

Item 1 –Cover Page

Philip O. Johnson & Company, Ltd.
d/b/a Johnson Financial Advisors
1095 W. Rio Salado Pkwy., Suite 201
Tempe, AZ 85281-2610
Ph: (602) 242-4000
www.johnsonplan.com

Date of Brochure: March 2012

This brochure provides information about the qualifications and business practices of Philip O. Johnson & Company, Ltd. d/b/a Johnson Financial Advisors. If you have any questions about the contents of this brochure, please contact Philip O. Johnson at 602-242-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Johnson Financial Advisors is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for our name Johnson Financial Advisors or our firm CRD number **104621**.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

As required by the Dodd–Frank Wall Street Reform and Consumer Protection Act midsize investment advisory firms (firms with Assets Under Management between \$25 Million and \$99 Million) must change their primary regulatory authority from the United States Securities and Exchange Commission to the individual states in which they do business. Due to this regulatory change Johnson Financial Advisors is now filing for registration as an investment adviser with the Arizona Corporation Commission and the Louisiana Office of Financial Institutions.

The substantive changes to this Disclosure Brochure dated March 2012 since the last annual update of the Disclosure Brochure, which was in March 2011 include the following:

- a) Regarding the change in jurisdiction for our firm registration, *Item 4-Advisory Business* now reflects that we are a state registered investment adviser firm, instead of referring to registration with the U.S. Securities and Exchange Commission.
- b) *Item 19-Requirements for State-Registered Advisers* has been added.
- c) *Item 4-Advisory Business* has been updated to report the amount of the firm's assets under management for the fiscal year end of December 31, 2011. Additionally, updates have been made for the amount of assets for which JFA provides oversight and for the amount of assets that are invested with third-party money managers.

We will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 –Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	5
General Description of Primary Advisory Services	5
Specialization	5
Limits Advice to Certain Types of Investments	6
Participation in Wrap Fee Programs	6
Tailor Advisory Services to Individual Needs of Clients.....	6
Client Assets Managed by JFA.....	7
Item 5 – Fees and Compensation.....	7
Advisory Fees	7
SAA Managed Opportunities Program.....	8
SAA Independent Managed Assets Program	9
SAA Financial Advisors Program and/or LifeGuide Program	10
GENERAL FEE DISCLOSURE INFORMATION	11
Item 6 – Performance-Based Fees and Side-By-Side Management.....	11
Item 7 – Types of Clients	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	12
Methods of Analysis	12
Charting.....	12
Cyclical.....	12
Fundamental.....	12
Technical.....	12
Investment Strategies	13
Risk of Loss.....	13
Item 9 – Disciplinary Information.....	14
Item 10 – Other Financial Industry Activities and Affiliations.....	14
Outside Business Activities and Other Affiliations	14
Third-Party Money Managers.....	15
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	15
Code of Ethics Summary	15
Affiliate and Employee Personal Securities Transactions Disclosure.....	15
Agency Cross Transactions	16
Item 12 – Brokerage Practices.....	16
Best Execution	16
Soft Dollar.....	16
Referral Relationships.....	17
Handling Trade Errors.....	18
Block Trading Policy.....	18
Item 13 – Review of Accounts	18
Account Reviews and Reviewers.....	18
Statements and Reports	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	19

Item 16 – Investment Discretion	20
Item 17 – Voting Client Securities	20
Item 18 – Financial Information	20
Item 19 – Requirements for State-Registered Advisers	20
Executive Officer and Management Personnel	20
Other Business Activities	21
No Performance Based Fees	21
No Arbitrations	21
Item 20 – Customer Privacy Notice	21

Item 4 – Advisory Business

Philip O. Johnson & Company, Ltd. d/b/a Johnson Financial Advisors (“JFA”) is a state registered investment advisor. Philip O. Johnson & Company, Ltd. is a corporation formed under the laws of the State of Arizona.

General Description of Primary Advisory Services

Following are brief descriptions of our primary services. More detailed descriptions of our advisory services are provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

Financial Planning Services—We provide advisory services in the form of financial planning services. Financial planning can be described as helping individuals determine and set their long-term financial goals. A plan to achieve those goals is implemented using investments, tax planning, asset allocation, risk management, retirement planning, estate planning, and other areas. Investment monitoring services are offered to those who desire continuous supervisory services.

Asset Management Services—We provide advisory services in the form of asset management services. Asset management services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client’s account and make trades in client accounts when necessary.

Outside Money Managers—We also may provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Specialization

JFA specializes in providing comprehensive financial planning services, especially for pre-retirees and retirees.

We pride ourselves in giving customized, personal advice to help you reach your financial goals. By spending time getting to know you and your objectives and risk tolerances, we are able to formulate a plan that addresses your specific circumstances.

To help you understand your current financial situation, we provide cash flow reports, tax projections, and net worth statements. We also specialize in pre-retirement and retirement planning and will help you determine what income will be needed in retirement and how to reach your retirement goals.

We will evaluate whether you have the proper insurance and risk protection, and make recommendations if needed. We will also review your trust and legal documents to make sure your assets are protected, properly titled, and that your estate will be distributed according to your wishes.

As needed, we will coordinate our efforts with other specialists (such as your tax preparer, accountant, or estate planning attorney) to make sure that all your financial affairs are in order.

Limits Advice to Certain Types of Investments

JFA primarily provides investment advice on the following types of investments:

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities

Upon client request, JFA may provide advice on foreign issues, warrants, options contracts on securities or commodities, futures contracts on tangibles or intangibles, or interests in partnerships investing in real estate, oil and gas interests.

JFA's financial, management and supervisory services to clients use different mutual fund "families" or variable annuity sub-accounts that the client approves. As a part of the financial advisory services provided, JFA may periodically re-allocate client assets within a fund family or between variable annuity sub-accounts in a way that JFA believes will best meet the client's goals. This discretionary re-allocation authority is limited to no-load funds, load funds at net asset value and exchanges in variable annuity sub-accounts. Mr. Johnson is prohibited from withdrawing funds and/or securities from client accounts except when written authorization has been provided to have fees automatically deducted from a client's account and paid directly to JFA. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

Participation in Wrap Fee Programs

Clients may participate in asset management services through both traditional (non-wrap) and wrap-fee programs. In traditional asset management programs, advisory services are provided for a fee but execution costs (including, for example, transaction ticket charges) are billed to clients separately. In wrap-fee programs, advisory services including portfolio management or advice regarding the selection of other investment advisors, and execution costs are provided for one fee. The Managed Opportunities Program (described in *Item 5, Fees and Compensation*) is a wrap-fee program. Third-party money managers available via IMAP (also described in *Item 5, Fees and Compensation*) may offer traditional or wrap-fee programs. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether for traditional asset management services or wrap-fee management services), we will receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction services are paid.

Tailor Advisory Services to Individual Needs of Clients

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

Client Assets Managed by JFA

JFA provides oversight to \$107.4 million in investment assets as of December 31, 2011. These assets are as follows: Approximately \$45.4 million is under direct management by JFA and managed on a discretionary basis and approximately \$62 million is invested with third-party money managers who manage the client assets on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's advisory services along with descriptions of each service's fees and compensation arrangements.

Advisory Fees

Advisory fees charged are negotiable and assessed according to different methods including:

- (1) A PERCENTAGE OF THE ASSETS UNDER MANAGEMENT is paid to JFA for investment monitoring services. The annual management fees charged for this service will be negotiated in advance with each client, with 3% being the maximum management fee that may be charged to clients. New individuals and couples wishing to use the investment monitoring services of JFA must have minimum investable assets of \$250,000. All fees for this service are billed quarterly, in advance. The quarterly fee is based on the total value of the investments being monitored on the last business day of the previous calendar quarter and the quarterly fee is considered due the first business day of the quarter. Fees for less than a full calendar quarter will be prorated.
- (2) HOURLY FEES are billed at a rate of \$175 per hour for Phil Johnson's time when providing planning services for the client and at a rate of \$40 per hour for staff time.
- (3) FIXED FEES are quoted prior to financial planning services being performed. During an initial financial planning consultation, a fee is quoted in writing for development of a financial plan. This fee may range from a minimum of \$800 to a maximum of \$7,000. The fixed fee is based upon the nature and complexity of the financial planning services to be provided, as well as the estimated number of hours to complete the requested services.
- (4) ANNUAL REVIEW FEES. The first annual review fee is quoted in writing during an initial consultation with the client. Ongoing annual review fees are quoted each year prior to the client signing an annual contract for services. The annual review fees may range from a minimum of \$400 to a maximum of \$3,500 annually. The annual review fees are based upon the nature and complexity of the annual review services to be provided, as well as the estimated number of hours to complete the requested services.

Clients are under no obligation to implement any of JFA's recommendations. Separate from advisory fees, Mr. Johnson will receive COMMISSIONS from the sale of securities, insurance and annuities if the client chooses to implement their financial plan through Mr. Johnson in his capacity as a registered representative and/or an insurance agent. In addition to advisory fees and commissions, clients invested in mutual funds pay for 12b-1 fees, mutual fund management fees, ticket or transaction charges and other mutual fund operating expenses.

Advisory fees are quoted in advance and are due at the time the client signs a contract for services. Commissions received by Phil Johnson when implementing transactions in his capacity as a registered representative or independently licensed insurance agent are non-refundable. Clients may terminate their agreement in writing, without penalty, within five days of executing the agreement. Advisory fees will

be refunded in full if the client cancels the advisory services contract within five business days or if JFA fails to deliver the plan and advice within 60 days. The client may terminate the relationship at any time. However, if the termination is after five days from the signing of the services contract, then fees incurred and billed are due and payable.

SAA Managed Opportunities Program

JFA has established a relationship with Securities America Advisors, Inc. ("SAA") to participate in the Managed Opportunities Program (Managed Opportunities). SAA is an SEC registered investment advisor. Managed Opportunities is a wrap-fee program developed by SAA that provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and unified managed account portfolios developed by third-party money managers that are registered as investment advisors (collectively referred to as sub-advisors). JFA's associated persons act as referral parties when referring clients into the mutual fund portfolios, separate account portfolios and unified managed account portfolios options in Managed Opportunities. One sub-advisor is Brecek & Young Advisors, Inc. ("B&Y"), an affiliated subsidiary of SAA, doing business under the marketing name of Iron Point Capital Management and/or Iron Point. No other sub-advisors in this program are affiliated with SAA or with JFA. SAA's Managed Opportunities Program receives administrative, web site, transaction order entry services and other services from Envestnet, a registered investment advisor, and from other sub-advisors. In addition to offering the opportunity to establish portfolios developed by third-party money managers, Managed Opportunities offers advisor-directed portfolios through which JFA works with and advises clients in the selection of investments constituting a portion of the assets allocated to Managed Opportunities.

Client portfolios in Managed Opportunities may be managed by SAA or other sub-advisors with which SAA has established relationships. The client will grant SAA and the sub-advisors limited discretionary authority with respect to the purchase and sale of securities in mutual fund portfolios, separate account portfolios and unified managed account portfolios and will grant JFA discretionary authority with respect to the initial Managed Opportunities Master Account and the advisor-directed portfolios.

JFA solicits the services of SAA through Managed Opportunities. JFA does not refer a client to SAA unless SAA and the sub-advisors are registered or are exempt from registration as investment advisors in that client's state of residence. Administrative, web site, transaction order entry services and other services are provided to SAA by outside service providers and sub-advisors. Clients participating in Managed Opportunities grant SAA the discretionary authority to select one or more sub-advisors to provide administrative, web site, performance reporting, transaction order entry and other services to SAA and clients. SAA currently has a relationship with Envestnet, a registered investment advisor, to provide these services. Clients establishing Managed Opportunities accounts will receive Envestnet's disclosure brochure in addition to SAA's and JFA's disclosure brochures.

JFA is responsible for assisting the client with identifying the client's risk tolerance and investment objectives and associated persons of JFA are available to meet with the client on a continuous basis. JFA recommends sub-advisors and helps determine appropriate investment strategies in relation to the client's stated investment objectives and risk tolerance. Although the sub-advisors are responsible for making all investment decisions, JFA is available to answer questions the client may have regarding the client's account and act as the communication conduit between the client and the sub-advisors.

Although JFA reviews the performance of numerous sub-advisors, JFA is only able to select the sub-advisors approved by SAA and made available on the Managed Opportunities platform. Therefore, JFA has a conflict of interest because we do not recommend a sub-advisor to the client if the sub-advisor is not an investment manager available through Managed Opportunities.

As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities mutual fund portfolios, \$100,000 for separate account portfolios, \$250,000 for unified managed account portfolios and \$50,000 for advisor directed portfolios. All minimums are negotiable at the discretion of JFA and SAA.

Depending on the amount of client funds to be invested, and the Managed Opportunities portfolio selected, the fees to JFA will range from 1 – 2.25%. In most cases, these fees are deducted monthly from the client account, although the fees for some accounts may be deducted on a quarterly basis.

JFA is paid solicitor/referral fees by SAA for recommending mutual fund portfolios, separate account portfolios and unified managed account portfolios. SAA also shares fees with the sub-advisors. The amount of compensation we receive for recommending one Managed Opportunities portfolio over another portfolio may vary. Therefore, a potential conflict of interest may exist because these circumstances may result in JFA having a financial incentive to recommend one portfolio over another. However, portfolios are selected and recommended based on each individual client's needs, goals and objectives.

SAA is responsible for collecting all fees paid by the client through the Managed Opportunities Program and then journaling our portion of the advisory fees to us.

Trading by Managed Opportunities sub-advisors may trigger wash sale rule implications. Accounts in the Managed Opportunities Program may not be managed in a way to avoid wash sale implications. Clients are encouraged to consult with a tax advisor to discuss any tax implications involving the client's portfolios in Managed Opportunities.

A complete description of Managed Opportunities and related fees, charges, and termination procedures is provided in SAA's Form ADV Part 2A Disclosure Brochure Appendix (Managed Opportunities Wrap Fee Program Brochure), which the client will receive at or prior to the time a Managed Opportunities account is established.

The client is advised that there may be other third-party managed programs, not recommended by JFA, that are suitable for the client and that may be more or less costly than arrangements recommended by us. No guarantees can be made that the client's financial goals or objectives will be achieved by a third-party money manager (investment advisor or sub-advisor) recommended by us. Further, no guarantees of performance can ever be offered by us.

SAA Independent Managed Assets Program

JFA may select the services of money managers in SAA's Independent Managed Assets Program (IMAP). Through this service, JFA is able to establish agreements directly with third-party money managers, which third-party money managers are registered investment advisors, offering a wide range of advisory services, including asset allocation, market timing and portfolio management. We can then refer clients to a third-party money manager and the third-party money manager provides asset management and investment advisory services directly to clients. This means the third-party money manager is responsible for continuously monitoring your accounts and making trades in the client accounts when necessary. The client must enter into an agreement directly with the unaffiliated third-party money manager.

When the client agrees to engage a third-party money manager that we recommend, we are considered a solicitor and are paid a portion of the fee charged and collected by that money manager. JFA is always responsible for assisting the client with identifying the client's risk tolerance and investment objectives. JFA recommends third-party money managers and helps clients determine appropriate investment strategies in relation to each client's stated investment objectives and risk tolerance.

Although the third-party money manager is responsible for making all investment decisions, we are available to answer questions the client may have regarding the client's account and act as the communication conduit between the client and the third-party money managers. The third-party money managers we recommend generally require discretionary authority to determine the securities to be purchased and sold in the client's accounts. JFA and our associated persons do not have any trading authority with respect to client account(s) that are managed by third-party money managers.

JFA is limited in this program because we can only select the services of money managers approved through Securities America Advisors, Inc.'s (SAA) Independent Managed Assets Program (IMAP). One or more of these money managers may be affiliated entities of SAA.

Clients are advised that there may be other third-party managed programs, not recommended by JFA, that are suitable for the client and that may be more or less costly than arrangements recommended by us. No guarantees can be made that the client's financial goals or objectives will be achieved by a third-party money manager recommended by us. Further, no guarantees of performance can ever be offered by us. See *Item 8, Methods of Analysis, Investment Strategies and Risk of Loss*, for more details.

Trading by IMAP money managers may trigger wash sale rule implications. Clients are encouraged to consult with a tax advisor to discuss any tax implications involving the client's portfolios in the IMAP program.

If JFA recommends a third-party money manager to you, a complete description of that money manager's advisory services, fee schedules and account minimums is provided in the third-party money manager's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. These brochures are provided to you when we initially recommend the third-party money manager.

While the actual fee charged to the client varies depending on the third-party money manager utilized, the portion retained by JFA in the form of solicitor fees or consulting fees will not exceed 2.25%. Our portion of the fee is negotiable. Under a typical fee schedule for accounts managed by a third-party money manager, we receive a fee ranging from 1 – 2.25%. All fees are calculated and collected by the selected third-party money manager who delivers our portion of the advisory fee to us.

For IMAP, SAA receives a portion of the solicitor fee, a marketing override or an administrative fee for providing administrative and marketing services. You may incur additional charges including, but not limited to, mutual fund sales loads, 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees. JFA will never receive any portion of such commissions or fees. We are only compensated by the advisory consulting fee described above. We receive no other compensation in connection with your account managed by a third-party money manager. When we negotiate lower fees and expenses charged by third parties, all negotiated improvements are for your benefit.

SAA Financial Advisors Program and/or LifeGuide Program

JFA provides asset management services, defined as giving continuous advice to a client based on the individual needs of the client, through SAA's Financial Advisors Program (FAP) and/or LifeGuide Program (LifeGuide). SAA's FAP and/or LifeGuide are wrap-fee programs providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in a client's account. Under FAP and LifeGuide, the associated persons will assist the client in establishing an FAP or LifeGuide Account (the Account) with SAA. All brokerage transactions in the Account will be processed by Securities America, Inc. ("SAI"), a registered broker/dealer, and then cleared through National Financial Services LLC ("NFS") pursuant to a clearing arrangement established by SAI with NFS.

SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within SAA's FAP and/or LifeGuide. The custody of all funds and securities will be maintained by NFS, insurance companies or other custodians. At no time will SAA, SAI, JFA, or our associated persons act as custodian of the client's account or have direct access to the client's funds and/or securities, other than to direct the deduction of advisory fees from client accounts. Our associated persons implement securities transactions for FAP and LifeGuide accounts in their separate capacity as registered representatives of SAI. See *Additional Compensation*, below.

SAA's recommended minimum investment amount for establishing and maintaining an FAP Account is \$25,000 and is \$50,000 for establishing and maintaining a LifeGuide Account. Exceptions may be granted to these minimums upon request.

The annual management fees charged for the FAP and/or LifeGuide service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients, unless the client's account only has mutual funds and then the maximum will be 2.25%. SAA retains up to 20 basis points (0.20%) of the annual management fee for FAP accounts, and up to 15% of the annual management fee for LifeGuide accounts. The remainder of the fee charged to the client is paid to JFA. SAA is responsible for collecting all fees paid by the client through FAP or LifeGuide and journals our portion of the advisory fee to us. Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

JFA may invest a portion of your assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an asset management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for management of your assets: one directly to us and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

A complete description of FAP and related fees, charges, and termination procedures is provided in SAA's Appendix (FAP Wrap Fee Program Brochure) to the Form ADV Part 2A Disclosure Brochure, which will be given to all clients prior to or at the time an FAP account is established. A complete description of LifeGuide and related fees, charges, and termination procedures is provided in SAA's Appendix (LifeGuide Wrap Fee Program Brochure) to the Form ADV Part 2A Disclosure Brochure, which will be given to all clients prior to or at the time a LifeGuide account is established.

GENERAL FEE DISCLOSURE INFORMATION

The advisory fees charged to you may be higher or lower than the cost of similar services offered through other registered investment advisors. At no time will fees of more than \$1200 be charged more than six months in advance. Fees for investment supervisory services (also referred to as asset management services) may be more than the cost of purchasing the same services separately. The fees charged will vary among the different investment supervisory services. The amount of compensation that JFA receives in a particular program may be more than would be received if the client participated in another SAA program or paid separately for investment advice, brokerage and other services. These variances in the fees charged for different programs can result in JFA having a financial incentive to recommend one investment supervisory service program over another. The factors to be considered by clients in determining the reasonableness of the fees charged include, but may not be limited to, the following:

1. The fee charged for development of an asset allocation study and/or development of an investment strategy.
2. Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities.
3. The cost of producing a quarterly performance report covering the managed assets.
4. The value of the consulting service provided by JFA in designing and monitoring the client's managed assets.
5. The cost of investment advice provided by SAA and JFA.
6. The cost of the additional administrative, marketing, asset management, and other support services that may be provided by SAA and (when applicable) any sub-advisors used in the management of a program account.

Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 is not applicable to this Disclosure Brochure because JFA does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

JFA generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations

Information about minimum investment amounts required is provided in *Item 5* with the various advisory service program and fee descriptions

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

Methods of Analysis

JFA uses the following methods of analysis in formulating investment advice:

Charting. The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Cyclical. Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Fundamental. A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical. A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Investment Strategies

JFA uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

JFA's basic philosophy is for long-range investments. To this end, our recommended investment time frames are generally three to five years. There may be more frequent moves within a family of funds, but moves would be temporary defensive measures and only for clients in those families of funds. Diversification is recommended to spread risk.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

JFA is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

Outside Business Activities and Other Affiliations

Phil Johnson is engaged in professions other than giving investment advice. He sells securities and insurance products (variable annuities) to clients for commissions. Approximately 20% of his workweek is spent on these activities.

Phil Johnson is a Registered Principal and Registered Representative with Securities America, Inc. ("SAI"), a full service broker/dealer based in Omaha, Nebraska, member FINRA/SIPC. Through SAI, Mr. Johnson deals primarily with mutual funds and variable annuities. He also transacts business in listed or OTC stocks cleared by SAI pursuant to a clearing arrangement established by SAI with NFS. When placing securities transactions through SAI in his capacity as a Registered Principal, he may earn sales commissions. The client is advised, in writing, of the possible conflict of interest prior to a fee being charged. Clients always have the option of having another firm execute their buy and/or sell orders.

All commissions for brokerage transactions are received by Philip O. Johnson in his capacity as a Registered Representative of SAI. All advisory fees are received in his capacity as an Investment Advisor Representative of JFA.

Phil Johnson is licensed to sell annuities and life and health insurance with various companies for commissions. These insurance products are independent of the other services he provides and represent only approximately 3% of his professional time and compensation.

JFA has relationships with non-affiliated investment advisors. As previously described in *Item 5* above, JFA uses the services of SAA, a registered investment advisor, through FAP and/or LifeGuide when managing assets and, when doing so, SAA will receive a portion of the fees.

SAI has established an agreement with EverBank, an FDIC insured Savings Association, to allow SAI registered representatives that are also associated persons of JFA to affiliate with EverBank. In this capacity JFA's associated persons may refer clients to EverBank so that EverBank may provide the clients with banking and mortgage services. JFA is compensated for any referrals made to EverBank. SAI is also compensated by EverBank for these client referrals. Clients are not obligated to use EverBank or any individuals affiliated with EverBank for the client's banking or mortgage services. Referral activities to EverBank represent only approximately 1% of Mr. Johnson's professional time and compensation.

Third-Party Money Managers

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, JFA has formed relationships with independent, third-party money managers. JFA recommends clients work directly with third-party money managers. When we refer clients to a third-party money manager, we receive a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest in that we will only recommend third-party money managers that agree to compensate JFA by paying us a portion of the fees billed to your account managed by the third-party money manager.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary and has a fiduciary duty to clients. JFA has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects JFA's fiduciary obligations and those of its supervised persons and requires compliance with federal securities laws. JFA's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment advisor representatives are classified as supervised persons. JFA requires its supervised persons to consistently act in their clients' best interests in all advisory activities. JFA imposes certain requirements on its affiliates and supervised persons to ensure that they meet fiduciary responsibilities to their clients. The standard of conduct required of investment advisors is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of JFA's Code of Ethics. If current or potential clients wish to review JFA's Code of Ethics in its entirety, they may request a copy, and a copy will be promptly provided.

Affiliate and Employee Personal Securities Transactions Disclosure

JFA and our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of JFA that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. JFA and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by JFA are widely held and publicly traded.

Agency Cross Transactions

JFA's associated persons are prohibited from engaging in agency cross transactions, meaning they cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

Item 12 – Brokerage Practices

Best Execution

Clients are under no obligation to act on the financial planning recommendations of JFA. If JFA assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

As stated above, Phil Johnson is a Registered Principal and Registered Representative with SAI, a full service broker/dealer based in Omaha, Nebraska, member FINRA/SIPC. Clients wishing to implement his advice are free to select any broker they wish and are so informed. If clients elect to have Phil Johnson implement advice in his capacity as a registered representative, then the broker/dealer, SAI, will be used. SAI has a wide range of approved securities products for which SAI performs due diligence prior to selection. Mr. Johnson is required to adhere to these products when implementing securities transactions through SAI. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

Although JFA does not allow directed brokerage, it must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, JFA must make a reasonable determination that the conditions surrounding the transaction execution are in the best interests of clients. In reviewing best execution, associated persons will look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of JFA, ease of monitoring investments)
- Products and services offered (e.g. investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

JFA exercises reasonable due diligence to make certain that best execution is obtained for all clients when implementing any client transaction by considering the back office services, technology and pricing of services offered. JFA performs periodic reviews to determine that the relationship with SAI, Fidelity Capital Markets (FCM) and NFS is still in the best interests of JFA's clients.

Soft Dollar

JFA has not entered into any soft dollar agreements with any broker/dealer. Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research is known as "soft dollars." Section 28(e) of the *Securities Exchange Act of 1934* provides a "safe harbor" that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid

was reasonable in relation to the brokerage and research services provided.

Although JFA does not allow directed brokerage, JFA may still receive products and services from SAI, Securities America Advisors, Inc. (an affiliated investment advisor of SAI), or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows JFA to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists JFA in fulfilling its overall duty to clients.

These arrangements may be deemed to create a conflict of interest to the extent that JFA would have to pay for some or all of the research and/or services with “hard dollars” if it were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades will always be implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

Some of the advice offered by the associated persons of JFA involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. The associated persons may receive a portion of these 12(b)-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12(b)-1 fees come from fund assets, and thus, indirectly from client’s assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. For any ERISA accounts, there is a compensation offset for the amount of the 12(b)-1 fees.

Referral Relationships

JFA has established relationships with investment advisors not affiliated with JFA through which JFA acts as a solicitor referring clients to the other investment advisors’ management programs. When acting in this solicitor/referral capacity, JFA receives a portion of the fee paid by the client to the other investment advisors.

JFA refers clients to SAA, a registered investment advisor firm, through Managed Opportunities. SAA works with Envestnet, a registered investment advisor, and other sub-advisors when managing client assets. We do not refer any client to SAA’s Managed Opportunities Program unless SAA, Envestnet, and other sub-advisors are registered or exempt from registration as investment advisors in that client’s state of residence. SAA pays JFA a portion of client fees for referrals. In addition, SAA shares fees with Envestnet and other sub-advisors.

JFA selects and monitors third-party money managers to manage client assets, including money managers in SAA’s IMAP. When soliciting for money managers, JFA receives a portion of the fees paid to the money managers. SAA may also receive a portion of the fee or a marketing override for fees paid

to IMAP approved money managers.

JFA from time to time may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or for whom it is anticipated sales will be made.

Handling Trade Errors

If a client chooses to implement transactions through JFA associated persons, steps are taken to supervise trades and to prevent trade errors. The associated persons will implement trades in their separate capacities as registered representatives of SAI. SAI has execution and clearing arrangements with Fidelity Capital Markets (FCM), a division of National Financial Services, LLC (NFS).

FCM will be contacted immediately about any trade error except those in mutual fund trades. SAI's Trade Department will be contacted to report and correct any error in a mutual fund trade. Trading errors are usually corrected after the trade settles and may take five to seven business days to finalize.

If SAI, FCM, JFA or JFA's associated persons are responsible for making a trade error in the client's account the error will be corrected and the client's account will be restored to where it would have been had the trade error not occurred. Any profit from the trade correction will be retained by SAI or FCM. Neither the client nor JFA or JFA's associated persons will retain the profit from any trade correction.

Block Trading Policy

Transactions implemented by JFA for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by JFA when JFA believes such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among JFA's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted that we do not receive any additional compensation or remuneration as a result of order aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed asset accounts are monitored at least weekly and generally on a daily basis.

For financial planning clients, individual account reviews are scheduled on an annual basis and are done more frequently if a client advises of a major personal or economic change in their affairs or the client wants to discuss their investment portfolio. The purpose of the review is to ascertain whether the client's financial or personal situation requires any change in the client's financial plan. Phil Johnson is the only investment advisor representative responsible for analyzing and developing financial plans and

conducting annual reviews.

SAA reviews the performance information in Managed Opportunities accounts to determine its accuracy. Performance information provided by SAA is believed to be accurate but cannot be guaranteed. Fund and other securities values and other information are obtained from third parties. Managed Opportunities accounts are reviewed as needed by SAA supervisors, SAI principals and JFA's representatives. Triggering factors for reviews may include material market, economic or political events, changes in clients' personal or financial situations or performance of the accounts in general. JFA urges clients to compare performance reports received from JFA with account statements received directly from the custodian. Client may direct inquiries or concerns regarding their account reports or statements, including performance reports, to JFA or to the account custodian.

Statements and Reports

JFA provides tax analysis and financial statements to clients at the time of their annual review. Clients will receive statements at least quarterly from the investment company, broker/dealer or clearing firm at which their account is maintained. Investment monitoring clients will also receive a quarterly Consolidated Investment Monitoring Account Summary from JFA.

Clients participating in Managed Opportunities will be able to view daily and quarterly performance reports on a website prepared on behalf of SAA by Envestnet which will describe the performance, holdings and other activity in clients' Managed Opportunities accounts. During any month in which there is activity in Managed Opportunities accounts, clients will receive monthly statements from the account custodian or clearing firm showing the activity in clients' accounts as well as positions held in the accounts at month-end. Clients will also receive a confirmation of each purchase and sale transaction that occurs within Managed Opportunities accounts, unless clients provide SAA with written authorization to suppress confirmation delivery. If there is no activity in the account, clients will receive statements no less than quarterly from the account custodian or clearing firm.

Clients participating in FAP and/or LifeGuide receive performance reports from JFA at least quarterly.

Item 14 – Client Referrals and Other Compensation

JFA does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. JFA receives no other forms of compensation in connection with providing investment advice.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

JFA is deemed to have custody of client funds and securities whenever JFA is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody JFA will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which JFA is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the

manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from JFA. When clients have questions about their account statements, they should contact JFA or the qualified custodian preparing the statement.

JFA relies on Securities America to calculate the advisory fees and deliver fee deduction instructions to the account custodian. In the event that JFA were to directly instruct the custodian to deduct fees from your account, JFA will send you an invoice itemizing JFA's advisory fee. Such itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Item 16 – Investment Discretion

Upon receiving written authorization from the client, JFA may manage the client's assets on a limited discretionary basis through Managed Opportunities advisor directed, FAP and/or LifeGuide. As a part of the financial advisory services provided, JFA may periodically re-allocate client assets within a fund family or between variable annuity sub-accounts in a way that JFA believes will best meet the client's goals. Clients are asked to agree to this re-allocation authority. JFA will not contact clients simply because a transfer is made within the fund family or between variable annuity sub-accounts as previously agreed upon. There is no additional compensation to JFA when funds are re-allocated within a mutual fund family or between variable annuity sub-accounts. This discretionary re-allocation is limited to no-load funds, load funds at net asset value and exchanges in variable annuity sub-accounts. When JFA does so, JFA's discretionary authority is limited in that JFA will not have the authority to withdraw funds and/or securities from client accounts except when written authorization has been provided to have fees automatically deducted from a client's account and paid directly to JFA.

All of our written client agreements give us limited discretionary authority as stated above. All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

JFA and its associated persons will not vote proxies on behalf of clients. Clients are instructed to read through the information provided with the proxy document and make a determination based on the information provided. Clients will be solely responsible for all proxy voting decisions.

Item 18 – Financial Information

Item 18 is not applicable to this Disclosure Brochure. JFA does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

Item 19 – Requirements for State-Registered Advisers

Executive Officer and Management Personnel

Philip O. Johnson

Educational Background:

Phil Johnson attended Glendale Community College and Brigham Young University majoring in business administration.

Business Experience:

Phil Johnson has been involved in the insurance industry since 1976 and in the securities industry since 1977. In 1981, he incorporated Philip O. Johnson & Company, Ltd., which entity currently conducts investment advisory activities under the business name Johnson Financial Advisors. Philip O. Johnson & Company, Ltd. became a Registered Investment Advisor with the SEC in 1982. Due to changes in investment adviser registration requirements, in 2012 Philip O. Johnson & Company, Ltd. transitioned from SEC to state registration. Phil Johnson has been affiliated as a Registered Principal and Registered Representative with Securities America, Inc. since 1991 and he became an agent affiliated with EverBank in November 2008.

Lynn T. Johnson

Educational Background:

Lynn Johnson attended Brigham Young University majoring in business management.

Business Experience:

Lynn Johnson has been involved with Johnson Financial Advisors since its beginnings in 1981. She obtained her Certified Financial Planner™ designation in 1991.

Other Business Activities

See Item 10 – Other Financial Industry Activities and Affiliations.

No Performance Based Fees

As previously disclosed in Item 6, JFA does not charge or accept performance-based fees.

No Arbitrations

JFA or any of its associated persons have not been the subject of any client arbitrations or similar legal disputes.

Item 20 – Customer Privacy Notice

March 2012

CUSTOMER PRIVACY NOTICE

This Privacy Notice is from JOHNSON FINANCIAL ADVISORS. We are a registered investment adviser firm and we are in the business of providing investment advisory services to customers.

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to our firm in the strictest confidence. Our representatives may also be registered representatives of Securities America, Inc., (“SAI”) a registered broker-dealer that is not affiliated with our firm. We may also have relationships with other nonaffiliated investment advisor firms, such as Securities America Advisors, Inc. (“SAA”) an affiliate of SAI, insurance companies, trust companies, custodians and

other financial institution entities. Except as required or permitted by law, we do not share confidential information about you with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of your confidential information, we will provide written notice to you, and you will be given an opportunity to direct us as to whether such disclosure is permissible.

AN IMPORTANT NOTICE CONCERNING OUR CUSTOMERS' PRIVACY.

CUSTOMER INFORMATION WE COLLECT. We collect and develop personal information about you, and some of that information is nonpublic personal information ("Customer Information"). The essential purpose for collecting Customer Information is to provide and service the financial products and services you obtain from our firm. The categories of Customer Information collected by us depend upon the scope of the engagement with us and are generally described below. As an investment adviser, we collect and develop Customer Information about you in order to provide investment advisory services. Customer Information we collect includes:

- Information we receive from you on financial inventories through consultation with our representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about your financial products and services transactions with us.

DATA SECURITY. We restrict access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within our firm. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about you.

USE AND DISCLOSURE OF CUSTOMER INFORMATION TO PROVIDE CUSTOMER SERVICE FOR YOUR ACCOUNTS. To administer, manage and service customer accounts, process transactions and provide related services for your accounts, it is necessary for us to provide access to Customer Information within our firm and to nonaffiliated companies such as SAI, SAA, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. We may also provide Customer Information outside of our firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

FORMER CLIENTS. If you close an account with our firm, we will continue to operate in accordance with the principles stated in the Notice.

REQUIREMENTS OF FEDERAL LAW. In November of 1999, Congress enacted the Gramm-Leach-Bliley Act ("GLBA"). The GLBA requires certain financial institutions, including broker-dealers and investment advisers, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to nonaffiliated third parties other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Customer Information to nonaffiliated third parties except as permitted or required by law (e. g., disclosures to service your account or to respond to subpoenas).