

Strategic Asset Advisors
A Division of Leonard & Company

Re: Summary of Material Changes to Brochure and Offer to Provide

Since the inception of our brochure, dated March 31, 2011, there has been one material change as summarized below:

- ❖ On September 11, 2011, we entered into a settlement with FINRA. Without admitting or denying FINRA's allegations, we agreed to resolve concerns under NASD rules regarding the reporting of trades to FINRA and the calculation of deferred sales charges for certain mutual fund clients after we converted to RBC in 2008. We were censured and fined as part of the settlement.

Pursuant to the requirements of SEC Rule 204-3 under the Investment Advisers Act of 1940, as amended, Leonard & Company will provide you a complete copy of the brochure - also known as Part 2A of our Form ADV - which contains information about our background, services, and business practices, upon a written request forwarded to the following address:

Strategic Asset Advisors
A Division of Leonard & Company
Attn: Compliance Department
1450 W. Long Lake Rd Suite 150. Troy, MI 48098

Please include your name and address, and Leonard & company will promptly mail this document to you, at no charge.

We are committed to offering you the highest level of service, and we appreciate the confidence you've placed in our firm.

Strategic Asset Advisors
A Division of Leonard & Company



Strategic Asset Advisors
A Division of Leonard & Company

322 N. Old Woodward Ave., Suite 100

Birmingham, MI 48009

(248) 283-1870

www.SAAwealth.com

March 1, 2012

This Brochure provides information about the qualifications and business practices of the Strategic Asset Advisors division of Leonard & Company. If you have any questions about the contents of this brochure, please contact us at (248) 283-1870 or jmason@leonardandcompany.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about us also is available on the SEC's website at www.adviserinfo.sec.gov.

SUMMARY OF MATERIAL CHANGES

This section summarizes material changes that have been made to our brochure since the date of its last version.

Since the inception of our brochure, dated March 31, 2011, there has been one material change as summarized below:

- ❖ On September 11, 2011, we entered into a settlement with FINRA. Without admitting or denying FINRA's allegations, we agreed to resolve concerns under NASD rules regarding the reporting of trades to FINRA and the calculation of deferred sales charges for certain mutual fund clients after we converted to RBC in 2008. We were censured and fined as part of the settlement.

TABLE OF CONTENTS

COVER PAGE.....	i
SUMMARY OF MATERIAL CHANGES	ii
TABLE OF CONTENTS.....	iii
ADVISORY BUSINESS	1
FEES AND COMPENSATION	3
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	5
TYPES OF CLIENTS	5
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
DISCIPLINARY INFORMATION.....	12
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	13
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING	14
BROKERAGE PRACTICES.....	16
REVIEW OF ACCOUNTS	17
CLIENT REFERRALS AND OTHER COMPENSATION	18
CUSTODY	18
INVESTMENT DISCRETION	19
VOTING CLIENT SECURITIES	19
FINANCIAL INFORMATION	19

INTRODUCTION

In this brochure, references to “we”, “us”, “our”, or “our firm” refer to Leonard & Company, including our operating “divisions”. Our divisions include the Strategic Asset Advisors, The Agbay Group, and Wealth Link. We have disclosure brochures for each of them, as well as for Leonard & Company, available upon request. This brochure pertains primarily to our Strategic Asset Advisors division, sometimes referred to as “this division” or “SAA”. Our firm as a whole or other divisions are sometimes referenced by name. Individuals who serve as our directors, officers, and employees are referred to as our “representatives”. Our firm’s clients and prospective clients are referred to as “you”, “your”, or “our clients”.

ADVISORY BUSINESS

OUR FIRM

Leonard & Company was incorporated in Michigan in 1989, by the late Donald M. Leonard, as a Michigan-based regional independent investment brokerage firm registered with the Financial Industry Regulatory Authority (FINRA) and member of the Securities Investor Protection Corporation (SIPC). In 1995 Leonard & Company became registered with the SEC, as an investment advisory firm, offering a full array of portfolio management services to retail and institutional investors. Headquartered in Troy, we have multiple offices in Michigan, with additional offices in Florida and New York.

Leonard & Company is a privately held corporation owned by Leonard-French Holdings, Inc. Under “**DISCIPLINARY INFORMATION**” below is a summary of certain legacy matters involving us and our regulators in the past. No such events are specifically related to investment advisory services provided by SAA, a division of Leonard & Company, nor of any individual member of SAA.

Strategic Asset Advisors operates as a division of Leonard & Company. Members of Strategic Asset Advisors are Registered Representatives and/or Investment Advisor Representatives of Leonard & Company. As an operating division of Leonard & Company, they are an integral part of the firm and are not separately registered as investment advisers or broker-dealers. Our clients do not enter agreements with, or pay fees to, this division. All agreements are with, and fees are paid to, Leonard & Company.

SAA is comprised of four principals with extensive investment backgrounds. Each of the four principals of SAA has an unwavering commitment to putting the interests of the client first, and in doing so acts with utmost integrity and honesty. We have built our business around proven investment performance and superior client service. Unlike some of the large investment houses, our clients never get lost in the shuffle and each client, regardless of size is treated as important.

OUR ADVISORY SERVICES

We offer fee-based investment management services in which we actively manage your investment portfolio based upon your individual financial and personal needs. In doing so, we employ a disciplined, holistic approach to investing with a focus on global asset allocation. This approach allows us to focus on opportunities to create and preserve wealth while seeking to limit volatility. In short, our success is measured only by the success of our clients achieving their investment goals.

To tailor our investment management to your individual financial and personal needs, we gather information through in-depth personal interviews with you. This may include one or more in-person meetings and/or telephone calls. We may gather information that includes, but is not limited to, your current financial position, future goals, and attitudes toward risk and investment objectives. We ask you to fill out an investor profile that we will carefully review, along with all other documentation you supply. Because we only rely upon, and do not independently verify, the information you provide us, we need you to update information whenever it changes.

Based on the information you provide, we will recommend the Conservative, Moderate or Aggressive investment objective in one or more SAA Core portfolio management strategies we believe to be most appropriate to your target time horizon, target annual return, target risk tolerances and other specified criteria. A SAA Satellite strategy will also be presented as a component of the overall investment approach.

SAA's portfolio management strategies generally invest in no-load, or load waived, mutual funds and exchange-traded funds (ETFs) in accordance with one or more of our model portfolios. A model portfolio is how we reflect what specific investments are owned in a specific strategy at any given time. When one of our investment strategies directs a change to your portfolio, the model portfolio for that strategy will reflect that change. To get started using any of SAA's portfolio management strategies and other investment advisory services, we request that you review and sign our Investment Management Agreement.

It is our belief that appropriate asset management on behalf of our client depends on, among other things, the client's risk tolerance, time horizon, the amount and timing of cash flow needs and tax considerations. Therefore, investment decisions must be based on your goals and in accordance with your profile. Due to each client's ever-changing personal circumstances, SAA routinely requests and facilitates important updates from clients and conducts personalized client meetings to review investment performance and investor profiles and to discuss any changes to the client's situation that may require a different investment approach. Additionally, if you wish to impose any reasonable restrictions or modify an existing restriction in a reasonable manner, you should inform us immediately or during these meetings.

ASSETS UNDER MANAGEMENT

We manage your assets on either a discretionary or nondiscretionary basis. As of February 29, 2012, we had \$240,291,352.00 in client assets managed on a discretionary basis and \$ 1,556,057.00 in client assets managed on a non-discretionary basis.

FEEES AND COMPENSATION

INVESTMENT MANAGEMENT FEE SCHEDULE

Our investment management fees are based on a percentage of the account value as reported by your broker or other qualified custodian. We bill fees quarterly in advance during the first month of each calendar quarter (January, April, July, October). The first billing cycle begins on the account inception date and is based on the account value on the inception date as determined by your broker-dealer or other qualified custodian. We may prorate the fee for new accounts based on the number of days remaining in the initial calendar quarter. The ongoing quarterly billing value is equal to the closing market value of the account on the last business day of the quarter.

In certain circumstances, we may negotiate fees based on the aggregate value of related accounts, the complexity of the account, or similar factors. We will specify the amount and the manner in which we charge fees in our written agreement with you. Generally, our standard fees are as follows:

<u>Investment Platforms</u>	<u>Annual Advisory Fee</u>
------------------------------------	-----------------------------------

Fidelity Investments Institutional Wealth Services Accounts

Core ETF Portfolio; Aggressive, Moderate, or Conservative (\$100,000 minimum initial investment)	1.50%
Satellite ETF Portfolio (\$250,000 minimum initial investment)	1.50%
Core Mutual Fund Portfolio; Aggressive, Moderate, or Conservative (no minimum initial investment)	1.50%
Satellite Mutual Fund Portfolio (no minimum initial investment)	1.50%

Fidelity Investments Employer-Sponsored Retirement Plan Accounts

Wm Beaumont Hospital 403(b)/457, Oakland University 403(b),
Henry Ford Health Systems 403b, Crittenton Hospital 403(b),
Troy Schools 403(b), Bloomfield Hills Schools 403(b), etc.

Global Tactical Overlay Strategy: Aggressive, Moderate, or Conservative	1.25%
or	
Core Retirement Strategy: Aggressive, Moderate, or Conservative	1.00%
either to include	
BrokerageLink Satellite Strategy	
(Optional where available)	

The quarterly fee calculation is as follows: quarterly fee = quarter-end account value multiplied by Annual Advisory Fee % divided by 4.

Fee billing(s) for additions to the account during the first partial calendar quarter after inception may be billed on a pro rata basis. No fee adjustments are made for additions or withdrawals after the end of the first calendar quarter. However, if you terminate your account during any given calendar quarter, you can obtain a pro rata refund of unearned fees for the remaining portion of the final calendar quarter by making a request to us in writing.

Transaction costs, if any, are paid by us. You will not be charged commissions, and all mutual fund loads, if any, are waived.

If you make a change in your account's investment strategy or investment objective, or if you terminate the agreement, you may incur transaction costs and/or mutual fund penalties associated with the buying and/or selling of securities to effect such a change and/or termination. Additionally, you may incur all transaction costs, if any, associated with the partial distribution of funds out of, or the addition of funds into, the Account for amounts less than \$50,000.

You may choose to be billed directly for fees or to authorize us to directly deduct fees from your account. Generally, our clients authorize us under the Investment Management Agreement to directly deduct our fees from the account. If you provide us such authorization, the custodian's periodic statements will show each fee deduction from your account. You may withdraw this authorization for direct billing of these fees at any time by notifying us or your custodian in writing.

You may terminate our investment management agreement without any fee penalty at any time by written notice. Since we bill investment management fees quarterly in advance, if you terminate our agreement we will return a prorated amount of the unearned fee to you, if requested in writing.

ADVISORY FEE OFF-SETS

As described in more detail below, most of our advisory representatives are also broker-dealer registered representatives and many are licensed insurance agents as well, who sell variable annuities. From time to time, we may recommend that clients purchase a variable

annuity. In that case, if we are paid a commission on the investment, we will not charge an asset based advisory fee on that investment. By giving you the benefit of this advisory fee off-set, we seek to mitigate the conflict of interest created by our receipt of these commissions.

OTHER FEES AND EXPENSES APPLICABLE TO ALL ADVISORY PROGRAMS

Mutual funds, index funds and exchange-traded funds of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses generally include a management fee, shareholder servicing, portfolio transaction costs, other fund expenses, and sometimes a distribution fee. While we recommend only no load or load-waived mutual funds, if you come to us already owning mutual funds bought from a broker, and transfer them to the advisory account, you may have also paid a sales charge or be assessed a deferred sales charge upon liquidation. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and, upon request, from us.

Consequently, for any type of mutual fund investment, it is important for you to understand that you are directly, and indirectly, paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees to us. Generally speaking, most mutual funds may be purchased directly, without using our services and incurring our advisory fees. Many mutual funds also pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. We do not share in any of these fees that may be incurred by our clients who invest in our asset allocation programs. Additionally, due to regulations under the Employee Retirement Income Security Act of 1974, 12b-1 fees are refunded to the qualified retirement accounts and not received by the custodian/broker-dealer or the registered representative.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

TYPES OF CLIENTS

Our investment-consulting services are available to individuals, pensions and profit sharing plans, trusts, tax-exempt employers and corporations.

While we have no explicit account minimum, our services are best suited for clients with total investable assets in excess of \$100,000. Total investable assets are determined by using a combination of accounts for a given client (e.g., taxable and retirement accounts, one account for

each spouse which, when taken together, exceed \$100,000). Minimum account size varies by the investment management program you select. Those minimums are described in the “**FEES AND COMPENSATION**” section above.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND TYPES OF INVESTMENTS AND RISK OF LOSS

METHODS OF ANALYSIS

In addition to SAA providing proprietary portfolio management strategies, we also rely on third party sources to aid in the delivery of top-tier investment management to our clients.

We utilize several portfolio analysis tools to aid in the development and ongoing implementation of our proprietary strategies and in the initial and ongoing evaluation of third party strategies. In utilizing the aforementioned portfolio analysis tools, some of the specific attributes we look at include: past investment performance, volatility and other related measures (e.g. standard deviation, beta, alpha, etc.) and general correlation with the market, other benchmarks and other investments/third parties evaluated.

In terms of our analysis of third parties and their strategies, broadly speaking, we evaluate our third party sources for discernable characteristics such as: pedigree, longevity of investment team, investment process and risk-adjusted performance. Additionally, we endeavor to undertake qualitative evaluations of an organization’s leadership qualities, management skills and discernment through various investment cycles. Third party sources may also be discovered through our network of contacts which may include (but is in no way limited to) other money managers, industry insiders, industry publications, investment conferences and proprietary research.

SAA’s research/evaluation process of proprietary strategies and third party sources is ongoing and includes always looking for distinctive sources that could eventually serve to augment and/or replace investment strategies we are currently utilizing.

INVESTMENT STRATEGIES

The foundation of SAA’s investment philosophy is the belief that effective asset management on behalf of our client requires strategic diversification of multiple underlying investment strategies. The end result to our client is a dynamic investment approach that seeks to minimize risk and enhance overall investment performance.

SAA’s Core & Satellite approach is the cornerstone of our investment philosophy:

Core Strategies - “Core” is SAA’s designation of the strategy as appropriate for the majority of a client’s investable assets. SAA Core portfolio strategies are globally diversified

and tactically managed to meet primary investment goals of wealth creation and/or preservation. Given that U.S. equity and bond markets account for only a fraction of the total global capital market, it is critical for investors seeking broad diversification as well as growth to gain exposure to the global capital markets. These SAA Core strategies employ tactical asset allocation as a dynamic and proactive investment management style that adjusts a portfolio's asset allocations relative to forward-looking analysis of the capital markets. The tactical management of these strategies is a critical component in our efforts to achieve optimal investment performance for our clients. The Aggressive, Moderate and Conservative Core portfolios are distinctly designed across multiple asset classes to be appropriate to the client's specific investment objective.

Satellite Strategies – SAA “Satellite” portfolio strategies are intended for a portion (generally, 15% to 30%) of a client's investable assets. These Satellite strategies seek to add value to a client's overall investment approach by employing alternative (unconventional) investment strategies targeting attractive risk-adjusted returns in positive markets while potentially protecting against significant market disruption and decline. These strategies are generally not globally diversified across multiple equity and fixed income asset classes but rather target with a tighter focus specific asset classes and often make more dramatic portfolio adjustments than would be appropriate for a Core strategy. The SAA Satellite strategies are compatible with and a complement to any of SAA's Core strategies.

Based on these primary tenets of our investment philosophy, SAA currently provides the following six portfolio management strategies. With the exception of the Satellite strategy listed first below, each of the following Core strategies have three model portfolios – Conservative, Moderate, and Aggressive.

SAA Premium Sector Satellite ETF Strategy & SAA Premium Sector Satellite Mutual Funds Strategy – Available in both an ETF and mutual funds format, the strategy, intended as a component of one's overall portfolio, strives to provide attractive risk-adjusted returns over the long-term. This Satellite strategy uses a quantitative process that identifies on a weekly basis market sectors in which it is prudent to be invested. As stock market volatility increases, the strategy becomes more sensitive and shifting between sectors may increase. Additionally, as conditions warrant, it is entirely possible that the strategy will raise a substantial amount of cash should conditions deteriorate beyond a certain point. Through this cash position, it is intended that the portfolio be better able to preserve capital and ultimately take advantage of market upswings.

SAA Global Tactical Overlay (GTO) ETF Strategy & SAA Global Tactical Overlay Mutual Funds Strategy – Available in both an ETF and mutual funds format, the GTO portfolios are tactically allocated towards global equity and fixed income. The mutual funds version of this strategy uses the Fidelity Funds exclusively and is available only to employer-sponsored retirement plan accounts such as 403(b) and 401(k) accounts. The strategy can be generally described as Global Tactical Asset Allocation that seeks attractive risk-adjusted returns

using globally diversified portfolios and making proactive adjustments to portfolio allocation exposures based on the risk/return profile of each asset class and relative to ongoing and forward-looking analysis. Whether you select an ETF or mutual funds format, portfolios are structured so that, when taken together, they represent a dynamic, globally diversified portfolio which may include, but not be limited to, exposure to one or more of the following asset classes: global fixed income, global equities, global currencies, natural resources, real estate and precious metals.

SAA Core Retirement Mutual Funds Strategy - This strategy uses the Fidelity Funds exclusively and is available only to employer-sponsored retirement plan accounts such as 403(b) and 401(k) accounts. Available only in a mutual funds format, the Core Retirement portfolios are tactically allocated towards global equity and fixed income. The strategy can be generally described as Global Tactical Asset Allocation that seeks attractive risk-adjusted returns using globally diversified portfolios and making proactive adjustments to portfolio allocation exposures based on the risk/return profile of each asset class and relative to ongoing and forward-looking analysis. These mutual funds portfolios are structured so that, when taken together, they represent a dynamic, globally diversified portfolio which may include, but not be limited to, exposure to one or more of the following asset classes: global fixed income, global equities, global currencies, natural resources, real estate and precious metals.

SAA Global Horizon ETF Strategy & SAA Global Horizon Mutual Funds Strategy - Available in both an ETF or mutual funds format, the Global Horizon portfolios are tactically allocated towards global equity and fixed income. The strategy can be generally described as Global Tactical Asset Allocation that seeks attractive risk-adjusted returns using globally diversified portfolios and making proactive adjustments to portfolio allocation exposures based on the risk/return profile of each asset class and relative to ongoing and forward-looking analysis. Whether you select an ETF or mutual funds format, portfolios are structured so that, when taken together, they represent a dynamic, globally diversified portfolio which may include, but not be limited to, exposure to one or more of the following asset classes: global fixed income, global equities, global currencies, natural resources, real estate and precious metals.

SAA Best of Breed Mutual Funds Strategy – “Best of Breed” is intended to describe the mutual funds in these portfolios as the ones we believe represent the best, from among multiple mutual fund companies, to achieve strategy goals. Available only in a mutual funds format, the Best of Breed portfolios are tactically allocated towards global equity and fixed income. The strategy can be generally described as Global Tactical Asset Allocation that seeks attractive risk-adjusted returns using globally diversified portfolios and making proactive adjustments to portfolio allocation exposures based on the risk/return profile of each asset class and relative to ongoing and forward-looking analysis. These mutual funds portfolios are structured so that, when taken together, they represent a dynamic, globally diversified portfolio which may include, but not be limited to, exposure to one or more of the following asset classes:

global fixed income, global equities, global currencies, natural resources, real estate and precious metals.

While some strategies are proprietary to SAA, others may, in SAA's discretion, incorporate or rely on, by agreement, the proprietary information of a third-party. See the **"OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS"** section below for more information.

TYPES OF INVESTMENTS AND RISK OF LOSS

Investing in securities such as mutual funds and ETFs involves risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We will work with you to attempt to identify the balance of risks and rewards that is appropriate and comfortable for you and we will explain and answer any questions you have about these kinds of investments. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable, or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

International investments may involve risk of capital loss from unfavorable fluctuations in currency exchange rates, differences in generally accepted accounting principles, or economic, or political instability in other nations.

We will discuss with you the investment risks of ETFs, index funds, and international funds to determine the investment objectives that will guide your portfolio selection. We will explain and answer any questions you have about these kinds of investments, which present special considerations such as the following:

Mutual Funds

We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families, when there are changes in your needs, market conditions, or economic developments.

The different kinds of mutual funds we use each have inherently different risk characteristics and should not necessarily be compared side by side. A bond fund with below-average risk, for example, should not be compared to a stock fund with below average risk. Even

though both funds have low risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.

Of all the asset classes, cash investments (i.e. money markets) offer the greatest price stability, but have yielded the lowest long-term returns. Bonds generally experience more short-term price swings, and, in turn, have generated higher long-term returns. However, stocks historically have been subject to the greatest short-term price fluctuations—and have provided the highest long-term returns.

The risks in any given mutual fund depend on the investments it holds. For example, a bond fund has interest rate risk and income risk. Bond prices are inversely related to interest rates. If interest rates go up, bond prices will go down and vice versa. Bond income is also affected by a change in interest rates. Bond income (yield) is directly related to interest rate changes. If interest rates rise, bond yields rise and vice versa. Income risk is greater for a short-term bond fund than for a long-term bond fund. However, in a long term bond fund, your principal is subject to higher principal risk.

Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this industry related risk. However, while diversification across industries can help reduce your risk of loss from investing in a single sector, it may limit your opportunity for a significant gain if a single industry or sector increases dramatically in value.

With respect to all classes of mutual funds and ETFs, diversification does not protect you from an overall decline in the market. You should consider these risks in determining whether to use our services.

Non-Traded Real Estate Investment Trusts

From time to time, we recommend real estate investment trusts (“REITS”) to promote portfolio diversification by permitting clients to invest funds in income producing commercial real estate. All REITS we recommend to clients are non-traded REITS. As such, each REIT is required to distribute at least 90% of its annual taxable income to shareholders.

The REITS we offer to clients invest in various sectors of the US commercial real estate market including retail properties, data centers and medical facilities. The performance of any REIT is dependent on, among other things, the performance of the US economy as a whole, as well as, the performance of the specific sector of the real estate market in which the REIT owns properties.

While investments in REITS allow you to participate in the commercial real estate market without the burdens of ownership, investing in REITS involves certain inherent risks. These risks include such consideration as supply and demand in the real estate markets, changes

in interest rates and the availability of mortgage funding. There are also risks associated with changes in government regulations including tax laws, and environmental and zoning regulations.

Since we only recommend non-traded REITS to investors, you should be aware that such REITS are long-term investments, which are highly illiquid. In short, should you desire to sell your REIT shortly after or within a few years after investing, you may not be able to find a buyer, or you may be required to sell it at a considerable loss.

Exchange-Traded Funds and Index Funds

As with virtually all types of securities, an ETF's shares will change in value, and you could lose money by investing in an ETF. An investment in an ETF involves risk similar to those of investing in any fund of equity securities traded on an exchange. An ETF seeks investment results that correspond generally to the price and yield of an index. You should anticipate that the value of an ETF's shares would decline, more or less, in correlation with any decline in the value of its corresponding index. An ETF's return may not match the return of the index. The ETF may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

Sometimes referred to as a "tracking error," expenses and other factors may affect the performance of an ETF so that the ETF's performance will not exactly match the performance of their respective underlying indexes.

Variable Annuities

Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may, or may not, have value to you depending on your circumstances, which we can discuss with you. Like other types of investments, commissions are paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions surrender charges and other expenses are disclosed in the prospectus.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted in the "**FEES AND COMPENSATION**" section, this means that there are two layers of advisory fees incurred—one layer by the insurance company and one layer to our firm for our advisory services.

If suitable, we may recommend variable annuities from insurance companies whose products allow us to manage each client's separate accounts (the underlying portfolio) by giving

purchase and sell orders with no ticket (transaction) charges, and simultaneously manage multiple clients' accounts, which permits us to more efficiently offer you better service. However, these products are not suitable for all clients in all circumstances and there are substantial costs associated with them, as described in each variable annuity's prospectus. For more information see the "**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**" section below.

DISCIPLINARY INFORMATION

The below Disciplinary Information is related to business activities of Leonard & Company, generally, and not related specifically to investment advisory services provided by SAA, a division of Leonard & Company, nor of any individual member of SAA.

On November 28, 2005, we entered into a settlement with the NASD. Without admitting or denying the NASD's allegations, we agreed to resolve concerns under NASD Rules pertaining to the untimely filings of Rule 3070 reports and amendments to Forms U-4 and U-5. We were censured and fined in the settlement.

On May 7, 2007, we entered into a settlement with the NASD. Without admitting or denying the NASD's allegations, we agreed to resolve concerns under rules of the NASD and Municipal Securities Rulemaking Board (MSRB) regarding reporting certain municipal bond trades to the MSRB within 15 minutes of the time of execution and failing to enforce related procedures. Our firm was censured and fined in the settlement.

We entered into three settlements with the National Association of Securities Dealers, Inc. (NASD), publicly reported on March 20, 2008. Without admitting or denying the NASD's allegations, we agreed to resolve concerns under the Securities Act of 1933 and NASD Rules pertaining to, among other things, the firm's sale of unregistered preferred stock and promissory notes issued by us and our parent company, including the omission and misrepresentation of certain information in the offering documents for the preferred stock. FINRA also made other allegations concerning the failure to file offering related materials with the NASD and follow its conflict of interest rules; failure by the firm and our former chief compliance officer to have an adequate supervisory system or written supervisory procedures to train representatives in making private placement offerings under federal securities laws and related rules; failure to make timely filings of Forms U-4, U-5, and disclosure event filings under NASD Rule 3070; and failure to file a FINRA application for approval of new branch offices. Our firm was censured and fined in settlements.

On January 12, 2009, we entered into a settlement with the FINRA. Without admitting or denying FINRA's allegations, we agreed to resolve concerns under NASD Rules regarding a

customer's sale of an unregistered penny stock and in recommending a penny stock without adequate review. FINRA also alleged that the firm allowed emails to the public without proper disclosures and archival; not having and enforcing an anti-money laundering program to file timely a suspicious activity report about certain transactions; allowing a former chief operating officer to act as a principal prior to requalifying as required by a previous settlement; and not maintaining related procedures. As part of the this settlement, we hired an independent consultant to assist us in taking corrective actions, including developing better procedures regarding penny stock transactions, disclosures, and due diligence. Our firm was censured and fined in the settlement.

On March 23, 2009, we entered into a settlement with FINRA. Without admitting or denying FINRA's allegations, we agreed to resolve concerns under SEC and FINRA Rules regarding the completion of a self-assessment in 2003 pertaining to breakpoint discounts on certain mutual fund transactions and making untimely refunds of the discounts, maintaining a segregated bank account for customers under SEC Rules, and having adequate procedures to ensure that customers received the benefit of all breakpoint discounts. We were censured and fined in the settlement.

On September 11, 2011, we entered into a settlement with FINRA. Without admitting or denying FINRA's allegations, we agreed to resolve concerns under NASD Rules regarding the reporting of trades to FINRA and the calculation of deferred sales charges for certain mutual fund clients after we converted to RBC in 2008. We were censured and fined as part of the settlement.

Information about these matters is publicly available on the Investment Adviser Public Disclosure website at: <http://www.adviserinfo.sec.gov/>.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

OUR OTHER FINANCIAL INDUSTRY ACTIVITIES

Besides being registered with the Securities and Exchange Commission ("SEC") as an investment adviser, we are also registered as a broker-dealer with the SEC, the State of Michigan, and other states. We are a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation. Our principal executive officers and most of our advisory representatives are broker-dealer registered representatives. We, and our broker-dealer registered representatives, are able to effect securities transactions for our clients and will receive separate, customary compensation for effecting securities transactions.

We are also registered, but inactive, with the Commodity Futures Trading Commission and a member of the National Futures Association.

In addition, we are a licensed domestic insurance agency in the State of Michigan, under which we are authorized to engage in the sale of fixed and variable annuities and life insurance. We are also qualified in Colorado, Florida, New York, Iowa, and Connecticut to engage in sales of life insurance and annuities. Most of our advisory representatives are also licensed as insurance agents or brokers of various insurance companies and receive insurance commissions on insurance purchases which we recommend. The additional compensation creates conflicts of interest, which you should consider in engaging our services or the services of our affiliated businesses. Our advisory fee off-set policy, described in the “**FEES AND COMPENSATION**” section above, is intended to mitigate those conflicts. You may always choose a different insurance agent to implement our advice.

Leonard & Company’s principal business is to be a broker-dealer engaged in securities transactions on behalf of customers.

From time to time we enter into agreements with third-party investment advisers who provide us with trade signals for application in one or more of our portfolio management strategies. Two such agreements are currently with F-Squared Investments, Inc (F2) and Tactical Allocation Group, LLC (TAG), both unaffiliated registered investment advisers. We receive trade signal alerts that notify us of portfolio allocation trades for their proprietary investment strategies. We compensate such third parties from a portion of our advisory fees. SAA, division of Leonard & Company, F2 and TAG are not affiliated by ownership or under any common control relationship.

We may also from time to time enter into agreements with unaffiliated third-party investment advisers to provide our clients with sub advisory services. Under this arrangement, you will receive advisory services from us and discretionary investment management services from the sub advisor selected by us. We compensate the third-party investment adviser from a portion of your advisory fees. SAA currently retains no sub-advisory agreement(s).

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

CODE OF ETHICS

We have adopted a Code of Ethics (the “Code”) describing the standards of business conduct we expect all officers, directors, employees, and advisory representatives to follow. It expresses our core fundamental values to be honest, fair, and forthright in our dealings with clients and others in the conduct of our business. Our Code also guides our practices in giving investment advice to our clients and personal trading of securities for our employees and their related accounts. The Code also describes certain reporting requirements with which particular

individuals, associated with or employed by us, must comply. You may request a copy of our Code by contacting our Chief Compliance Officer, James Mason at (248) 952-5858.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

In addition to being registered as an investment adviser, we are a broker-dealer and member of the Financial Industry Regulatory Authority (commonly known as FINRA) and the Securities Investor Protection Corporation (commonly known as SIPC). As such, our principal executive officers and most of our advisory representatives are also broker-dealer registered representatives. We, and our registered representatives, are able to execute buy and sell orders for securities on behalf of our clients. When we do so, we may receive compensation in the form of commissions as a result of placing such orders for clients. You are not under any obligation to use us as a broker-dealer or our registered representatives in that capacity when considering our advisory recommendations.

In addition, we, and our registered representatives may benefit from our, or their purchase or sale of investments that we recommend to you. Our principals and representatives may own or effect transactions in the same securities we recommend to you or our other clients. Generally, these securities will be shares of open-end mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for you or our other clients. However, it is an express policy of our Code of Ethics, that no person employed by us may purchase or sell any security on the same day as a solicited or discretionary transaction in an advisory account, unless such transactions are executed on the NYSE, AMEX, or NASDAQ-MMS, but the client will get the best price or the trade will be executed as a block or batched trade (also called an aggregated order). In a batched trade, all orders for accounts are combined in one order. All participants receive identical prices, which prevents such employees (or associated persons) from benefiting from transactions placed on behalf of advisory accounts. For more information on trade aggregation, see the “**BROKERAGE PRACTICES**” section that follows below.

While we generally don’t give advice about thinly traded securities, if we recommend the purchase or sale of a thinly traded security to you, we will ensure that our principals’ and representatives’ transactions do not adversely affect you, nor improperly benefit them, typically by imposing the same day black-out period.

We have these employee securities trading policies in our Code of Ethics to prevent our employees from benefiting from transactions placed on behalf of any client’s account. Because these situations have the potential of raising conflicts of interest, we have established the following trading restrictions:

- Our representatives may not use information available to them because of their employment with us to buy or sell securities for their personal portfolios, unless

the information is also available to the investing public upon reasonable inquiry. A representative shall not favor his or her interests above your interests.

- We inform you that our representatives may receive separate compensation when implementing our financial plans.
- We require our representatives to act in accordance with all applicable federal and state regulations that govern investment advisers and broker-dealers.

A representative who violates these restrictions may be subject to disciplinary action, up to and including termination.

BROKERAGE PRACTICES

DIRECTED BROKERAGE

For clients in our SAA programs, we utilize Fidelity Institutional Brokerage Services (Fidelity), a registered broker-dealer, for custodian and brokerage services. By using their services, we receive benefits that we would not receive if we did not offer investment advice. As an example, Fidelity provides software to us, which allows us to trade on Fidelity's platform. However, they do not pay us any compensation for the introduction of their services, nor is there any affiliation between Fidelity and us.

We participate in the back office and support program sponsored by Fidelity. The services include, among others, brokerage, custodial, administrative support, record keeping, and related services that are intended to support us in conducting business and in serving your best interests. These programs and services are essential to our service arrangements and capabilities, and we may not accept clients who utilize other brokers in our program. The availability of these services from Fidelity benefits us because we do not have to produce or purchase them. This is a potential conflict of interest. We believe, however, that our selection of Fidelity is in your best interest. Our selection is primarily supported by the scope, quality, and price of Fidelity's services and not Fidelity's services that benefit only us.

In the context of selecting and retaining Fidelity as a broker-dealer and qualified custodian to our advisory accounts, we fulfill our duty of best execution by taking into account numerous factors regarding a broker-dealer's execution of customer trades including: (1) overall market quality, (2) speed of execution, (3) order size, (4) trading characteristics of a particular security, (5) availability of accurate information affecting choices of the most favorable market, (6) availability of economic access to various market centers, and (7) cost and difficulty associated with achieving an execution in a particular market center. Our analysis of these factors is, among other considerations, based on information provided on a quarterly basis by Fidelity relative to their trade executions.

SOFT DOLLARS

We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, such as where we commit to place a specific level of brokerage commission dollars with a specific firm in return for various research related products or services for us that are generally available for cash purchase.

AGGREGATION OF ORDERS

We may aggregate orders for securities transactions on a portfolio basis such that all client accounts invested in accordance with the same portfolio will be traded in a block trade. In doing so, we strive to treat each client fairly and will not favor one client over another client. Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by us in that security on a given business day. If an aggregated order is not filled in its entirety, it may be allocated among participating accounts on a pro rata basis. However, if the partial fill is determined to be inappropriate for an account such that the number of shares for a particular account would be too few to warrant the investment or result in partial shares, then the shares will not be allocated to that account. If the security is so thinly traded that we are unable to obtain sufficient shares for all clients, it is possible that the entire trade would be busted.

We will not generally aggregate trades for your accounts if you have placed restrictions on your accounts or when your account is subject to customized management. We are unable to include these accounts in our block trade because the restrictions placed on the account by the client require individual review before we make any trades. Thus, if you place restrictions on your account, we will not aggregate your trades with that of our other clients.

REVIEW OF ACCOUNTS

We conduct reviews as requested by you or at the time of significant new deposits or withdrawals, during substantial changes in market conditions, at our discretion, or according to the interval agreed upon at the time of engagement. You must contact us, when a real or potential change in your financial condition occurs, so we can review the portfolio along with your new information to ensure the investment strategies continue to be appropriate.

Members of SAA review the strategies and securities that we recommend for investment on an ongoing basis and determine any tactical changes.

Leonard & Company principals are responsible for reviewing your account and trading activity in your account. Additionally, we review activity in advisory accounts as part of our daily review of trading activity in client accounts.

You will receive transactional statements monthly or quarterly from your custodian and/or other investment sponsor. These statements include the evaluation of each security in your account. SAA also separately provides client correspondences which include quarterly strategy reports with SAA market and strategy commentary, portfolio performance and position reports. We may also provide other reports that you may request from time-to-time. When available, reports may be delivered to you via e-mail upon request. None of these reports are meant to replace or supersede your monthly or quarterly statements from your custodian and/or other investment sponsor.

CLIENT REFERRALS AND OTHER COMPENSATION

We may engage solicitors to market our services. If you become our client as a result of the solicitor's efforts, you will receive a separate solicitor's disclosure brochure describing our solicitation arrangements, the compensation we pay to the solicitor, and the terms of that relationship. You will also receive a copy of this Brochure. Generally, any such agreement will provide for payment to the solicitor of a percentage of the advisory fees we collect from you. Solicitor compensation will be based upon the advisory fees we collect from you, and may be paid during a specified time period after we begin providing advisory services to you or for the entire time that you remain one of our clients. The solicitor may therefore have a financial incentive to recommend our advisory services over other programs or services. The amount of this compensation may be more than the amount the solicitor would receive if you participated in other programs or paid separately for investment advice, brokerage and other services. Generally, we would not charge clients introduced by such solicitors any higher advisory fee as a result of our obligation to pay for such solicitation services.

CUSTODY

Whether your assets are held at Fidelity, RBC (our clearing broker-dealer), a bank, or other qualified custodian, you will receive custodial statements at least quarterly. We urge you to carefully review such statements and compare these official custodial records to the account statements or other reports that we may provide to you, as described in the **"REVIEW OF ACCOUNTS"** section. Our advisory reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

INVESTMENT DISCRETION

We generally receive discretionary authority in writing from you at the outset of an advisory relationship in the investment management agreement. Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold. We exercise discretion in a manner consistent with your stated investment objectives for your account and in accordance with the selected strategies. You retain individual ownership of all securities and you have the opportunity to place reasonable restrictions on the types of investments in your account although if we deem your restrictions to be unreasonable, we will not enter into an investment advisory agreement with you or we will terminate the existing agreement with you. You may establish written investment guidelines and restrictions using Schedule A of our investment management agreement.

Also, you will sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within your account, but restricts our ability to direct the assets outside of your account.

For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

VOTING CLIENT SECURITIES

You retain individual ownership of all securities in your accounts. As a matter of firm policy and practice, we will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in your account. Proxy solicitation materials will be forwarded to you for response and voting.

FINANCIAL INFORMATION

As a registered investment adviser, we are required to provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.