

Item 1: Cover Page

PEOPLE'S SECURITIES, INC.

Form ADV, Part 2

Firm Disclosure Brochure

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This Disclosure Brochure provides information about the qualifications and business practices of People's Securities, Inc. If you have any questions about the contents of this brochure, please contact us at (203) 338-0800. 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 People's Securities, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser, or any reference to the firm being "registered", does not imply any specific level of skill or training.

Item 2: Material Changes

This Form ADV, Part 2, is a Disclosure Brochure prepared by People's Securities in response to regulations promulgated by the United States Securities and Exchange Commission that are applicable to registered investment advisers such as People's Securities.

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Item 4: Advisory Business

A. The Firm and its Owners.

People's Securities, Inc. ("PSI"), is a Connecticut corporation that was formed in July 1983. PSI is a wholly-owned subsidiary of People's United Bank ("People's United"), a federally chartered savings bank, which is owned by People's United Financial Inc., a publicly reporting company. PSI has been registered with the United States Securities and Exchange Commission ("SEC") as an investment adviser since May 2004, and, prior to that time, PSI was registered with the State of Connecticut as an investment adviser since January 2000. Since June 1983, PSI has been registered with the SEC as a broker-dealer. PSI is also registered with several states as a life and health insurance agency.

B. The Firm's Services.

As discussed below in this disclosure brochure ("Disclosure Brochure"), PSI offers investment advisory services through one or more programs to its investment advisory clients. PSI is also registered with the SEC as a securities broker-dealer engaged in the purchase and sale of securities to public customers. However, PSI does not act as broker-dealer or custodian for any advisory account for which it provides services as an investment adviser. PSI is also registered as an insurance agency in various states, and some PSI employees and investment adviser representatives are appointed with insurance carriers to sell insurance products. The firm primarily sells life insurance, annuity products and long term care insurance to individual customers.

1. Investment Advisory Services.

All or a portion of a client's assets may be allocated to one or more of the following programs.

A. The Olson Mobeck Investment Advisors ("OMIA") Program.

The OMIA Program is a fee-only investment management service providing discretionary or non-discretionary account management. Under the OMIA Program, the firm provides continuous advice to, and firm personnel make investment recommendations for, each client based on the individual needs of that client. The firm develops a client's personal investment policy and creates and manages a portfolio, based on that policy, through personal discussions in which goals and objectives based on a client's particular circumstances are established.

B. SEI Program.

The SEI Program is designed as follows:

- 1) Determination of the client's risk profile and investment objectives.

PSI will determine the client's investment objectives, investment time horizon, and risk profile by means of an interview process and the completion of a questionnaire.

- 2) Establish a relevant asset allocation policy for the client.

The client chooses one of many asset allocation models and then the client's investments are placed into mutual funds. These mutual funds are managed by SEI Investment Management Corporation ("SEI Investment"). SEI Investment charges an expense ratio to each mutual fund that is disclosed in the prospectus for each fund. The client may also purchase the individual mutual funds without choosing one of the asset allocation models. If the client chooses to purchase the individual mutual funds without choosing one of the asset allocation models, automatic rebalancing by SEI Investment to model allocation and recommended model allocation changes will not be available.

3) Diversification among asset classes and styles.

The investment managers of each underlying mutual fund are selected by SEI Investment. SEI Investment uses institutional investment management firms and monitors those institutional investment management firms to ensure that their investment styles and performance remain consistent with the objectives of the mutual fund.

4) Rebalancing of the client's portfolio.

Rebalancing maintains the proper allocation to each asset class in the model. Rebalancing occurs pursuant to the agreement between SEI Investment and the client, which generally will occur automatically if the underlying mutual funds deviate from the prescribed quarterly allocation by greater than a 2% variance. For the tax-managed models, the variance is 3%. Rebalancing occurs monthly with no transaction fees.

5) Reporting of results.

SEI Private Trust Company, a subsidiary of SEI Investment ("SEI Trust Company") will act as the transfer agent and custodian for the client's account. SEI Trust Company will provide reporting services to the client. Each client will receive monthly statements directly from SEI Trust Company that indicate the client's holdings. A quarterly report, indicating market value, cash flows, gains and losses, asset allocation, and performance of the client's account as it compares to market indices, is also available if the client elects to receive it. In addition, the client will receive a tax report for the account directly from SEI Investment. SEI Investment may also rebalance the client's portfolio to maintain compliance with the percentage allocation between asset classes as directed by the client.

C. SEI Managed Account Program and SEI Integrated Managed Account Program.

PSI participates in the SEI Managed Account Program (the "Managed Account Program") and the SEI Integrated Managed Account Program (the "Integrated Managed Account Program"), both of which are sponsored by SEI Investment. Both the Managed Account Program and the Integrated Managed Account Program utilize specialist money managers that manage individual portfolios of stocks or bonds based on a specific investment style. The Integrated Managed Accounts Program consolidates the equity managers' security recommendations into one account

coordinated by the integration manager. This can facilitate more comprehensive and holistic management of clients' portfolios.

To participate in the Managed Account Program and the Integrated Managed Account Program, PSI, SEI Investment and the client must execute a tri-party agreement that provides for the management of certain of the client's assets in accordance with the terms thereof (the "Managed Account Agreement").

Pursuant to the Managed Account Agreement, the client will appoint PSI to review the client's financial situation, provide advice with respect to the investment and reinvestment of the client's assets, and assist the client with selecting an SEI asset allocation strategy which would include the percentage of client assets allocated to designated SEI portfolios of separate securities (each a "Separate Account Portfolio") that include a percentage of assets allocated to a portfolio of mutual funds sponsored by SEI Investment or one of SEI Investment's affiliates. Under the Managed Account Agreement, the client will appoint SEI Investment to manage the assets that are within the Separate Account Portfolio in accordance with a strategy selected by the client together with PSI using SEI Investment account opening documents. SEI Investment may delegate its responsibility for selecting particular securities to one or more portfolio managers to provide management services relative to those allocated assets.

D. Morningstar® Managed Portfoliossm Programs.

The Morningstar® Programs described below ("MS Programs") are discretionary investment advisory programs offered by Morningstar Investment Services, Inc. ("MIS") in which MIS will provide discretionary investment management services to a client in accordance with the terms of an Investment Management Agreement that will be executed by the client and MIS. This Investment Management Agreement is separate from the agreement that the client will execute with PSI, and will grant discretionary authority to MIS. MIS will determine the transactions that MIS will execute in the client's account, and the frequency with which MIS will execute such account transactions. MIS may also delegate certain duties to PSI, which include having each client complete a questionnaire and other applicable account opening documents pertaining to suitability, contacting the client at least annually to obtain any changes in their financial status and acting as a liaison between MIS and the client.

Pursuant to an agreement between PSI and MIS, an SEC registered investment advisor, PSI may offer participation in one or more of the following Morningstar® Programs to clients: (1) the Morningstar® Managed Portfoliossm Program – Mutual Fund Strategies ("MS Program – Mutual Funds"), (2) Morningstar® Managed Portfoliossm Program ETF Strategy ("MS Program – ETF"), and (3) Morningstar® Managed Portfoliossm Program Stock Basket Strategy ("MS Program – Stock Basket").

1) MS Program – Mutual Funds

The mutual fund portfolios give investors access to a wide array of mutual funds—each constructed with MIS' disciplined asset allocation, objective research and proactive portfolio management.

Sophisticated Portfolio Construction

To give investors a range of options, MIS offers a broad suite of portfolios. Each of these portfolios adheres to a distinct strategic asset allocation, which dictates the asset mix that they use. These variations allow MIS to target specified risk/reward profiles.

MIS draws upon the work of its affiliate, Ibbotson Associates, a leading authority on asset allocation research. Ibbotson's analysis forms the basis for the strategic asset allocation that it uses in each Asset Allocation portfolio. Ibbotson's forecasts are rooted in thorough analysis of long-term historical performance and relationships between asset classes.

Manager Research

When selecting fund managers, MIS employs various quantitative and qualitative screens to sift through thousands of mutual funds, emphasizing factors like historical performance, investment style, and expenses.

MIS' investment team conducts extensive due diligence, including phone interviews, on-site fund manager visits, detailed portfolio analysis, and reviews of the performance attributed to the manager. Documenting their research through a proprietary evaluation system, they award the highest scores to fund managers who employ a prudent, repeatable investment process that has yielded strong results over time. MIS' team favors funds that have below-average expense ratios and are run by managers whose interests, MIS believes, are properly aligned with those of shareholders.

A Range of Portfolios

MIS' Retirement Income portfolios may be appropriate for investors seeking a stable income stream and hoping to preserve the value of their portfolios' underlying assets. Through a mix of equity, fixed-income, and alternative strategies, MIS' Retirement Income portfolios aim to support a desired distribution rate without depleting the value of an investor's account.

MIS' Absolute Return portfolio allows investors to access mutual funds that employ "hedge-fund"-like strategies. Meant to deliver returns that are not tied to a specific asset class or market index, the Absolute Return portfolio can be a useful diversification and risk-management tool.

MIS' four Equity Style portfolios—Multi-Cap Value, Multi-Cap Growth, Foreign Equity, Small & Mid-Cap Equity—offer a range of complementary strategies, each largely concentrated in one asset class, allowing investors to take a tactical approach to investing or further diversify existing portfolios that may lack exposure to certain market segments.

2) MS Program – ETF

MIS' ETF portfolio is comprised entirely of ETFs, each ETF portfolio confers the benefits of a sophisticated investment solution—disciplined asset allocation, objective research, access to a wide array of ETFs, and proactive portfolio management.

Sophisticated Portfolio Construction

MIS offers a suite of managed ETF portfolios to suit a variety of investor needs. Each of these portfolios follows a distinct strategic asset allocation, which dictates the mix of stocks, bonds, and other asset classes. These variations allow MIS to target specified risk/reward profiles.

MIS draws upon the work of its affiliate, Ibbotson Associates, a leading authority on asset allocation research. Ibbotson's analysis forms the basis for the strategic asset allocation that it uses in each Asset Allocation portfolio. Ibbotson's forecasts are rooted in thorough analysis of long-term historical performance and relationships between asset classes.

Novel Approach

Though each managed ETF portfolio maintains a consistent asset allocation, MIS' investment team uses a "core and explore" approach to judiciously shift the mix of assets based on market conditions.

Serving as the anchors of its ETF portfolios, each "core" position tracks an asset class represented in its strategic allocation, ensuring that each portfolio remains true to its risk/reward profile. By contrast, MIS' "explore" positions express MIS' investment team's tactical view. For instance, if MIS' team identifies a market segment that looks attractive on a fundamental basis, it might establish an "explore" position in an ETF that targets that area.

Rigorous, Disciplined Fund Selection

MIS' bottom-up, fundamentals-based approach ensures that MIS applies consistent criteria to each ETF account. Its investment team uses a proprietary evaluation system to seek investments that boast low expenses and other attractive fundamental attributes.

By leveraging Morningstar, Inc. stock coverage, MIS can evaluate a stock ETF's fundamental attractiveness in a much more thorough and systematic way. For instance, Morningstar, Inc. analysts cover stocks comprising dozens of stock ETFs. MIS then rolls up the ratings that these analysts have placed on each stock in order to gauge the attractiveness of an ETF portfolio as a whole. Through this methodology, MIS creates a tactical view—i.e. blue-chips vs. small-caps, health-care vs. technology, domestic vs. foreign—that's rooted in the rigorous fundamental research that Morningstar analysts conduct.

MIS also makes tactical allocations to bond and other ETFs in accordance with a disciplined, systematic framework. Its investment team confers on a regular basis

regarding market conditions and the relative attractiveness of the various asset classes. Generally speaking, MIS takes a contrarian tack, favoring those areas that it believes offer the most attractive risk/reward trade-off.

3) MS Program – Stock Basket

The four portfolios in the Strategist Series combine the active portfolio management of MIS with the extensive equity research of Morningstar, Inc. The first three portfolios in the series, the Tortoise, Hare, and Dividend, are patterned after successful portfolios of the same name featured in Morningstar, Inc.’s popular Morningstar® StockInvestorsm and Morningstar® DividendInvestorsm newsletters. The fourth portfolio, the U.S. Wide Moat Focus, is designed to track the Morningstar® Wide Moat Focussm Index.

A Prudent Approach

MIS’ Tortoise, Hare, and Dividend strategies share a common approach—investing in higher-quality firms at a discount to what Morningstar Inc.’s analysts believe they are worth. This approach assumes that a stock investment represents an ownership interest in a business. Accordingly, when selecting stocks, MIS operates from the mindset of a business-owner, asking questions like “what gives this firm an edge over competitors, how durable are those advantages” and “does this business create value for shareholders?”

MIS’ U.S. Wide Moat Focus portfolio is based on the concept of an economic moat—a cornerstone of the Morningstar, Inc. investment philosophy. Just as a moat around a medieval castle kept the opposition at bay, an economic moat is a structural competitive advantage that allows a firm to earn above-average returns on capital over a long period of time.

Grounded in Rigorous Analysis

As with all MIS’ Select Stock Baskets portfolios, the portfolios in the Strategist Series harness Morningstar Inc.’s comprehensive, in-depth research. The nearly 100 equity analysts at Morningstar, Inc., conduct extensive research on industry dynamics, a firm’s competitive position, and the defensibility of any advantages that the business might boast, all in an effort to estimate a firm’s intrinsic worth per share.

A Strategy That Suits Individual Needs

Each of MIS’ portfolios in the Strategist Series put a slightly different twist on quality-centric, value-conscious investing.

Tortoise—Invests in the stocks of relatively stable, high-quality businesses that are well-entrenched in the various markets in which they operate. Though these firms are not typically growing at a furious pace, they are normally very profitable, reflecting their dominance.

Hare—Invests in the stocks of firms that are experiencing rapid growth, emphasizing those that have carved out a defensible niche of some kind. Importantly, they are selling at reasonable prices, not high price multiples.

Dividend—Invests in high-yielding stocks with the potential for dividend-growth and capital appreciation. Though “dividend-investing” often brings to mind stodgy utilities or banks, the Dividend portfolio is composed of stocks from a variety of industries. The common-thread is that the typical name is significantly undervalued, financially strong, and founded on a durable business model.

U.S. Wide Moat Focus—Invests equally in the twenty cheapest “wide-moat” stocks in Morningstar, Inc.’s coverage universe. The portfolio identifies stocks that can generate high returns on invested capital by tracking the Morningstar® Wide-Moat Focus Index, which is reviewed and rebalanced on a quarterly basis.

A Flexible Solution

Investors can modify their Select Stock Baskets accounts to exclude certain sectors, industries, or even individual stocks. For instance, if an investor is a dividend enthusiast, but prefers not to own the stocks of energy-related firms in the Dividend strategy, they could customize the account to omit such firms. Since all customization takes place at the individual account level, rather than in an all-encompassing model portfolio, Select Stock Baskets represents a personalized investment approach.

E. *PFA Program.*

The PFA Program is closed to new clients. The description and subsequent material regarding this program is included to address existing investors in the PFA Program.

PSI may recommend that all or a portion of certain clients’ investible assets are allocated to the PFA Program. Using a completed questionnaire that is designed to elicit the client’s investment objectives, attitude toward risk and financial and tax circumstances, PSI will recommend a portfolio for the client consisting of various mutual funds managed by selected mutual fund managers.

2. Securities and Brokerage Services. PSI is also registered with the SEC as a broker-dealer, and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). As a FINRA member and an SEC-registered broker-dealer, PSI is engaged in the purchase and sale of securities to public customers such as individuals, pension and profit sharing plans, and corporate, trust, estate and retirement accounts. However, PSI does not act as broker-dealer or custodian for any advisory account for which it provides services as an investment adviser.

3. Insurance Sales.

PSI is registered as an insurance agency in various states and is capable of selling life and health insurance to customers. Many of PSI’s management, employees and investment adviser representatives are appointed with insurance carriers to sell insurance products. The firm

primarily sells life insurance, various annuity products and long term care insurance to individual customers.

C. Miscellaneous Information About PSI's Investment Advisory Services.

PSI provides investment advice primarily with respect to various equity securities (such as exchange-listed, securities traded over-the-counter, and foreign issuers), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (such as variable annuities and mutual fund shares), United States government securities, and options contracts on securities. Although PSI's investment advice is typically limited to those investment categories, PSI may provide advice with respect to other investment opportunities in response to a client request or where PSI determines that it would be in the interests of the client to pursue those other investment opportunities.

In connection with the provision of PSI's services, (1) PSI tailors its advisory services to the client's individual needs, (2) clients may impose reasonable restrictions on PSI's services, which may include restrictions on investing in certain securities or types of securities, (3) the client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from PSI, (4) PSI is authorized to rely on any and all information that is provided to PSI by the client or any of the client's other professionals (such as the client's attorney or accountant), and shall not be required to independently verify any such information, (5) if requested by the client, PSI may recommend the services of other professionals for implementation purposes; however, the client is under no obligation to engage the service of any such recommended professional, and the client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the firm, and (6) each client is responsible to promptly notify PSI if there is ever any change in their financial situation or investment objectives so that PSI is positioned to review, evaluate and possibly revise its previous recommendations and/or services.

D. The Firm's Assets Under Management.

The firm's investment advisory services include both discretionary and non-discretionary asset management. As of December 31, 2011, PSI's total amount of discretionary and non-discretionary assets under management was \$630,393,969 and \$62,317,791, respectively.

Item 5: Fees and Compensation

A. The Firm's Fees and Compensation for Services.

1. Investment Advisory Services.

A. *OMIA Program.*

Under the OMIA Program, PSI's compensation will be on a fee basis that is computed based on the market value of the account managed. PSI's compensation will generally be in accordance with the following annual fee schedule:

<u>Market Value of Assets</u>	<u>Percentage Fee</u>
First \$250,000.00	1.30%

\$250,000.01 - \$500,000.00	1.00%
\$500,000.01 - \$1,000,000.00	0.75%
\$1,000,000.01 and higher	0.50%

The minimum annual fee per client relationship is \$3,250. Fees are negotiable. Fees will be pro-rated and charged quarterly in arrears and subject to change upon 30 days written notice. Considerations used in establishing, or negotiating, fees include: size of portfolio, complexity of relationship and the extent of services required by the client.

B. SEI Program.

PSI's advisory fee for providing services to those client assets that are allocated into the SEI Program shall generally be in accordance with the following annual fee schedule:

<u>Market Value of Assets</u>	<u>Percentage Fee</u>
First \$250,000.00	1.25%
Next \$250,000.00	1.00%
Next \$500,000.00	0.75%
All assets over \$1,000,000.00	0.50%

PSI's advisory fee is debited from the client's account by SEI Trust Company on behalf of the client. SEI Investment does not receive any portion of PSI's advisory fee. With respect to the fees imposed by SEI Investment, SEI Trust Company will debit the client's account on a quarterly basis for those fees, as well as any additional charges that may be imposed by SEI Investment. Those fees will be disclosed to the client pursuant to the terms of the agreement between SEI Investment and the client. The charges to the client's account will be on an arrears basis and will be remitted quarterly net of any applicable account and performance reporting charges not charged to the client. Upon written notification, the agreement between the parties may be terminated by either PSI or the client. In the event the relationship between PSI and the client is terminated, prorated fees will be charged based on the market value on the date notice of termination is received.

SEI Trust Company serves as transfer agent and custodian of all client assets under the SEI Program, for which SEI Trust Company receives compensation in the form of an administrative charge (the amount of which is disclosed on the administrative charge schedule attached to or contained in the SEI account agreement that each SEI Program participating client is required to sign). SEI Trust Company is the broker and custodian for the SEI Program based on the terms thereof.

The minimum account size for participating in this program through People's Securities is \$75,000. SEI charges an additional maintenance fee for accounts valued below \$50,000.

C. SEI Managed Account Program and SEI Integrated Managed Account Program.

PSI's compensation under the Managed Account Program and the Integrated Managed Account Program is on a fee basis, computed based on the market value of the assets within the account

being managed, with breakpoints that reduce the rate, generally in accordance with the following annual fee schedule:

<u>Market Value of Assets</u>	<u>Percentage Fee</u>
First \$250,000.00	1.25%
Next \$250,000.00	1.00%
Next \$500,000.00	0.75%
All assets over \$1,000,000.00	0.50%

PSI's compensation under the Managed Account Program and the Integrated Managed Account Program is not negotiable, but may be waived in whole or in part, for varying periods of time, in PSI's sole discretion, in connection with promotional efforts or for any other reason. PSI's compensation may be waived for persons who are directors, officers or employees of PSI or affiliates of PSI. Additional discounts may apply to portfolios of \$5 million and above when multiple portfolio managers and/or mutual funds sponsored by SEI Investment or an SEI affiliate are combined.

Fees are calculated in arrears at the end of each calendar quarter based on the balance in a client's SEI Investment Account at the end of the quarter. The first quarterly payment will be assessed pro rata in the event the Managed Account Agreement is executed at any time other than the first day of a calendar quarter.

SEI Trust Company serves as transfer agent and custodian of all client assets under the Managed Account Program and the Integrated Managed Account Program, for which SEI Trust Company receives compensation in the form of an administrative charge (the amount of which is disclosed on the administrative charge schedule attached to or contained in the SEI account agreement that each participating client is required to sign). Any brokerage commissions that are built in to the custodial fees are not negotiated by PSI and are included in the annual program fees that are charged by SEI Trust Company. SEI Trust Company is the broker and custodian for the Managed Account Program and the Integrated Managed Account Program based on the terms of each such program. There are no additional brokerage fees. All brokerage costs are included in the fees payable to SEI Investment.

The minimum account size for participating in the SEI Managed Account Program through People's Securities is \$100,000.

The minimum account size for participating in the SEI Integrated Managed Account Program through People's Securities is \$250,000 in equity.

D. Morningstar® Programs.

For each client participating in the Morningstar® Programs, PSI will receive compensation that is equal to a portion of the fee that MIS imposes on the client. MIS will receive compensation for their investment advisory services under each of the Morningstar® Programs as a percentage of assets allocated using those Programs.

(1) MS Program – Mutual Funds. The minimum initial investment for the MS Program – Mutual Funds is \$50,000. At MIS’ sole discretion, an initial or subsequent investment of less than this amount may be allowed.

Program Fees

An annual fee is charged on a quarterly basis in arrears based on the value either at the beginning of or the end of each quarter, respectively.

The annual fee consists of two parts (collectively the “MS Program – Mutual Funds Program Fee”), the fee imposed by MIS and the fee imposed by PSI. The MS Program – Mutual Funds Program Fee schedule is*:

<u>Market Value of Assets</u>	<u>Percentage Fee</u>
First \$500,000.00	1.50%
Next \$500,000.00	1.40%
Next \$1,000,000.00	1.30%
All assets over \$2,000,000.00	1.1%

* The Portfolios’ underlying mutual funds incur their own internal expenses such as shareholding servicing, and 12b-1 fees.

Supplemental Fee Information

When securities can be traded in more than one marketplace, the broker-dealer for the MS Program account will use its discretion in selecting the market in which such orders are entered. Please be aware that the broker-dealer may receive remuneration, compensation or other consideration for directing orders to particular broker/dealers or market centers for execution (i.e., payment for order flow) and that MIS does not participate in such arrangements.

The client may also incur certain charges by the broker-dealer or its affiliates related to retirement plan accounts such as IRAs. These charges are in addition to the above mentioned MS Program – Focused Annual Program Fee and brokerage fees.

(2) MS Program – ETF. The minimum initial investment for the MS Program – ETF is \$100,000. At MIS’ sole discretion, an initial or subsequent investment of less than this amount may be allowed.

Program Fees

An annual fee is charged on a quarterly basis in arrears based on the value either at the beginning of or the end of each quarter, respectively. The annual MS Program – ETF fee consists of two parts (collectively the “MS Program – ETF Annual Program Fee”), the fee imposed by MIS and the fee imposed by PSI. The standard fee schedule for the MS Program – ETF Strategy is**:

<u>Market Value of Assets</u>	<u>MIS Fee Percentage</u>	<u>PSI Percentage Fee</u>	<u>Total Fee (MIS</u>
	<u>Fee</u>		<u>Fee + PSI)</u>
First \$1,000,000.00	0.31%	0.99%	1.30%

Next \$4,000,000.00	0.25%	0.50%	0.75%
Amounts above initial \$5,000,000.00	0.20%	0.50%	0.70%

Annual Minimum MIS fee: \$310

**Does not include fees/commissions associated with executing transactions nor the internal exchange traded funds. Additionally, this fee covers costs associated with middle-office trading infrastructure and client accounting and reporting.

Supplemental Fee Information

As the result of MIS' discretionary authority, investment decisions made for a MS Program – ETF account will result in the client incurring brokerage commission/fees imposed by the brokerage firm utilized by the MS Program. The payment of these brokerage fees is solely the client's responsibility. The broker-dealer will charge the client's MS Program – ETF account directly for any applicable brokerage fees. These brokerage fees are in addition to the above-mentioned MS Program – ETF Annual Program Fee.

When securities can be traded in more than one marketplace, the MS Program broker-dealer will use its discretion in selecting the market in which such orders are entered. Please be aware that the broker-dealer may receive remuneration, compensation or other consideration for directing orders to particular broker/dealers or market centers for execution (i.e., payment for order flow) and that MIS does not participate in such arrangements.

Exchange-traded funds have their own internal fees and expenses such as investment advisory, administration, and other fund-level expenses and that by investing in them the client incurs a proportionate share of those fees and expenses. Those fees and expenses are in addition to the abovementioned MS Program – ETF Annual Program Fee and brokerage fees.

The client may also incur certain charges by the broker-dealer or its affiliates related to retirement plan accounts such as IRAs. These charges are in addition to the above mentioned MS Program – ETF Annual Program Fee and brokerage fees.

(3) MS Program – Stock Basket. The minimum initial investment for the MS Program – Stock Basket is \$250,000. At MIS' sole discretion, an initial or subsequent investment of less than this amount may be allowed.

Program Fees

An annual fee is charged on a quarterly basis in arrears based on the value either at the beginning of or the end of each quarter, respectively. The annual MS Program – Stock Basket fee consists of two parts (collectively the “MS Program – Stock Basket Annual Program Fee”), the MIS fee and the PSI fee. The standard fee schedule for the MS Program – Stock Basket is:

<u>Market Value of Assets</u>	<u>MIS Fee Percentage</u>	<u>PSI Percentage Fee</u>	<u>Total Fee (MIS Fee + PSI)</u>
	<u>Fee†</u>		
First \$1,000,000.00	0.55%	0.75%	1.30%
Next \$4,000,000.00	0.50%	0.65%	1.15%

Amounts above initial \$5,000,000.00	0.45%	0.55%	1.00%
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Annual Minimum MIS Fee (Strategist Series): \$550

†Does not include fees/commissions associated with executing transactions. It also does not include the PSI's fee. Additionally, this fee covers costs associated with middle-office services such as a trading infrastructure and client accounting and reporting.

Supplemental Fee Information

As the result of MIS' discretionary authority, investment decisions made for a MS Program – Stock Basket account will result in the client incurring brokerage commission/fees imposed by the brokerage firm utilized by the MS Program. The payment of these brokerage fees is solely the client's responsibility. The broker-dealer will charge the client's Stock Basket Strategy account directly for any applicable brokerage fees. These brokerage fees are in addition to the above-mentioned MS Program – Stock Basket Annual Program Fee.

When securities can be traded in more than one marketplace, the MS Program broker-dealer will use its discretion in selecting the market in which such orders are entered. Please be aware that the broker-dealer may receive remuneration, compensation or other consideration for directing orders to particular broker/dealers or market centers for execution (i.e., payment for order flow) and that MIS does not participate in such arrangements.

The client may also incur certain charges by the broker-dealer or its affiliates related to retirement plan accounts such as IRAs. The Client understands that these charges are in addition to the above mentioned MS Program – Stock Basket Annual Program fee and brokerage fees.

American Depositary Receipts ("ADRs") are typically created, organized and administered by a U.S. bank. Generally, these banks charge a fee for their services (e.g., custody) and may deduct these fees from the dividends and other distributions generated from the ADR shares. In addition, banks incur expenses, such as those related to converting foreign currency into U.S. dollars, and as a result may pass those expenses on to the ADR shareholder. The client understands that these fees and expenses are in addition to the above-mentioned MS Program – Stock Basket Annual Program Fee and Brokerage Fees.

E. *PFA Program.*

PSI's compensation under the PFA Program is on a fee basis, computed based on the market value of the assets within the account being managed, with breakpoints that reduce the rate, generally in accordance with the following annual fee schedule:

<u>Market Value of Assets</u>	<u>Percentage Fee</u>
First \$250,000.00	1.25%
Next \$250,000.00	1.00%
Next \$500,000.00	0.75%
All assets over \$1,000,000.00	0.50%

Separate from PSI's fee for asset allocation, fund selection and reporting, investments in mutual funds are subject to fees and charged imposed directly at the mutual fund level. Mutual funds charge a separate management fee for investment advisory and administrative services and a distribution or shareholder servicing fee, all of which are disclosed in the applicable mutual fund's prospectus.

SEI Trust Company serves as transfer agent and custodian of all client assets under the PFA Program, for which SEI Trust Company receives compensation in the form of an administrative charge (the amount of which is disclosed on the administrative charge schedule attached to or contained in the SEI account agreement that each PFA Program participating client is required to sign). Any brokerage commissions are included in the custodial fee and are not negotiated by PSI. PSI selected SEI Trust Company as the broker and custodian for the PFA Program based on PSI's review of SEI's performance and competitive pricing.

PSI's compensation for the program is not negotiable, but may be waived in whole or in part, for varying periods of time, in PSI's sole discretion, in connection with promotional efforts or for any other reason. PSI's compensation may be waived for persons who are directors, officers or employees of PSI or affiliates of PSI.

The minimum account size for this program is \$100,000. PSI is no longer accepting new clients into the PFA program.

PSI's compensation is calculated and billed quarterly in arrears, based on the average value of the account over the period that comprises the preceding quarter. PSI's compensation for any period of less than a full quarter will be prorated on a daily basis.

Upon written notification, the agreement between the parties may be terminated by either PSI or the client, and the client may withdraw from the PFA Program at any time in accordance with such termination request. In the event the relationship between PSI and the client is terminated, prorated fees will be charged based on the market value on the date notice of termination is received and any unearned compensation will be refunded to the client.

2. Securities and Brokerage Services.

- PSI and/or any of its supervised persons may accept compensation for the sale of securities or other investment products. This would represent a conflict of interest and could provide an incentive to PSI and/or its supervised persons to recommend investment products based on the compensation received, rather than on a client's needs. However, we address this conflict of interest by prohibiting PSI's supervised person(s) from executing client securities transactions for advisory accounts.
- Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with PSI.

3. Insurance Sales.

PSI employees that are appropriately licensed and appointed through insurance carriers, which include some registered investment advisers, may accept compensation for the sale of insurance products. This would represent a conflict of interest and could provide an incentive to PSI and/or its supervised persons to recommend insurance products based on the compensation received, rather than on a client's needs. However, this conflict of interest is mitigated by the fact that a client must have an insurable interest to obtain an insurance policy and PSI prohibits its registered investment advisers from including any insurance product sold to a client in the value of assets under management used to calculate advisory fees.

B. General Information on Fees.

1. Negotiability of fees. PSI's fees and account minimums under the OMIA Program are generally negotiable. For all other PSI programs, PSI's fees and account minimums are generally not negotiable.

2. Payment of PSI's fees. Under the OMIA Program, fees may be deducted from the client's account by the client's account custodian, or, in the alternative, the client may pay PSI's fee directly. Under the remaining PSI programs, PSI's fees may only be deducted from the client's account by the client's account custodian.

3. Client will incur other charges and fees. With respect to PSI's investment advisory services, the client will also incur charges imposed directly by the custodian of the client's account, transaction charges imposed by the broker-dealer executing securities transactions for the client's account, and fees and expenses imposed directly by mutual funds held in or for the client's account. For further discussion concerning PSI's brokerage practices, please see Item 12 of this Disclosure Brochure. All fees paid to PSI for its services are separate and distinct from the fees and expenses charged directly by the client's custodian, the broker-dealer, and mutual funds. The fees and expenses imposed by mutual funds are described in each fund's prospectus, and will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. The client should review both the fees charged by the funds and the fees charged by PSI to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

PSI does not receive a performance based fee through any advisory program it currently offers. As a result, it does not have any information to disclose under this Item 6.

Item 7: Types of Clients

A. The Firm's Clients.

The firm's client base is comprised of individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations and other businesses.

B. Requirements for Opening or Maintaining an Account.

1. Minimum Fee. Each PSI program may impose a minimum fee or additional requirements for opening or maintaining an account. The following is a list of the current minimum investment for each advisory program offered by People's Securities:

OMIA Program: Unless waived or negotiated in advance, PSI requires a minimum fee of \$3,250 for investment advisory services clients.

SEI Program: None

SEI Managed Account Program and SEI Integrated Managed Account Program: None

MS Program – Mutual Funds: None

MS Program – ETF: \$310 Annual MIS fee

MS Program – Stock Basket: \$550 annual MIS fee for Strategist Series

PFA: None

2. Servicing Agreement. Each client will be required to sign a servicing agreement with PSI that sets forth the terms and conditions of their relationship with PSI and a separate custodial/clearing agreement. Each or both of the PSI servicing agreement and the custodial/clearing agreement may authorize the account custodian to debit the client's account for the amount of PSI's fee and may also authorize the account custodian to directly remit that fee to PSI in accordance with regulatory procedures. The PSI servicing agreement will continue in effect unless terminated pursuant to the terms thereof. In the event of termination, PSI's management fee shall be pro-rated through the date of notice of termination. Neither party to the PSI servicing agreement may assign it without the prior consent of the other party; however, transactions that do not result in a change of actual control or management of PSI shall not be considered an assignment.

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

A. Methods of Analysis and Investment Strategies.

1. Methods of Analysis. The firm utilizes charting, fundamental, technical and cyclical methods of analysis in connection with its servicing client accounts.

2. Investment Strategy. The significant investment strategies that the firm utilizes for servicing client accounts are long term purchases and option writing, including covered call options or buy-write strategies.

(a) Long term purchases. Long term purchases are generally comprised of securities that are held at least one year after the date of their purchase. This investment strategy involves various risks, including the day-to-day potential for an investor to experience losses from fluctuations in securities prices.

(b) Option writing, including covered call options, or buy-write strategies. The option strategies the firm employs are generally considered to be conservative. These transactions involve the use of call options where an option is written against either an

existing position or a position purchased specifically to be used in the buy-write strategy. This investment strategy involves various risks, including the risk that if the price of the underlying security rises beyond the option strike price plus the option premium a loss may occur.

3. Risk of Loss. Investing in securities involves risk of loss that each client should be prepared to bear.

4. Security related risks. Although we do not primarily recommend one particular type of security over others, please note the risk we describe in our discussion above concerning option writing.

Item 9: Disciplinary Information

On August 15, 2005, PSI entered into an Acceptance, Waiver and Consent (“AWC”) with the National Association of Securities Dealers, Inc. (“NASD”). The NASD alleged that PSI failed to maintain and preserve its e-mail communications from November 1, 2002 through March 31, 2004, as required by NASD rules. The following sanctions were ordered in connection with the AWC: (a) monetary fine in the amount of \$125,000; (b) censure; and (c) PSI was ordered to undertake corrective action to review procedures regarding the preservation of electronic e-mail communications.

Item 10: Other Financial Industry Activities and Affiliations

A. Other Registrations.

PSI is also registered with the SEC as a broker-dealer, and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). As a FINRA member and SEC-registered broker-dealer, PSI is engaged in the purchase and sale of securities to public customers such as individuals, pension and profit sharing plans, and corporate, trust, estate and retirement accounts. Notwithstanding this registration, PSI does not recommend itself, or act, as the broker-dealer for client accounts for which it also provides investment advisory services.

In addition, many of PSI’s management, employees and investment adviser representatives are also registered with one or more state securities administrators as registered representatives, registered agents or registered principals with PSI in PSI’s capacity as a broker-dealer. In these dual capacities, they are capable of effecting securities brokerage transactions. Notwithstanding this registration, PSI does not permit any client receiving investment advisory services to engage PSI, in its capacity as a broker-dealer, as the custodian of any assets under management by a PSI investment adviser representative.

PSI is also registered as an insurance agency in various states and is capable of selling life and health insurance to customers. Many of PSI’s management, employees and investment adviser representatives are appointed with insurance carriers to sell insurance products. The firm primarily sells life insurance, various annuity products and long term care insurance to individual customers.

B. Other Financial Industry Activities.

See the discussion in Item 10.A (“Other Registrations”) of this Disclosure Brochure discussing other financial industry registrations of the firm and its associated persons. When the firm or any such associated person acts in the capacity of the other registration, it or he/she will engage in other financial industry activities that are commensurate with the other registration.

C. Other Financial Industry Affiliations.

1. Banking Institution.

PSI is a wholly owned subsidiary of People’s United Bank (“People’s United”), which is owned by People’s United Financial Inc., a publicly reporting company. Certain members of PSI’s management team and/or Board of Directors may also be employed by, provide services to, or sit on the Board of Directors of People’s United. In addition, PSI may provide services to customers of People’s United in accordance with the terms of this Disclosure Brochure. This may present a conflict of interest between PSI and its owner. In the event of an actual conflict of interest between PSI and People’s United, PSI personnel with sufficient knowledge of the conflict of interest will discuss the issue with the client and then PSI will determine, in its discretion, whether it may continue the relationship with the client. If the firm determines that it cannot continue the relationship with the client, it will terminate the relationship after providing reasonable assistance to the client in connection with transitioning the account away from the firm.

2. Insurance Agency.

PSI is a registered insurance agency as described in Section 10 (A) Other Registrations.

PSI is also affiliated with People’s United Insurance Agency (“People’s Insurance”), which is a regional insurance agency. People’s Insurance is a wholly owned subsidiary of People’s United. PSI may provide services to customers of People’s Insurance in accordance with the terms of this Disclosure Brochure. PSI may also recommend, on a fully disclosed basis, People’s Insurance to PSI clients for the provision of insurance-related services. This may present a conflict of interest between PSI and its owner. In the event of an actual conflict of interest, PSI personnel with sufficient knowledge of the conflict of interest will discuss the issue with the client and then PSI will determine, in its sole discretion, whether it may continue the relationship with the client. If the firm determines that it cannot continue the relationship with the client, it will terminate the relationship after providing reasonable assistance to the client in connection with transitioning the account away from the firm.

D. Selection of Other Investment Advisers

Under certain of PSI’s servicing programs identified in Item 4 of this Disclosure Brochure, PSI may allocate a client’s investable assets among other independent investment advisers (collectively, the “Outside Managers”) to provide services to such PSI client accounts. In the event that PSI utilizes Outside Managers in this manner, PSI will continue to provide services to the client as described in Item 4, and will continue to receive compensation for its provision of such services.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Description of the Firm's Code of Ethics

PSI has adopted a Code of Ethics for its investment advisory business, pursuant to SEC Rule 204A-1, which serves to establish a standard of business conduct for all of the firm's personnel that is based upon honesty and ethical behavior. PSI is a fiduciary and therefore has the responsibility to render professional, continuous, and unbiased investment advice. PSI requires its employees to follow the highest ethical standards when dealing with clients, potential clients, other employees, vendors and regulators.

PSI's Code of Ethics for investment advisory personnel includes specific provisions emphasizing the principals of fiduciary duty and full compliance with all laws, regulations and the principals of fair dealing relating to the advisory business. The Code of Ethics also contains specific provisions concerning the prompt and full disclosure of actual and potential conflicts of interest, the identification and prevention of insider trading, the protection of clients' personal information, and employees' personal securities trading activity.

PSI will provide a copy of the Code of Ethics to any client or prospective client upon request.

B. Material Financial Interest.

Although PSI does not make any recommendations for such a security, certain clients have requested, and may in the future request, that PSI purchase shares of common stock of People's United Financial, Inc. This may present a conflict of interest for the firm, including the conflict that arises from the firm being in a position to provide recommendations and advice relative to the stock of its parent company. To address this conflict of interest, as well as other conflicts of interest that may arise, PSI does not: (a) supervise or monitor any such holdings, (b) bill on any such holdings, or (c) include the value of such holdings in PSI's assets under management.

C. Investing by Firm Personnel.

1. The purchase or sale of the same securities by PSI's related persons as for the client. Any person affiliated with PSI may directly or indirectly hold the same securities that PSI recommends to clients. These investment activities present a conflict of interest in the sense that PSI, or its personnel, may benefit financially from a transaction effected for a client account.

The firm believes that it has addressed this conflict of interest through its internal compliance policies. Initially, each such person will be required to report monthly to a designated officer of PSI all securities transactions during the preceding month in which she or he had a direct or indirect beneficial interest. Next, employees, officers and directors of PSI are prohibited from using any information acquired in their capacities as such to affect any trade or undertake any activity that may adversely affect PSI's clients or their interests. All are similarly prohibited from furnishing such information to others or otherwise improperly using such information for their own benefit. Further, PSI emphasizes the generally unrestricted right of the client to decline to implement any advice rendered. Lastly, PSI requires that all personnel act in

accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

2. The purchase or sale of the same securities as for the client. People's United and/or People's Insurance may coincidentally be buying or selling securities for its own account that PSI, SEI or MIS is recommending as an investment in any of the programs for which PSI offers investment advice. These investment activities may present a conflict of interest in the sense that such PSI affiliates may benefit financially from a transaction effected for a client account. The firm believes that it has addressed this conflict of interest because (a) there is no sharing of information concerning investment strategies or any specific securities or specific recommendations between PSI, SEI or MIS on the one hand, and People's United or People's Insurance, on the other, and (b) SEI and MIS offer discretionary management services to client accounts and are able to effect changes to a client's account without prior consultation with, or knowledge to, PSI.

3. The purchase or sale of the same securities at or about the same time as in a client's account. PSI, and/or any person related to PSI, may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the person related to PSI buys or sells the same securities for the account of PSI's related person. This presents a conflict of interest because the related person may benefit financially as a result of transactions in that same security that occur in the client account. Similarly, the value of the security held in the client's account may be detrimentally impacted by transactions in that same security that occur in the account of PSI's related person.

The firm believes that it has addressed this conflict of interest through its internal compliance policies described in Item 11.C.1.

Item 12: Brokerage Practices

A. Factors the Firm Considers in Selecting a Broker-Dealer.

1. Selection Criteria. In placing orders for the purchase and sale of securities and selecting brokers to effect these transactions, PSI seeks prompt execution of orders through a broker-dealer that PSI reasonably believes will provide the "best execution" reasonably obtainable under the circumstances. In doing so, PSI will consider a number of factors, including, without limitation, (i) the overall direct net economic result to the client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range), (ii) the broker's execution, clearance and settlement capability, (iii) the size, financial strength and stability of the broker, (iv) the efficiency with which the transaction is effected, (v) the ability to effect the transaction at all where a large block is involved, (vi) the services and products that the client will require of the broker-dealer, (vii) the availability of the broker to stand ready to execute possibly difficult transactions, and (viii) the ability of the broker-dealer to work compatibly with PSI. PSI will weigh the amount of the broker's compensation against the other criteria it considers in selecting the broker to execute client securities transactions to determine whether the broker's compensation is reasonable in light of those other factors. Nonetheless, in seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including the value of research provided, execution capability, transaction fees, and

responsiveness. Accordingly, although PSI will seek competitive transaction fees, it may not obtain the lowest possible transaction fees for account transactions.

2. Research and other benefits. Transactions for a client's account may be effected through broker-dealers in return for research products and/or services which assist PSI in its investment decision making process. Such research generally will be used to service all of PSI's clients, but PSI may receive research that is not used in managing all or some of PSI's client accounts. The account may pay to a broker-dealer a transaction fee greater than another qualified broker-dealer might charge to effect the same transaction where PSI determines in good faith that the transaction fee is reasonable in relation to the value of the brokerage and research services received.

In connection with effecting securities transactions through a designated broker-dealer/custodian, PSI may receive certain investment research products and/or services which assist PSI in its investment decision making process for the client. Investment research products and/or services received by PSI may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; and statistical and pricing services. Although the commissions paid by PSI's clients shall comply with PSI's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where PSI determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although PSI will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions and/or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, PSI's investment management fee.

In addition to the above, certain PSI personnel within the OMIA Program routinely receive research on an ongoing basis from brokerage firms that maintain client accounts. That research is reviewed and considered in the management of all client accounts allocated within the OMIA Program.

The foregoing represents a conflict of interest. When PSI receives research, products or services from a broker-dealer PSI receives a benefit because PSI does not have to produce or pay for the research, products or services. PSI has an incentive to select or recommend a broker-dealer based on PSI's interest in receiving the research or other products or services, rather than on the client's interest in receiving most favorable execution. It is possible that clients may pay higher commission costs due to PSI's use of that research, or those products or services. We believe that we have addressed these conflicts by (a) not entering into soft dollar arrangements where the research or services we receive from a broker-dealer or custodian are tied to any particular level of execution or amount of assets custodied, (b) only receiving research, products or services that are provided to all parties who utilize that broker-dealer or custodian, regardless of the amount of assets custodied or execution directed to that broker-dealer or custodian.

3. Directed brokerage. A client may direct PSI to use a particular broker-dealer (subject to PSI's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. A client's direction of brokerage can limit or eliminate PSI's ability to negotiate commissions (which could result in higher commission costs) and otherwise obtain more favorable execution of client transactions. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and PSI will not seek better execution services or prices from other broker-dealers or be able to "batch" or "aggregate" the client's transactions for execution through other broker-dealers with orders for other accounts managed by PSI. As a result, a client may pay higher transaction fees or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In other words, directing brokerage may cost a client more money.

In addition, in many instances a client within the OMIA Program has an established brokerage relationship that existed prior to their involvement with PSI and wishes to maintain it. Clients who establish custodial accounts with a broker-dealer typically direct the firm to effect all portfolio transactions through that broker-dealer at a rate agreed upon between the client and broker. In this event it is the practice within the OMIA Program not to negotiate commission rates unless expressly requested to do so by the client. If a client requests PSI to negotiate commission rates, PSI will use commercially reasonable efforts to do so. However, PSI cannot guarantee that its efforts to negotiate a lower rate will result in any change to the rate or costs incurred by the client's account through the use of that broker-dealer. A client that directs PSI to use a particular broker should consider whether such a designation may result in certain disadvantages to the client. These disadvantages may include higher commission rates and/or less favorable execution of transactions. Accordingly, the client should satisfy himself that the broker-dealer can provide adequate price and execution of transactions. In the event that a client does not have such a relationship and requests from PSI suggestions as to a brokerage firm, PSI will make a recommendation by suggesting appropriate brokerage firms from which a client can select.

B. Aggregation.

PSI may aggregate client securities transactions where it is able to obtain better execution or negotiate more favorable commission rates than might have been obtained had such orders been placed independently. Under this procedure, if customer orders are aggregated, transactions will be allocated among PSI's clients in proportion to the purchase and sale orders placed for each client account. Each customer account involved in the aggregated order will receive the same execution price for the security purchased or sold. To the extent that PSI determines to aggregate client orders for the purchase or sale of securities, including securities in which PSI's associated person(s) may invest, PSI shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. PSI shall not receive any additional compensation or remuneration as a result of the aggregation. As referenced in the section of this Disclosure Brochure that discusses directed brokerage, in the event that a client directs PSI to use a particular broker-dealer, PSI may not be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by PSI.

Although the opportunity to aggregate orders presents itself from time to time, PSI may choose not to aggregate the orders based on the following factors;

- Additional time to allocate aggregated order to the affected accounts
 - The additional time needed may exceed the time necessary to handle other orders in a timely manner.
- Aggregated orders must be verified as all belonging to the same broker
 - The verification process again may exceed the time necessary to handle other orders in a timely manner.

The cost to each client of not aggregating orders when the opportunity presents itself, under normal market conditions, is measured in tenths or hundreds of cents multiplied by the number of shares being bought or sold. On many occasions in terms of cost, not aggregating orders benefits the client to this same small extent.

Item 13: Review of Accounts

A. Account Reviews.

1. OMIA Program. All client accounts in the OMIA Program are managed and reviewed on a continuous basis. Overall investment management, market prospects and individual issues are considered in the review process. Triggering factors that may affect an account review could be any material change in a client's account resulting from a change in a company's financial condition, industry and/or company outlook as well as general economic factors or other relevant situations that may alter a client's account. All account reviews are conducted by the portfolio manager assigned to the account (the number of accounts varies from manager to manager).

2. SEI Program. Reviews are conducted by a PSI account representative at least annually to update the client's investment objectives, risk tolerance and financial and tax circumstances to determine whether the most recent asset allocation among funds requires adjustment. Unless the Client directs otherwise, Client accounts invested using an SEI investment allocation model are automatically rebalanced on a monthly basis if the underlying mutual funds deviate from the prescribed quarterly allocation by greater than a 2% variance (3% variance for tax-managed allocation models). Each of the individuals who will initially serve as an account representative will be trained by PSI in the proper use and development of the investor questionnaire and its interpretation and recommended asset allocation. The number of accounts assigned to each account representative who will serve as a reviewer will vary as the program is implemented.

3. SEI Managed Account Program and SEI Integrated Managed Account Program. The PSI account representative maintains the day-to-day relationship with the client and serves as the party primarily responsible for communications with the client. The PSI account representative will review and contact each client at least annually to ascertain if there has been any change in the client's financial situation or investment objectives, or if the client wishes to add or change any investment account. The PSI account representative will provide SEI Investments with any such information promptly after receipt. SEI Investments will receive reports detailing the individual holdings of the accounts and the Funds. These reports will provide SEI Investments with various portfolio characteristics including, but not limited to, weighted average market cap, dividend yield, price to-earnings ratio, price-to-book ratio, historical beta, and return on equity.

SEI Investments will use these reports to review the performance of each account, and of each portfolio manager and the SEI Funds, at least quarterly.

Each of the individuals who will initially serve as an account representative will be trained by PSI and SEI in the proper use and development of the investor questionnaire and its interpretation and recommended asset allocation. The number of accounts assigned to each account representative who will serve as a reviewer will vary as the program is implemented.

4. Morningstar® Programs. Reviews will be conducted by a PSI account representative at least annually to update the client's investment objectives, risk tolerance and financial and tax circumstances to determine whether the most recent asset allocation among funds requires adjustment.

5. PFA Program. Reviews will be conducted by a PSI account representative at least annually to update the client's investment objectives, risk tolerance and financial and tax circumstances to determine whether the most recent asset allocation among funds requires adjustment. On a quarterly basis, if the model experiences a variance of more than 10% from its designated asset allocation, the accounts will be rebalanced to match the designated asset allocation. Each of the individuals who will initially serve as an account representative will be trained by PSI in the proper use and development of the investor questionnaire and its interpretation and recommended asset allocation. The number of accounts assigned to each account representative who will serve as a reviewer will vary as the program is implemented.

B. Account Reports.

1. OMIA Program. Each client of the OMIA Program receives a quarterly account appraisal. This appraisal details the holdings in each client account(s), the current market value of each position and the market value of the overall account. The client will also receive transaction confirmation notices and regular account statements directly from the broker-dealer/custodian for the client's account.

2. PFA Program, SEI Program, SEI Managed Account Program, and SEI Integrated Managed Account Program. SEI Trust Company acts as the transfer agent and custodian of the Client's account. SEI Trust Company provides reporting services including consolidated monthly statements, quarterly performance reports, and year-end tax reports.

3. Morningstar® Programs. MIS acts as the transfer agent and custodian of the Client's account for the MS Program – Mutual Funds. MIS provides reporting services including consolidated, quarterly performance reports and year-end tax reports. MIS acts as the transfer agent of the Client's account for the MS Program – ETF and MS Program – Stock Basket. MIS provides reporting services including consolidated, quarterly performance reports and year-end tax reports. Client(s) invested in the MS Program – ETF or the MS Program – Stock Basket will also receive transaction confirmation notices and regular account statements directly from the broker-dealer/custodian for the client's account.

Item 14: Client Referrals and Other Compensation

A. Non-Clients providing an Economic Benefit to PSI.

See the discussion in this Disclosure Brochure of benefits received by PSI from the broker-dealer or custodian for client accounts.

B. PSI Compensation to Affiliated Parties for Client Referrals.

PSI may refer a client that it determines may benefit from services provided by the People's United Wealth Management & Trust Department ("People's United WM&T"). If PSI refers a client to People's United WM&T, PSI may receive referral compensation. If a client is introduced to PSI by either an unaffiliated or an affiliated solicitor, PSI may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from PSI's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to PSI by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of this Disclosure Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between PSI and the solicitor, including the compensation to be received by the solicitor from PSI. Any affiliated solicitor of PSI shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this Disclosure Brochure.

C. PSI Compensation to Third Parties for Client Referrals.

From time to time the OMIA Program accepts client referrals from various registered representatives of brokerage firms. When an account is referred by these representatives into the OMIA Program, PSI may have a conflict of interest between its duty to the client to obtain the most favorable commission rates available under the circumstances and its desire to obtain future referrals from that registered representative or brokerage firm. The OMIA Program utilizes an Investment Advisor Agent program where selected individuals are registered with the State of Connecticut Banking Department as part-time agents. The agents' sole function is to generate client referrals for the OMIA Program. If the potential client becomes a client, the agent is remunerated directly for the referral; this remuneration is disclosed to the client. The agent's name is listed under Investment Counsel Agent on the agreement signed by the client with PSI.

Item 15: Custody

Each PSI client's assets are maintained with a qualified custodian. The qualified custodian is authorized by the client to deduct and direct payment of PSI's advisory fee directly from the client's custodial account. Each client will receive account statements directly from the qualified custodian on at least a quarterly basis. Each client is urged to carefully review the account statement they receive from the qualified custodian. PSI does not act as qualified custodian for any advisory account for which it provides services as an investment adviser.

Item 16: Investment Discretion

It is expected that the majority of the activities of PSI will involve a form of discretion in that PSI will have written authority to determine the securities to be bought or sold, the amount of securities to be brought or sold, the broker or dealer to be used and the commission rates to be paid. Clients may (but typically do not) request to place limitations on PSI's discretionary authority, which PSI will consider on a case by case basis. Any such requests shall be presented to PSI in writing.

PSI's servicing contract, and the agreement between the client and the custodian/broker-dealer for the account, grant discretionary authority to PSI. The client's written agreement with the custodian also grants a limited power of attorney to PSI relative to transactions in the client's custodial account.

With respect to each PSI servicing program, additional details are set forth below.

A. OMIA Program.

Under the OMIA Program, clients generally engage PSI on a discretionary basis. A discretionary relationship authorizes PSI to determine and direct execution of portfolio transactions within a client's account in accordance with specified investment objectives, without consultation with such client on a transaction-by-transaction basis.

B. SEI Program, SEI Managed Account Program & SEI Integrated Managed Account Program.

Under these programs, a client will authorize PSI to provide instructions to the custodian for transactions in the client's account, and to take all other actions necessary or incidental to execution of such instructions. PSI's authority will include, without limitation, authority to provide instructions to SEI relative to effecting transactions for the client's benefit, in securities and financial instruments, such as stocks, bonds, notes, money market and mutual funds, and other marketable securities and instruments, for the client's account. PSI's authority will also include the ability to provide instructions to SEI on any realignments or reallocations of any portfolios selected by the client, provided, however, in no event shall PSI be authorized to direct SEI as client's attorney-in-fact, to withdraw money, securities or any other assets from the client's account without the express consent of the client.

C. MS Program.

Under one or more of the Morningstar® Programs, a client will appoint MIS as such client's agent and attorney-in-fact with respect to discretionary client accounts. Without prior consultation with the client, MIS will supervise and direct the investments within the client's account(s) and will be authorized to make any security-related investment decisions (e.g., rebalance, reallocation, buy/sells) pertaining to a participating client's account assets. PSI does not have authority to divest assets from an MS Program without express client authorization.

D. *PFA Program.*

Under the PFA Program, PSI will be retained on a discretionary basis. A discretionary relationship authorizes PSI to determine and direct execution of portfolio transactions, within a client's specified investment objectives, without consultation with such client on a transaction-by-transaction basis. The purchase or redemption of shares under the PFA Program does not entail any front-end or deferred sales loads or other transaction fees.

Item 17: Voting Client Securities

PSI does not vote client proxies for the SEI Program, the PFA Program, the SEI Integrated Managed Account program, the SEI Managed Account Program, or the Morningstar® Programs. Therefore, although PSI may provide investment advisory services relative to client investment assets, PSI's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. The client will receive their proxies or other solicitations directly from their account custodian and therefore PSI and/or the client shall correspondingly instruct each custodian of the assets to forward directly to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients may not contact PSI with questions about a particular solicitation.

Item 18: Financial Information

PSI does not have any information to disclose under this Item 18.