asset classes such as Large-Cap Domestic, Small-Cap Domestic, International Equities, Emerging Markets Equities, Fixed Income, Real Estate and Inflation Hedge. Eligible Assets may be further categorized for analysis based on sub-asset classes and/or the manager's style of investment, federal tax-exempt status or other traits.

- **Purity and consistency within the category** – The Eligible Assets should remain primarily invested in the category that they have disclosed as their investment philosophy. Purity and consistency of investment within the category is required to properly evaluate returns, assess risk and effectively manage an investment strategy for you. Eligible Assets that have a history of remaining consistent with the investment category to which they are assigned are favored over those that do not.
- **Verifiable track record** – Eligible Assets that employ managers with a proven track record are favored. Most of those selected have at least one manager with three years of documented investment experience within the category assigned.
- **Competitive performance** – Although past performance is not a guarantee of future results, competitive performance track record is a criterion used for evaluation. Performance when compared against a peer group and relevant benchmark must be competitive. Consistency in competitive performance during both up and down markets is also considered.
- **Expenses** – HDVAS does not always select the lowest cost product, but management fees and operating expenses must be reasonable when compared to other Eligible Assets in the same category.

While new-issue CDs are eligible as Eligible Assets, the yield of new-issue CDs takes into account a sales concession in order to compensate the brokerage firms which sell the CDs. Within certain advisory accounts, HDVAS does not receive this sales concession which is retained by the underwriter. Although, we have not received the sales concession, the overall yield on the CD to the Client is still impacted. Since HDVAS charges a Program Fee on all Eligible Assets within an Account, you are effectively charged both the sales concession (retained by the underwriter) and the Program Fee on the CD. These charges reduce the overall yield on the CD and, in some cases, this may result in a negative yield. You should be aware that you can obtain the same CDs without being subject to the Program Fee if it were purchased in a non-advisory brokerage account or directly from a bank. However, assets purchased outside of your Account will not be monitored or supervised by HDVAS as part of the Program.

Certain hedge funds and managed futures may be allowed in the Program. Hedge funds and managed futures involve significant risks and are not suitable for all investors. Hedge funds are complex investment vehicles that often engage in the use of leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. Prospective investors must be provided a separate risk-disclosure statement related to these products, and you should review this disclosure carefully before you invest. This disclosure statement is not a solicitation, recommendation or

invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within the Program.

Selected Eligible Assets are monitored by the Advisory Consultant on a periodic basis (at least annually) to ensure that they remain suitable for you. Sources of information used to monitor performance may include: Morningstar, Eligible Assets sponsor materials and additional information published by HDVAS or third parties.

Certain investments excluded from the Program “Ineligible Assets” include annuities, limited partnership interests and mutual funds that cannot be purchased at net asset value. You may hold and sell Ineligible Assets in your Account, but may be restricted from making additional purchases of Ineligible Assets in the Account. The Firm retains discretion to determine which Ineligible Assets can be held in the Account, and to revise or amend its determination at any time as it deems appropriate. Ineligible Assets are excluded for purposes of calculating the Account’s Program Fee. Unless they are waived or subject to another arrangement, you will incur fees for transactions related to Ineligible Assets pursuant to the General Account Agreement and Disclosure Document.

If your Advisory Consultant determines that an Eligible Asset no longer meets your needs, the Advisory Consultant will select a replacement Eligible Asset. Examples of circumstances under which replacement of a mutual fund, closed-end fund or ETF may be appropriate include, but are not limited to the following:

- Loss of one or more of the fund’s key investment management personnel;
- Material deviation from the fund’s stated investment philosophy;
- Poor investment performance over a period of time;
- Mutual fund is closed to new investors; or
- Material change in the selection criteria outlined above in “Selection of Eligible Assets.”

The Firm has policies and procedures in place to ensure that we execute client orders for the purchase and sale of mutual funds in compliance with the cutoff times established by the mutual fund companies. These times vary depending on the mutual fund company. We may, in our discretion, recognize the earliest mutual fund company cutoff time when determining the cutoff time for a particular Account. Orders received before the cutoff time will receive that day’s closing price, while those received after the cutoff time will receive the next day’s closing price.

Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits. HDVAS and its affiliates will not support market timing strategies or activities for mutual funds or any high-volume trading activity that is contrary to the stated policies of mutual fund companies with whom we maintain relationships, or which we determine in our sole discretion is not consistent with the Program. We, in our sole discretion or by direction of the fund company, reserve the right to reject any transactions or to

assess a redemption fee for any partial or full liquidation executed in which the Account trading appears to be inconsistent with the fund's prospectus. Furthermore, when asked by a fund company, we will cooperate and aid in its attempt to identify and impede the efforts of anyone engaged in market timing or excessive trading activity. If the fund company notifies us to reject or cancel a trade for any reason, we reserve the right to cancel it without prior notice to you. We will not be liable for any losses resulting from market timing activities or transactions that are cancelled as a result of those activities. Finally, the frequency of mutual fund transactions and exchanges is subject to any limits established by the applicable mutual funds and HDVAS and its affiliates.

Services Tailored to Individual Client Needs

The Program is designed to help you meet your investment goals and needs as communicated to your Advisory Consultant. Your Advisory Consultant's investment recommendations are based on an analysis of your investment objective and risk tolerance as noted in your Account Profile and other information you provide. A description of these services is provided above in the "Services, Fees and Compensation" section.

Client Restrictions

You may request restrictions to your Account in consultation with your Advisory Consultant any time during the management of the Account. The Advisory Consultant may decline the Account if your elected restrictions are too prohibitive.

Performance-Based Fees and Side-by-Side Management

HDVAS does not charge performance-based fees (i.e., fees of which depend on the performance of the account) in any of its investment advisory programs. HDVAS does not engage in side-by-side management where the investment decisions made for your Account might be impacted by investment decisions with respect to other assets we advise or manage.

Methods of Analysis, Investment Strategies and Risk of Loss

The Advisory Consultant will determine and implement the appropriate asset allocation of Eligible Assets consistent with your investment objective and restrictions set forth in your Account Profile. Recommendations are made on the basis of research the Advisory Consultant deems to be reliable.

All investments involve risk, including risk of loss, and are made at your risk exclusively. Neither HDVAS nor your Advisory Consultant guarantees any investment or its returns.

Voting Client Securities

You retain the right to vote proxies and handle notices of legal proceedings such as class actions and bankruptcies. Neither your Advisory Consultant nor HDVAS provides advice regarding proxies nor legal proceedings for Eligible Assets held in the Account but will forward all such notices and materials to you.

Item 7: Client Information Provided to Portfolio Managers

All clients must complete an Account Profile with the assistance of their Advisory Consultant. The Profile outlines your investment objectives, financial circumstances, risk tolerance and any restrictions you may wish to impose on your investment activities. We will notify you in writing at least annually to update your Profile and indicate if there have been any changes in your financial situation, investment objectives or instructions; and you agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your Advisory Consultant will be reasonably available to you for consultation on these matters, and will act on any changes in your Profile deemed to be material or appropriate as soon as practical after we become aware of the change.

Item 8: Client Contact with Portfolio Managers

There are no restrictions on your ability to contact the Advisory Consultant or HDVAS regarding the Account. Because your Advisory Consultant is the most familiar with your financial situation and other important considerations, it is recommended that you contact your Advisory Consultant prior to contacting HDVAS.

You will also receive a detailed quarterly performance report which describe Account positions and performance as described in the “Services, Fees and Compensation” section. In addition to these quarterly performance reports, First Clearing delivers monthly statements to you when there is Account trading activity during the month; an Account with no monthly trading activity receives quarterly statements.

Item 9: Additional Information

Disciplinary Information

HDVAS is an investment adviser registered with the SEC. In the past 10 years, HDVAS has not been involved in any material disciplinary events as an investment adviser.

To obtain information about HDVAS' disciplinary history, or to verify HDVAS has not been involved in any material disciplinary event, you may visit:

<http://www.adviserinfo.sec.gov/>

For more information on any broker/dealer related disciplinary events of HDVIS or First Clearing you may visit:

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/>

Other Financial Industry Activities and Affiliations

HDVAS is a national investment advisory firm providing advisory and other financial services to individuals, pension and profit sharing plans, charitable organizations, corporations or other businesses. Companies affiliated with and/or under the same control with HDVAS include H.D. Vest, Inc., the parent company of HDVAS, HDVIS and H.D. Vest Insurance Agency, LLC "HDVIA". HDVAS may recommend that clients use HDVIS or HDVIA to implement investment strategies. HDVIS, a registered broker-dealer and member of FINRA and SIPC, provides brokerage services to HDVAS clients.

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

Clients of H.D. Vest Advisory Services ("H.D. Vest") are entitled to expect high ethical standards of conduct in all of their dealings with us. H.D. Vest strives to foster a culture that supports our ability to meet our clients' expectations. To assist us in minimizing potential conflicts and prevent inappropriate activity, we have developed a Code of Ethics ("COE").

Code of Ethics

Definitions

A "Supervised Person" means directors, officers (or other person occupying a similar status or performing similar functions), employees, investment adviser representatives or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of H.D. Vest.

An "Access Person" is a Supervised Person including directors, officers, employees and Investment Adviser Representatives ("IARs") who has access to nonpublic information regarding clients' purchase or sale of securities, is involved in making securities

recommendations to clients or who has timely access to such recommendations that are nonpublic.

All Access Persons must adhere to this COE. Portions of the COE, identified throughout this document, extend to Supervised Persons such as officers and directors that do not have access to non-public information regarding client's purchase or sale of securities, is involved in making securities recommendations to clients or who has timely access to such recommendations that are nonpublic. In addition, portions of the COE also extend to the trading activity of the Access Person's immediate family (relative by blood or marriage living in the Access Person's household or any account in which the Access Person has a direct or indirect beneficial interest, such as a trust).

Standards of Conduct

The following principals will be the foundation on which H.D. Vest will build our reputation for being committed to ethical activities.

- ***Integrity:*** Strong adherence to a strict code of moral values is the foundation of ethical behavior. The position of trust we are placed in mandates that we perform our duty according to the strictest codes of honesty and integrity.
- ***Competence:*** This is a measure of a person's ability to perform a duty. The duties we are required to perform include satisfying our clients' needs and complying with all applicable laws and procedures. It is our desire to see that in fulfilling these obligations, we employ and continually strive to achieve the utmost competence and good faith. Where necessary, this includes acquiring additional training to ensure competency and proficiency.
- ***Professionalism:*** Crucial to proper business conduct is the ability to act in a professional manner. The professionalism presented to clients and the public speaks more loudly than any statement that can be made. Professionalism should provide those around us with a positive experience, which includes disclosing compensation that is received. It is unprofessional to engage in any conduct which reflects adversely upon ourselves, our colleagues, H.D. Vest, or the profession.
- ***Fiduciary Duty:*** This capacity requires that when conducting business and dealing with clients, it is always the clients' best interests that are served first. It is paramount that conflicts are disclosed and every effort is made to direct conflict situations to conclusions that benefit clients, based on their suitability.
- ***Objectivity:*** When making decisions and providing advice, it is fundamental that we do so without distorting the facts by personal prejudices or feelings. Every effort should be made to ensure that decisions made and conclusions drawn are free from emotional influences.

The principles listed above should govern conduct of all Supervised Persons, although more specific guidelines on conduct are outlined below or in the relevant rules and regulations, and in the H.D. Vest Compliance Manual(s).

Access Persons are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- a. To defraud such client in any manner;*
- b. To mislead such client, including by making a statement that omits material facts;*
- c. To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client;*
- d. To engage in any manipulative practice with respect to such client; or*
- e. To engage in any manipulative practice with respect to securities, including price manipulation.*

Access Persons are required to comply with all applicable city, state, and federal securities laws and the H.D. Vest Compliance Manual(s).

Personal Securities Transactions

Access Persons agree to abide by the rules set forth in the applicable compliance manual(s) regarding personal trading.

Access Persons must report all personal securities holdings to their designated supervisor at the time they become an Access Person and at least once per year thereafter. Reporting personal securities holdings may be accomplished by ensuring the designated supervisor receives a duplicate copy of the statement of any accounts in which the Access Person has a beneficial interest. An Access Person is presumed to be a beneficial owner of securities that are held by his or her immediate family members sharing the Access Person's household. The statement must be current as of a date not more than 45 days prior to submission. Access Persons are required to have statements of personal securities transactions submitted to their designated supervisor no later than 30 days after the end of each calendar quarter (April 30, July 30, October 30, and January 30).

There are two exceptions to personal securities transactions covered by the COE:

- 1. Transactions effected pursuant to an automatic investment plan.*
- 2. Securities held in accounts over which the Access Person had no direct or indirect influence or control.*

Securities Covered by the COE

“Security” means any stock, bond, future, investment contract or any other instrument that is considered a security under the Investment Advisers Act of 1940, including:

- *Options on securities, on indexes, and on currencies;*
- *All kinds of limited partnerships;*
- *Foreign unit trusts and foreign mutual funds; and*
- *Private investment funds, hedge funds, and investment clubs.*

There are five exceptions for Securities covered by the COE:

- *Direct obligations of the U. S. Government;*
- *Money market instruments;*
- *Shares of money market funds;*
- *Shares of mutual funds (unless the adviser or a control affiliate acts as the adviser or principal underwriter for the fund); and*
- *Units of a UIT if the UIT is invested exclusively in unaffiliated mutual funds.*

Per Rule 204A-1, Access Persons are required to obtain written pre-approval prior to investing in Initial Public Offerings (“IPOs”) or limited partnerships.

Insider Trading

Supervised Persons shall not effect securities transactions in a particular security while in possession of material, non-public information, generally known as Insider Trading.

Conflicts of Interest

As a fiduciary, H.D. Vest has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Compliance with this duty can be achieved by trying to avoid conflicts of interest and by fully disclosing all material facts concerning any conflict that does arise with respect to any client. Access Persons must try to avoid situations that have the appearance of conflict or impropriety.

H.D. Vest utilizes the Form ADV Part II (“Disclosure Document”) to disclose general conflicts of interest to clients.

Confidentiality

Supervised Persons are reminded of their responsibility under Regulation S-P and firm policies to ensure the confidentiality of all client information, including personal, information, client account holdings and recommendations, for current and former clients, is protected.

Reporting Violations

Supervised Persons are required to report suspected violations of the COE to the Chief Compliance Officer (“CCO”). Reports of suspected violations may be directed through the Supervised Persons supervisor, who is required to report all suspected violations to the CCO. All reports of suspected violations of the COE will be investigated by the CCO or an appropriate designee. Any confirmed violation of the COE will be documented and reported to management of H.D. Vest by the CCO.

H.D. Vest Obligation to Protect Supervised Persons Who Report Violations

H.D. Vest respects the integrity of those who report possible violations of the COE and feels an obligation to protect reporters from possible retaliation. Instances of retaliation are considered a violation of the COE and could result in the same disciplinary sanctions as any other violation. H.D. Vest will take all measures available to protect the identity of persons who report possible violations of the COE. Should it be determined by H.D. Vest that a person is reporting violations of the COE as a form of harassment against a Supervised Person, the reporter may be found to have violated the COE and will be subject to sanctions.

Additional Guidance

The H.D. Vest CCO or a representative of the Compliance department is available to Supervised Persons for guidance on application of the COE to specific situations. From time to time, the CCO may determine that continuing education for all Supervised Persons or a specific group of Supervised Persons may be necessary which will be incorporated in H.D. Vest’s annual needs analysis and continuing education training plan.

Conflicts of Interest

HDVAS endeavors to provide PIM to Clients at a cost that is reasonable in relation to the services provided. In evaluating an investment in PIM, you should be aware that HDVAS and its affiliates earn compensation from a number of sources related to your Account in addition to the Program Fee. The choice of Eligible Assets affects the compensation HDVAS, its affiliates and Advisory Consultants earn as a result of your investments, and thus poses various conflicts of interest. This section of the Disclosure Brochure is intended to describe the most significant conflicts of interest you should consider in making an investment decision. You should refer to the “Services, Fees and Compensation” section for additional information on the compensation HDVAS and Advisory Consultants may receive. If you have any questions about compensation

or conflicts of interest, please contact your Advisory Consultant, or the HDVAS Compliance department at (866) 218-8206, option 1, x4790.

Eligible Asset Compensation and 12b-1 Fees

As discussed in the “Services, Fees and Compensation” section, mutual funds can differ significantly in terms of the expenses you pay as an owner, and in terms of the compensation HDVAS and its affiliates earn as a result of your investment. For example, not all mutual funds pay additional compensation in the form of a 12b-1 fee, and the amount of the 12b-1 fee can differ between funds. 12b-1 fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder and can negatively affect your investment return. Even within the same fund, some fund families offer multiple share classes, some of which may pay HDVIS or its affiliates a 12b-1 fee while others do not.

In selecting investments for your account, the Advisory Consultant is likely to utilize mutual funds that pay a 12b-1 fee, even if the fund company offers a share class of the same mutual fund that does not pay a fee, and/or has a lower expense ratio. This results in additional compensation for HDVIS and the Advisory Consultant, and thus presents a conflict of interest. Please consult the specific fund prospectus for more information, and ask your Advisory Consultant if you have any questions about 12b-1 fees, or how they affect your investments or the compensation earned by HDVIS and your Advisory Consultant.

Sweep Compensation

As discussed in the “Services, Fees and Compensation” section, Program Accounts have a sweep account to automatically invest cash balances. This may be the Bank Deposit Sweep (“BDS”) or money market mutual fund sweep for ERISA Accounts in the Program. Program clients may elect whether to participate in the BDS and/or periodically invest cash balances directly in available money market mutual funds or other products offered as direct investments outside of the sweep program by providing instructions to your Advisory Consultant.

By participating in the BDS, HDVAS and/or its affiliates receive additional compensation based on client holdings. The Firm and its affiliates may receive 12b-1 compensation from the money market mutual fund sweep ranging from 0% to 0.50% as determined by the fund company and set forth in the fund’s prospectus. This fee may negatively impact your return.

There are fees and charges associated with different sweep vehicles. A portion of these fees and benefits may be shared with HDVAS, its affiliates and your Advisory Consultant. Because of these fees and benefits, we have a financial incentive to select the particular sweep vehicles included in the Program. The rates of return for sweep options vary over time. Current rates can be obtained from your Advisory Consultant. There is no guarantee that the yield on any

particular cash sweep will remain higher than others over any given period. The rate of return on any sweep vehicles may be lower than that of similar investments offered outside the BDS or money market mutual fund sweep.

Please see the Cash Sweep Disclosure Statement for more information.

Expense Sharing Arrangements (Educational Partners)

The Firm's affiliate, HDVIS, receives payments from its Educational Partners in exchange for providing these Educational Partners opportunities for enhanced access to HDVIS' and HDVAS' sales force during training events, conference calls and meetings. Educational Partners also receive heightened visibility through the distribution of sales literature, newsletters and training materials accessible through H.D. Vest intranet pages. Educational Partners pay HDVIS amounts that are in addition to the sales charges and expenses disclosed in the fee tables found in the product prospectus. Although these payments are not shared with the Advisory Consultant and are not directly tied to the expenses applied to your Account, a conflict of interest exists in the recommendation of Eligible Assets sponsored by Educational Partners since these products result in additional compensation for HDVIS.

Margin Loans

As discussed in the "Services, Fees and Compensation" section, in certain instances you may use margin in your Account. The margin debit balance, however, will not decrease the market value of your Account. In fact, the value of Eligible Assets purchased with margin loan proceeds will be included in calculating your Program Fee. Therefore, the use of margin will increase your expenses and Program Fee. HDVAS and/or its affiliates earns additional compensation when you take a margin loan, and the increased Program Fee may provide an incentive for your Advisory Consultant to recommend margin strategies. Please see the Margin Disclosure Document for more information.

Review of Accounts

Account transactions are reviewed on a daily, monthly, quarterly or annual basis, as applicable, to review not only the broad allocation, but also adherence to any criteria and guidelines on security selection, concentration, diversification and certain restrictions that may apply. These reviews are performed by compliance and sales supervision personnel who provide these services to HDVAS and its affiliates, including HDVIS. The compliance and sales supervision personnel are both assisted by various data processing exception reports. They rely on these exception reports and do not review every individual transaction or position on an ongoing basis. Advisory Consultants also conduct periodic reviews of the Account with you to determine if and when rebalancing or reallocation is needed.

As previously discussed, you will receive detailed quarterly performance reports which describe Account performance in addition to monthly statements when there is Account activity during the month, as well as trade confirmations reflecting all transactions in securities. Accounts with no activity receive quarterly statements.

Additionally, an Account review should be completed by your Advisory Consultant at least annually.

Client Referrals and Other Compensation

HDVAS does not provide compensation for referrals to the Program.

Expense Sharing Arrangements (Educational Partners)

HDVIS has agreements with Educational Partners to defray the educational, training, record-keeping and other costs associated with bringing these products to Clients. Advisory Consultants may recommend Educational Partners' products to Clients, which results in additional compensation to HDVIS. For more information, please see the "Expense Sharing Arrangements (Educational Partners)" disclosure in the "Services, Fees and Compensation" section of this Disclosure Brochure or speak with your Advisory Consultant.

1. Brokerage Practices

Even though we may be permitted by contract and by law to do so, as a matter of policy, we do not execute principal trades and agency cross transactions in the Program.

We may receive additional brokerage execution compensation for executing securities transactions for PIM Clients. First Clearing may also receive additional compensation in the form of order-flow payments from options trades. In addition, First Clearing may receive compensation from one or more of the firms it routes equity orders to as a fee for providing execution services to those firms. However, the orders routed to these firms are not contingent on pre-existing arrangements. Please refer to the "Services, Fees and Compensation" section for a discussion of additional fees that you may incur.

HDVAS and its affiliates have a Best Execution Committee that reviews trading activity and the vendors and systems we use to process transactions, among other things. Client orders are treated with the same priority and procedural flow as non-advisory brokerage customer trades.

The securities traded for Clients may be traded in one or more marketplaces, or may employ an alternative trading system (“ATS”) to execute fixed-income transactions. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, First Clearing may use its discretion in selecting these marketplaces or ATSs to enter or execute Client orders.

- Client orders for over-the-counter equities and listed equity securities are routed to execution venues as appropriate, with best execution being the highest priority. A number of factors are considered when determining where to send Client orders, including execution speed and price, price improvement opportunities, the availability of efficient and reliable order-handling systems, the level of service provided, and the cost of executing orders. First Clearing strives to execute all held orders at prices equal to or better than the displayed national best bid/offer price, up to the displayed size, at the time of execution. Not-held orders are worked for best price by the trading desk. First Clearing may utilize non-affiliated third party Authorized Participants (“APs”) when transacting large blocks of ETFs. APs are typically large institutions like market makers or specialists who can create ETFs by trading the underlying securities.
- As a result of the “over-the-counter” nature of fixed income securities, the available trading methods differ from that of equity securities. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, we may use our discretion in selecting the appropriate broker/dealers with which to execute fixed income Client orders. First Clearing considers a number of factors when determining where to execute orders, including the product type, the liquidity of the security, market makers abilities and the size of the order.
- For both equity and fixed income securities, H.D Vest regularly reviews transactions for quality of execution, and takes action, as appropriate, for Client price improvement and to fulfill our best execution obligations.

Sweep Program

As discussed above in the “Services, Fees and Compensation” and “Conflicts of Interest” sections you have certain options related to sweep accounts used with the Program Account. HDVAS and its affiliates receive compensation based on your sweep selection, including but not limited to 12b-1 fees and other fees for BDS. For more information, please see the referenced sections of this Disclosure Brochure and the Cash Sweep Disclosure Statement.

Financial Information

HDVAS has no financial condition that is likely to impair our ability to meet our contractual commitments to you.

Other Disclosures

Your Advisory Consultant is an independent contractor of HDVAS solely for the purpose of providing investment advisory services as described in this Disclosure Brochure. In addition to the investment advisory services provided through HDVAS or securities brokerage services through HDVIS, he or she may provide legal, tax, accounting, audit, payroll or other products or services that are not affiliated with HDVAS. HDVAS does not support, endorse or supervise any of your Advisory Consultant's activities conducted outside of HDVAS. The responsibilities of HDVAS and its affiliates relate specifically to offering approved securities and investment advisory services. Some of these outside services may present a conflict of interest with services provided by HDVAS or its affiliates, and to the extent that is the case by entering into the Advisory Services Agreement you acknowledge and agree that you have considered any such conflicts, and have decided to proceed despite their existence. Please ask your Advisory Consultant and refer to his or her Brochure Supplement for more detailed information.

Any securities investments recommended by your Advisory Consultant must be made through HDVAS or its affiliates, and if you are asked to make any outside investments you should immediately contact the HDVAS compliance department.

HDVAS will not sell client information to other companies for marketing purposes. HDVAS employs reasonable security standards and safeguards to protect our Client's personal information and prevent fraud. In addition, HDVAS will continue to protect our Client's privacy even if they cease being our Client. For more information, please read our Privacy Statement or contact your Advisory Consultant or HDVAS.