

The Lincoln Managed Assets Program ("LMAP") Wrap-Fee Disclosure Brochure



Form ADV, Part 2A – Appendix 1

March, 2012

This Wrap-Fee Program Disclosure Brochure provides information about the qualifications and business practices of Lincoln Financial Advisors Corporation and its Lincoln Managed Assets Program that you should consider before becoming a client. If you have any questions about the contents of this brochure, please contact Lincoln Financial Advisors Corporation **at (800) 237-3813, write to us at 1300 South Clinton Street, Suite 150, Fort Wayne, IN 46802, send us an e-mail at lfaria@lfg.com or via the “contact us” link on our website: www.lfa-sagemark.com.** 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.

As an SEC Registered Investment Advisor, additional information is also available about Lincoln Financial Advisors Corporation on the SEC’s website at www.adviserinfo.sec.gov. Please note that registration as an investment adviser does not imply a certain level of skill or training.

2. Summary of Material Changes

The following are summaries of material changes to the LMAP Form ADV Part 2A-Appendix 1 Disclosure Brochure that have occurred since the March, 2011 version that was previously provided.

ITEM 4 – Services, Fees and Compensation

IPC added a third investment option to One Account Solutions Services called the Model Manager Portfolio. The Model Manager Portfolio was designed to provide diversification for accounts up to \$1,500,000 in assets with a minimum of two investment strategies. The model portfolios consist of allocating various manager strategies to create one account. Thus, each of the manager's strategies selected will represent a portion of the account. The strategies are provided by Investment Managers who act as Sub-Advisers to IPC.

ITEM 6 – Portfolio Manager Selection and Evaluation

In this section, under Investment Strategies and Risk of Loss, additional information was added to describe other potential risks inherent in the investment of securities that make up various investment strategies.

If you would like another copy of this Brochure or any other Lincoln Financial Advisors Corporation brochure, please download it from the SEC Website as indicated above or you may contact Lincoln Financial Advisors Corporation at 800-237-3813 or lfaria@lfg.com.

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4. Services, Fees and Compensation

INTRODUCTION

Lincoln Financial Advisors Corporation (“LFA”) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”), a broker-dealer registered with the SEC and appropriate state securities authorities, and is a member of the Financial Industry Regulatory Authority (“FINRA”). LFA was incorporated in 1968, and has been registered with the SEC as an investment advisor since 1992. As a registered investment advisor, LFA offers a wide variety of investment advisory programs and services. These services are sometimes marketed using the name Sagemark Consulting. Sagemark Consulting is a division of LFA. Investment advisory representatives of LFA, including those who use the name Sagemark Consulting (together “LFA Representatives”) assist clients in achieving their financial goals by providing personalized financial planning services and investment solutions. LFA’s principal business activity is as a securities broker-dealer, effecting transactions in securities and providing related services. LFA’s primary investment advisory business is providing asset management services, including advice regarding the selection of other investment managers. A secondary investment advisory business is providing financial planning services to its clients including affluent individuals, owners of closely held businesses, corporate executives and professionals. Investment advice, including financial planning advice, is usually based upon each client’s individual financial outlook and personal objectives. LFA provides clients access to investment solutions, either through investment advice, securities, or other financial products that may be used to implement their financial plans and pursue their investment objectives.

LFA Representatives are registered with the appropriate regulatory authorities to provide investment advice, financial planning, and asset management programs. LFA Representatives are usually registered representatives of LFA in its capacity as a broker-dealer, and are qualified to sell certain investment and insurance products. LFA requires that its representatives and other associates are registered with all appropriate regulatory agencies and pass all required examinations before conducting business on behalf of LFA.

LFA provides a variety of asset management services, and sponsors other wrap fee programs in addition to the Lincoln Managed Assets Program. As of 12/31/2011, LFA managed \$7,655,460,009 of client assets on a non-discretionary basis. LFA did not manage any assets on a discretionary basis as of 12/31/2011, but may do so if written authorization is provided by a client. The disclosure brochures describing all of LFA’s investment advisory services, and all of LFA’s wrap fee disclosure brochures can be found at the SEC’s public disclosure website, www.adviserinfo.sec.gov. These brochures may also be requested by contacting LFA at 800-237-3813 or by sending us an email at lfaria@lfg.com.

LINCOLN MANAGED ASSETS PROGRAM

Lincoln Managed Assets Program (“LMA” or the “Program”) is a wrap-fee program, sponsored by LFA. LFA has partnered with Independent Portfolio Consultants, Inc. (“IPC”) so that IPC may function as a consultant to LFA in performing due diligence on participating investment management providers (“Investment Managers”), and providing additional services in support of LMA. LFA’s review and selection of IPC was based on IPC’s ability to provide an overall set of services in support of LMA, including investment management, investment manager due diligence, research, technology and administrative support. If LFA, through its ongoing evaluation of IPC and LMA, determines that IPC is unable to perform these services effectively, LFA may replace IPC with another service provider or discontinue the program.

IPC has arranged with Managed Account Services, LLC (“MAS”) to act as the broker-dealer with respect to client accounts. MAS uses First Clearing, LLC (“First Clearing”) on a fully-disclosed basis for clearing and custody services for LMA accounts. LMA is designed for individuals and institutional clients who prefer to have their portfolio professionally managed in a personalized manner, and seek professional assistance in determining appropriate investment objectives, based on their investment goals, preferences and constraints. Clients in the Lincoln Managed Assets Program are able to have direct contact and discussion with the Investment Manager responsible for their account(s).

IPC is headquartered in Boca Raton, Florida, and has been registered as an investment advisor with the SEC since 2002. IPC has a history of supporting wrap-fee programs by employing a highly skilled group of experienced professionals, supported by an exceptional client services team. Individuals associated with IPC that provide these services are licensed, qualified and authorized to provide advisory services as investment adviser representatives.

LFA has arranged with IPC to provide research services and assist LFA in recommending appropriate Investment Managers, as well as to provide ongoing evaluation of the Investment Manager. IPC provides administrative support including account opening and servicing functions to LMA accounts. IPC also provides various reports, including the client’s quarterly report to assist the LFA Representative in the review of the client’s account(s).

LINCOLN MANAGED ASSETS PROGRAM SERVICES

An LFA Representative will consult with the client and assist the client in determining his or her financial objectives, by taking into account the client’s unique financial circumstances, including preferences, constraints, goals, risk tolerance and tax status. Working with IPC, the LFA Representative will recommend an investment plan, assist the client in determining the appropriate amount of assets to be invested, evaluate the impact of economic and market conditions on the client’s current portfolio, and perform an assessment of the client’s current investments. After considering factors that may include the client’s investment objectives, liquidity needs, risk tolerance, time horizon and the potential impact pertaining to inflation and taxation, as well as any client preference or aversion to specific industries, the LFA

Representative, working with IPC, will present the client with a written Investment Policy Statement outlining an asset mix appropriate to the client's situation.

The LFA Representative will work with the client to select a professional investment manager(s) whose style and abilities are appropriate for the client's investment needs. The LFA Representative, working with IPC, will recommend one or more Investment Managers, which the LFA Representative believes is appropriate, to manage the client's investment account and provide investment management services. Once the client has elected to establish an investment account, he or she will select a professional manager(s) and sign an investment agreement between the client and the selected Investment Manager(s). This agreement outlines the terms by which the account is to be managed. Included in the investment management agreement is a statement of investment objectives, which outlines the client's investment objectives. If the client's financial situation or investment objectives change and the client wishes to modify the investment objectives and or account restrictions at any time, the client should notify their LFA Representative.

The Program's full range of customized services described above may also be referred to as the "full-service" account provided by LMAP.

Multiple Strategy Portfolio Services

Investment Philosophy and Style

Multiple Strategy Portfolio ("MSP") is an investment strategy that uses investment models that provide for additional diversified management using various equity asset classes and strategies. A model is a master investment portfolio. Client portfolios are designed to look like and attempt to replicate the master investment portfolio.

The IPC MSP Model portfolios use "asset allocation strategies," which consider the historic rates of return of different asset classes over long periods of time. An asset class is a broad group of individual securities or investments that have similar characteristics, such as risk or market capitalizations.

These multiple diversified strategies are contained in a single custodial account, hence the name "Multiple Strategy Portfolio." The primary purpose for investing into an MSP is to provide further diversification to the client's portfolio, without significantly increasing the expected equity sector volatility in the process. Certain clients participating in LMAP, who are able to meet minimum asset size standards, may choose to have a portion of their assets invested in an MSP account.

IPC uses model portfolios provided by other registered investment advisers ("Model Managers") in managing the portfolio. The Model Managers will act as either a Sub-Adviser or Research Provider to IPC in the MSP investment styles and strategies. As the coordinating manager of the Sub-Advisers and of the MSP Model portfolios ("Overlay Portfolio Manager"), IPC has discretion over the MSP account. However, under certain

circumstances and at the client's request, IPC may also act as a manager in an MSP account without a Sub-Adviser relationship.

The philosophy of the MSP is to create model portfolios based upon the investment strategies selected by the client utilizing "specialty" asset classes. For purposes of the MSP, specialty asset classes are generally identified as "small capitalization," "mid capitalization," "tactical asset allocation," "international investment," "global" and "real estate investment" strategies. IPC's overlay management makes these specialty asset classes accessible to clients via model management for two reasons:

- (1) In terms of asset size, each specialty asset class portfolio makes up a significantly smaller percentage of the client portfolio than the LMAP "full-service" asset class portfolios described above. It would be difficult for a quality Investment Manager to provide a high level of customized service to these small portfolios, which generally makes these asset classes unavailable in the "full service" version of LMAP.
- (2) Broad diversification, a key element of specialty asset class portfolios, is typically delivered in a highly disciplined manner. Consequently, specialty asset class portfolios are, by their own design, less tax-sensitive and less customized. When it is time to sell a small cap stock with disappointing news or an international stock based in a country which just became politically unstable, the stock is sold. Investment decisions consistently override all other portfolio considerations, including tax-sensitivity.

IPC selects the Model Manager Models for the MSP based upon their specialized management styles and strategies. The securities selected for the client's MSP are chosen by the Model Manager from that particular manager's investment model or focus list (or by IPC based upon the client's Statement of Investment Policy if no Sub-Adviser or Research Provider relationship exists). Changes in a model portfolio are based upon the Model Manager's Investment Policy, Research and/or Focus Committees' decisions.

While both cash and securities may be used to establish MSP accounts, it is the intent of IPC that all securities so received be liquidated prior to, or simultaneous with, the purchase of securities for the account.

MSP-One Account Solution Services for Client Relationships Under \$1,500,000

Objective of MSP-One Account Solution

The MSP-One Account Solution ("MSP-OAS") is designed to provide managed account services for those clients who:

- (1) are seeking a broader level of portfolio diversification than that available through the “full-service” Program for the level of financial assets they are seeking to place under professional management, and
- (2) are seeking to have all their assets, by title, managed in one account.

This type of an account and the services provided may be better suited for clients with less than \$1,500,000 of financial assets available for investments, depending upon the client’s goals and objectives.

In the MSP-OAS, IPC provides three separate and distinct Model Manager solutions or options for managing client accounts.

- The first solution is an all capitalization, individual common stock portfolio investment strategy provided by *Blue Shores Capital*. *Blue Shores Capital* (“BSC”) is a proprietary money management division of IPC.
- The second solution is an actively managed all capitalization, core equity ETF investment strategy. The core equity ETF strategy is a model supplied by a non-affiliated investment advisor, who will act as the Sub-Adviser to IPC. IPC will act as the Overlay Portfolio Manager for the core equity ETF investment strategy.
- The third solution is a Model Manager Portfolio designed to provide diversification for accounts up to \$1,500,000 in assets. The model portfolios, based upon managers participating in the asset allocation models, consist of allocating various manager strategies to create one account. Thus, each of the managers strategies selected will represent a portion of the account. The strategies are provided by Investment Managers who act as Sub-Advisers to IPC. This third solution requires a minimum of two investment strategies and a minimum account size of \$500,000.

The risk associated with this Model Manager Portfolio strategy allocation, depending upon the size of the account, is that a balanced account with only two strategies may be limited to one large capitalization equity investment strategy. Thus, while the fixed income sector is broadly diversified through the Sub-Adviser’s use of Exchange Traded Funds (ETFs) for fixed income, the equity sector will be limited to one large capitalization growth, value or core equity strategy. Consequently, such an account with two strategies may not provide the client with the equity diversification that other investment products would provide, including various combinations of equity mutual funds. However, a \$500,000 all equity account will provide the Client with the diversification of two different equity strategies within one account.

When appropriate, and requested by the Client, all three One Account Solutions may use fixed income ETFs. Fixed income ETFs can be used to create a balanced account approach, whereby the account has a combination of both equity and fixed income

securities. The LFA Representative, generally working in conjunction with IPC Consultants, will assist each client in the selection of the investment strategy that is appropriate for the client's investment objectives.

Emerging Manager Multiple Strategy Portfolio Services

Emerging Manager MSP Investment Philosophy

The Emerging Manager MSP is specifically designed to provide managed account services to those clients who seek additional equity diversification by utilizing one or more emerging manager styles or strategies in an MSP account. The Emerging Manager MSP is an investment strategy that uses investment models that are able to provide for additional diversified management using various asset classes and strategies provided by investment firms considered to be "Emerging Managers" (described below). For clarification, an investment model is a master investment portfolio. Client portfolios are designed to look like and attempt to replicate the master investment portfolio of the Emerging Manager's style or strategy. However, there may be other considerations that may impact the investment process and performance. Such other consideration could include: (1) the size of the client's account(s); (2) the presence or absence of investment restrictions; (3) the timing of trades and (4) the presence of deposits and withdrawals.

Emerging Managers are defined differently by various entities and those definitions change over time. Most definitions revolve around assets under management, performance history, employee ownership and minority ownership. The review of Emerging Managers is generally dynamic and complex and simply using a quantitative data base as a selection method may not be appropriate. For a number of reasons, qualitative insight plays a prominent role, particularly at the start.

Emerging investment firms tend to be companies where investment performance takes precedence over asset-gathering, where niche or innovative investment strategies are designed to capture unrecognized market inefficiencies. Management of emerging investment firms are generally highly motivated to succeed through ownership structures representing financial incentives as well as the psychological incentives of working within an entrepreneurial culture. Emerging investment firms frequently are still emerging precisely because they emphasize performance over asset-gathering – in fact, the very reasons why these companies offer significant potential often are the same reasons why they have not yet been widely used.

There are three main reasons that potential clients may choose to consider Emerging Managers: (1) Empirical data suggests that some small firms outperform their larger counterparts; (2) Emerging Managers may have more drive to succeed, often to the benefit of their investors; (3) The nimbleness of Emerging Managers may allow them to take advantage of market opportunities. However, there is no guarantee that by engaging an Emerging Manager that any of these reasons will actually be realized in the performance results of a client's portfolio.

These Emerging Manager multiple diversified strategies are contained in a single custodial account, hence the name “Multiple Strategy Portfolio.” The primary purpose for adding an MSP is to provide further diversification to the client’s portfolio.

IPC uses model portfolios provided by Emerging Managers who are registered investment advisers. However, CbF Advisors, LLC (“CbFA”) will act as Sub-Adviser to IPC in the Emerging Manager MSP investment styles and strategies. IPC has entered into a strategic alliance with CbFA. CbFA will use the services of Clearbrook Investment Consulting (“CIC”), a related company and an SEC-registered investment advisor, for Emerging Manager research and due diligence.

CIC has a 25-year history as an institutional consultant with over \$30 billion of assets under consultation. CIC has a dedicated Emerging Manager research effort. As a related company, CbFA has full and timely access to the CIC Emerging Manager research and due diligence data base. IPC, in conjunction with CbFA, will use this proprietary information to select appropriate Emerging Managers for IPC’s Emerging Manager MSP. CbFA will negotiate the Emerging Manager sub-advisory contracts and arrange for the Emerging Manager portfolio models to be delivered to IPC. As Overlay Portfolio Manager, IPC has discretion over the Emerging Manager MSP account(s).

While both cash and securities may be used to establish an MSP accounts, it is the intent of IPC that all securities so received be liquidated prior to, or simultaneous with, the purchase of securities for the account.

Tax-Transition Management Portfolio Services

Tax-Transition Management Investment Philosophy

Tax-Transition Management (“TTMP”) is an investment management strategy designed to provide tax-efficiencies for clients who seek to minimize their capital gains when changing investment strategies or advisors. The strategy’s objective is to transition clients’ portfolios from significant, low-cost basis, or concentrated common stock positions to pre-determined, targeted, diversified portfolios of common stocks in a highly tax-sensitive and efficient manner. The speed of the transition is dependent upon the client’s annual capital gains budget. As portions of the low-cost basis stock positions are sold, the proceeds are reinvested in the common stock positions as identified in the targeted portfolio.

LFA, through IPC, assists the client in developing a Statement of Investment Policy and an asset allocation guideline, while the client sets their capital gains budget for the transition. IPC provides various investment styles using other registered investment advisers who act as Sub-Advisers to IPC. LFA, through IPC, assists the client to customize their targeted portfolio based upon the client’s risk tolerances and objectives.

IPC employs an Overlay Tax-Transition Portfolio Manager as a Sub-Adviser who monitors and coordinates the trading done within each of the investment styles to ensure

that decisions are being made in the most tax-efficient manner. The Overlay Tax-Transition Portfolio Manager also monitors and estimates the tracking error between a client's current portfolio and the customized targeted portfolio. Once the concentrated position is completely liquidated, the client's current portfolio will match the selected Sub-Advisers' investment styles within the targeted portfolio.

IPC selects the Sub-Advisers for this product based upon their specialized management styles and strategies. The securities selected for the client's Tax-Transition Management Portfolio are chosen by the Sub-Adviser from that particular manager's investment model or focus list. All changes in a Sub-Advisers portfolio are based upon the Sub-Adviser's Investment Policy, Research and/or Focus Committees' decisions.

LINCOLN MANAGED ASSETS PROGRAM FEES

LMAP is an advisory wrap-fee program offering the services of various independent managers that will manage the client's account on a discretionary basis. The fee schedule applicable to an LMAP Account is determined based on the type and size of the account as set out below. Except as otherwise noted, fees are calculated per Investment Manager, for each account, based upon an overall client relationship (i.e. total amount of assets and accounts to be managed).

All fees are negotiable based upon a number of factors including, but not limited to, the client's objective, family or other related accounts, amount of assets under management, the anticipated level of transactions, the number of Investment Managers and the investment strategy(ies) employed. The fees are billed monthly in arrears, based upon the market value of the assets under management (without reduction for any margin debit) including accrued interest, at the end of each calendar month. Fees will be automatically debited from the account in accordance with the client authorization as described in the Letter Agreement with LFA and/or the Investment Advisory Agreements for the MSP, MSP-OAS, Emerging Manager MSP or Tax-Transition Management Portfolio services.

The fees include the costs associated with consulting and advisory research and including:

- Developing a client's Statement of Investment Policy
- Assisting the client in the selection of Investment Managers, Styles and Strategies
- Professional investment management services
- Monitoring of Investment Managers review services
- Performance monitoring and reporting
- Ongoing Consulting and advisory services
- Due diligence (except as noted below in Section 6, entitled "Portfolio Manager Selection and Evaluation")

The fees also include brokerage commissions on the purchase and sale of securities, if MAS acts as broker, and custody charges, if MAS' selected clearing firm is the custodian. Additional fees may be incurred for transactions executed other than through MAS or if a custodian other than MAS is used. Managed Account Services, LLC is a securities broker-dealer registered with

FINRA, and is a member of the Security Investors Protection Corporation (“SIPC”). The primary business of MAS is as a securities broker-dealer.

The initial fee covers the period from the inception date through the last day of the first billing month and will be pro-rated accordingly. Thereafter, the client will be charged on a monthly basis in arrears. The monthly fee will be calculated based on the market value of the account on the last business day of the billing cycle and will become due the first business day following the month for which the fee is charged.

In the event an account does not maintain a sufficient cash or money market fund balance to cover LMAP’s fee, the client may deposit additional funds (subject to certain restrictions for IRA and qualified retirement plan accounts) within five days, or MAS may, at its discretion, sell securities held in the account sufficient to cover fees.

For clients subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or other tax qualified accounts, the receipt of compensation and fees referred to in this Brochure are subject to the restrictions imposed by ERISA and any applicable exemption thereto.

The total fee paid by the client includes a portion for LFA, a portion for IPC, a portion to cover brokerage and custodial costs, and the fee of the Investment Manager, Model Manager and/or Emerging Manager. LFA will earn more for MSP-One Account Solution Accounts in LMAP than the fees stated below. IPC has agreed to pay LFA 0.05% (“5 basis points”) from its portion of the client’s fees, in regard to MSP-One Account Solution for client accounts opened after December 31, 2010. For example, if the client’s fee is 2.25%, IPC receives 1.25% of the fee and LFA receives 1.00% of the fee. IPC then pays LFA an additional 5 basis points so that LFA’s total fee is 1.05% and IPC’s total fee is 1.20%. Applicable fee schedules are as follows:

LMAP Annual Fee Schedules

Equity Accounts

	Market Value Of Account	Client Fee	LFA	Investment Manager	IPC
First	\$ 500,000	2.500 %	1.000 %	0.750 %	0.750 %
Next	\$ 1,500,000	2.250 %	0.900 %	0.750 %	0.600 %
Next	\$ 3,000,000	1.750 %	0.750 %	0.500 %	0.500 %
Next	\$ 5,000,000	1.500 %	0.650 %	0.500 %	0.350 %
Next	\$ 10,000,000	1.250 %	0.500 %	0.400 %	0.350 %

Balanced Accounts

	Market Value Of Account	Client Fee	LFA	Investment Manager	IPC
First	\$ 500,000	2.500 %	1.200 %	0.500 %	0.800 %
Next	\$ 1,500,000	2.000 %	1.000 %	0.500 %	0.500 %
Next	\$ 8,000,000	1.500 %	0.750 %	0.400 %	0.350 %
Next	\$ 10,000,000	1.250 %	0.625 %	0.300 %	0.325 %

Preferred Equity/Balanced Accounts (over \$1,000,000)

	Market Value Of Account	Client Fee	LFA	Investment Manager	IPC
First	\$ 1,000,000	1.750 %	0.775 %	0.500 %	0.475 %
Next	\$ 1,000,000	1.650 %	0.760 %	0.500 %	0.390 %
Next	\$ 3,000,000	1.500 %	0.750 %	0.400 %	0.350 %
Next	\$ 5,000,000	1.250 %	0.580 %	0.400 %	0.270 %
Next	\$ 10,000,000	1.000 %	0.450 %	0.300 %	0.250 %

Equity Opportunistic Accounts

	Market Value Of Account	Client Fee	LFA	Investment Manager	IPC
First	\$ 1,000,000	1.750 %	0.775 %	0.550 %	0.425 %
Next	\$ 1,000,000	1.650 %	0.760 %	0.550 %	0.340 %
Next	\$ 3,000,000	1.500 %	0.750 %	0.550 %	0.200 %
Over	\$ 5,000,000	Negotiable			

Equity Tax-Transition Management Accounts

	Market Value Of Account	Client Fee	LFA	IPC
First	\$1,000,000	1.950%	0.775%	1.175%
Next	\$1,000,000	1.850%	0.760%	1.090%
Next	\$3,000,000	1.700%	0.750%	0.950%
Next	\$5,000,000	1.450%	0.580%	0.870%
Next	\$10,000,000	1.200%	0.450%	0.750%

Under certain circumstances, fixed income accounts using laddered bond portfolios and equity accounts holding qualified replacement assets are available at negotiated rates of one half the fee schedule for fixed income accounts and equity accounts, respectively.

Fixed Income Accounts

	Market Value Of Account	Client Fee	LFA	Investment Manager	IPC
First	\$ 1,000,000	1.250 %	0.400 %	0.350 %	0.500 %
Next	\$ 4,000,000	1.000 %	0.350 %	0.300 %	0.350 %
Next	\$ 5,000,000	0.750 %	0.300 %	0.250 %	0.200 %
Next	\$ 10,000,000	0.625 %	0.250 %	0.250 %	0.125 %

Preferred Fixed Income Accounts (over \$1,000,000)

	Market Value Of Account	Client Fee	LFA	Investment Manager	IPC
First	\$ 1,000,000	1.050 %	0.350 %	0.350 %	0.350 %
Next	\$ 2,000,000	1.000 %	0.350 %	0.300 %	0.350 %
Next	\$ 2,000,000	0.900 %	0.300 %	0.300 %	0.300 %
Next	\$ 5,000,000	0.800 %	0.300 %	0.250 %	0.250 %
Next	\$ 10,000,000	0.650 %	0.250 5	0.250 %	0.150 %

Fixed Income Plus Accounts

Fixed Income Plus Accounts are designed for clients who wish to invest most of their assets in fixed income investments, in conjunction with a smaller investment in equity securities. (The account is designed to contain not more than a 20% equity allocation at cost; however, the equity portion of the account may increase to approximately 30% of the account as a result of market appreciation.) The total fee for a Fixed Income Plus Account is determined by applying the Equity Account Fee Schedule to the equity portion and the Fixed Income Fee Schedule to the fixed income and cash equivalent portion.

Multiple Strategy Portfolio Accounts

Clients will pay an annual fixed fee of 1% of assets under management in an MSP account plus \$2,500 per individual investment strategy selected. However, the emerging market investment strategy fee can be waived if it is part of an international investment strategy allocation. Generally, fees are not negotiable for the MSP and individual investment strategies. Exceptions are made for the Exchange-Traded Funds managed portfolios and portfolios managed by IPC without a Sub-Adviser arrangement. While fees are generally not negotiable within the MSP, IPC and LFA may negotiate such fees on a case-by-case basis. LFA receives approximately 40% and IPC 60% of the annual fee for the investment advisory and management services provided.

Fees with respect to the portion of a client's LMAP account not invested in the Multiple Strategy Portfolio will be calculated as set out in one of the other above stated fees schedules. Assets invested in the Multiple Strategy Portfolio Accounts will **not** be

considered in establishing fees applicable to those other assets. For example, a client has \$1,500,000 of investable assets and allocates \$500,000 to an MSP account and \$1,000,000 to an all equity “full-service” account. The MSP fee schedule would apply to the \$500,000 and the Equity Preferred Accounts fee schedule would apply to the \$1,000,000 account.

Multiple Strategy Portfolio-One Account Solution

Market Value Of Account	Client Fee	LFA	IPC
First \$ 250,000	2.250%	1.000%	1.250%
Next \$ 250,000	2.250%	1.500%	0.750%
Next \$ 500,000	1.750%	1.200%	0.550%
Thereafter	Negotiable		

While fees are generally not negotiable within the MSP-One Account Solution, IPC and LFA may negotiate such fees on a case by case basis

Emerging Manager Multiple Strategy Portfolio Accounts

Market Value Of Account	Maximum Client Fee	Maximum LFA Fee	IPC
First \$1,000,000	2.000%	0.800%	1.200%
Next \$1,000,000	1.750%	0.750%	1.000%
Over \$2,000,000	Negotiable		

Asset Retention Incentive Program

Once the aggregate value of the client accounts in the Program exceeds five hundred million dollars and an individual client account has been retained in the Program for a minimum of one year, IPC will pay a portion of its fees relating to the individual client account, excluding the MSP, MSP-OAS, Emerging Manager MSP and TTMP Accounts, to LFA. This incentive does not affect the amount of fees paid by the client. IPC’s portion of the fees relating to the individual client account will decrease and LFA’s portion will increase by the following amounts:

Market Value of Account	Incentive Amount
\$ 0 to \$499,999	0%
\$ 500,000 to \$1,999,999	5% of IPC’s Fees
\$ 2,000,000 to \$3,999,999	10% of IPC’s Fees
\$ 4,000,000 and greater	15% of IPC’s Fees

Additional Client Fees

The fee charged for participation in the LMAP (“Program Fee”) listed in this Brochure (including the Multiple Strategy Portfolio, MSP-OAS, Emerging Manager MSP and Tax-

Transition Management Portfolio services) is known as a “wrap-fee.” The Program Fee covers the cost of most services provided by LMAP, Investment Managers, Sub-Advisers, Model Managers and Emerging Managers including fees for program operations, MAS custodial charges and all brokerage commissions of MAS. The Program Fees do not include: (1) custodial fees for assets held outside MAS; (2) account maintenance or trustee fees charged for MAS (or their clearing agent, First Clearing) on qualified retirement plan, IRA, cash management or similar accounts; (3) transfer taxes; (4) dividend reinvestment costs; (5) odd-lot differentials; (6) foreign receives and delivers; (7) safekeeping fees or (8) any other charges imposed by law or otherwise agreed to with regard to client accounts. These fees will be charged to client accounts in addition to the Program Fees.

As with most wrap-fees, the Program Fee does not cover the management, distribution and other fees and expenses incurred by mutual funds, money market funds, unit trusts, exchange-traded funds or closed-end funds held in a client’s account. These fees are described in the prospectus of each respective investment product and are paid to the fund’s investment advisers and other service providers, but ultimately are borne by all shareholders.

Neither does the Program Fee cover debit balances with MAS, any other custodian fees, nor margin interest on such margin debit balances. To the extent that margin is used, fees will be calculated on the total market value of the account without the reduction of any debit balance. Trades in securities that customarily trade in “dealer markets,” such as fixed income securities, may be placed through broker-dealers other than MAS, and, accordingly, the net purchase or sale prices reflected on client confirmations of such trades may reflect commissions or dealer “markups” or “markdowns” charged and “spreads” earned by such other broker-dealers. This is also true when Investment Managers select broker-dealers other than MAS for some, or all, of their trade executions.

IPC and the client agree that MAS may withhold any tax to the extent required by law, and may remit such taxes to the appropriate governmental authority. Additionally, the cash that is in the client’s Account awaiting investment may be placed in money market funds with management expenses and distribution fees which are paid under distribution plans adopted by the funds pursuant to Rule 12b-1 under the Investment Company Act of 1940. To the extent consistent with ERISA, MAS may receive all or a portion of those distribution fees from the funds.

Evaluating the Cost of the LMAP Wrap-Fee Program

Portfolio management services, if purchased separately, may cost more or less than if paid for on a wrap-fee basis as described in this Brochure. Similarly, the compensation received by the LFA Representative recommending the services may be more or less than they would have received had the client participated in another program or paid separately for investment advice, brokerage services, custodial and other services. Therefore, LFA and LFA Representatives may have a possible financial incentive to recommend the wrap-fee program over other programs or services.

However, in evaluating a wrap-fee arrangement to determine if the wrap-fee charged is more or less than the aggregate cost of such services, if they were to be provided separately, a client should recognize the following. The brokerage transactions are made “net” of commissions (i.e., without commissions) and a portion of the wrap-fee is generally considered as being in lieu of commissions. Additionally, the client should consider the level of activity (trading volume or frequency) in a client account, the value of custodial and other brokerage services, the associated cost of trading, the advisory services and consulting services provided under this arrangement, including professional account management services.

5. Account Requirements and Types of Clients

MINIMUM ACCOUNT SIZE; ACCOUNT TERMINATION

Generally, the minimum dollar relationship size for each manager within LMAP is \$1,000,000, with the exception of the MSP, MSP-OAS, Emerging Manager MSP and Tax-Transition Management Program. The maximum number of individual accounts permitted in a \$1,000,000 relationship is three. The minimum account size is \$250,000 within a relationship.

An MSP Account is available to Clients who have opened an LMAP “full-service” account (i.e., a non-MSP type account) with at least \$1,000,000 under management. In order to open an MSP account, a Client must have a minimum investment of \$500,000 for the MSP account. The MSP is an accommodation offered to further diversify a Client’s other LMAP investments and is not offered as a stand-alone service or product. LFA and IPC reserve the right to terminate a Client’s account within the MSP, if that Client fails to maintain a “full-service” managed account within LMAP.

The MSP minimum account size is \$500,000. However, within the MSP account, the average minimum investment per style or strategy is \$250,000. For example, a client may have selected two investment styles within an MSP, one style with \$400,000 while the other style is invested with \$100,000, totaling \$500,000. The two investments meet the average minimum investment requirement of \$250,000.

The MSP-One Account Solution minimum account size is \$200,000 and the fee is generally based upon the size of the account and not the relationship. However, the One Account Solution – Model Manager Portfolio has a minimum account size of \$500,000 and an account average strategy allocation requirement of \$250,000.

The Emerging Manager MSP minimum account size is \$500,000. However, within the Emerging Manager MSP account the minimum investment per style or strategy is \$250,000. The maximum number of styles or strategies permitted within the Emerging Manager MSP is four (4).

Additionally, the Emerging Manager MSP is not a stand-alone product, but rather a diversifier to clients who have at least \$1,000,000 of current equity holdings, exclusive of equities within the Emerging Manager MSP. Current equity holdings considered may, or may not, be under IPC consultation and/or the introducing LFA Representative's direction.

The minimum account size for the Tax-Transition Management Portfolio is \$2,000,000.

The minimum and maximum constraints may be waived at LFA's and IPC's discretion. Although LFA's and IPC's general business practice is not to terminate accounts based on reduction in account value, LFA and IPC reserve the right to terminate an account that drops below the required minimum size.

Either LFA or the client may terminate the management agreement(s) upon thirty (30) days' prior written notice. In addition, the client has the right to terminate the agreement(s) at no cost (excluding market fluctuations or possible tax ramifications in event of a liquidation), upon written notice to LFA, any time within five (5) business days after the effective date in which the client signed the agreement(s). If participation in a wrap-fee program is terminated by either LFA or the client, a pro-rata fee from the date of termination through the end of the previous billing period will be billed.

TYPES OF CLIENTS

Clients may include, but are not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable or non-profit organizations, corporations, municipalities and Wealth Management Companies. Tax-qualified, pension and profit sharing plans or other retirement vehicles subject to ERISA or the Internal Revenue Code of 1986, as amended are subject to special rules.

6. Portfolio Manager Selection and Evaluation

INVESTMENT MANAGER DUE DILIGENCE

Selection of Investment Managers Available in the Program

LFA has arranged with IPC to provide research services and assist LFA in recommending appropriate Investment Managers, as well as to provide ongoing evaluation of Investment Managers.

The Investment Managers available in LMAP are chosen by IPC through a detailed assessment of the Investment Managers investment philosophy, style, methodology and technical procedures. The program uses Investment Managers with varying investment

styles and geographic locations. The Investment Managers chosen for LMAP generally possess or exhibit:

- Specifically stated goals
- Identifiable and consistent investment strategies
- A proven track record
- An appropriate level of assets under management
- Upon acceptance to LMAP, claim compliance to the Global Investment Performance Standards* (“GIPS®”) (except for MSP, MSP-OAS, Emerging Manager MSP and TTMP)

*The Global Investment Performance Standards (“GIPS®”) are a set of standardized, industry-wide ethical principles that provide investment firms with guidance on how to calculate and report their investment results to prospective clients. The GIPS® standards are voluntary and are based on the fundamental principles of full disclosure and fair representation of investment performance results. Claiming compliance with the GIPS® standards demonstrates a firm-wide commitment to ethical best practices and that the firm employs strong internal control processes. The GIPS® Executive Committee promotes the adoption and implementation of GIPS®, believing that global standardization of investment performance reporting gives investors around the world the additional transparency they need to compare and evaluate investment managers.

After IPC determines that the above parameters have been satisfied, IPC’s review continues. This review which may include, but is not limited to, the development of a company profile, analysis of the organization and its procedures and an assessment of the firm’s adherence with regard to some of the general requirements and disclosures of the Advisers Act. An evaluation of the following may also be completed: (1) the company’s compliance with industry standards; (2) operations; (3) marketing and client support services; (4) growth characteristics and (5) regulatory/compliance history.

The review of the Investment Manager’s performance record is an important component of the due diligence process. IPC conducts performance reviews to determine: (1) the methodology used in calculating performance, (2) the standards that are being applied and (3) the methods by which the performance composites that are used in the program are constructed. Generally, Investment Managers indicate that performance is presented in conformity with the Global Investment Performance Standards. However, not all Investment Managers calculate and report performance in a similar manner. Inquiries are made by IPC into the methodology used in order to gain an understanding that the composite performance of the style for which IPC engaged the Investment Manager is calculated in a prudent manner and in compliance with applicable rules and regulations. While IPC reasonably believes such performance numbers are accurate, neither LFA nor IPC independently verify nor attest to the stated performance of any Investment Manager.

Other resources that may be used to identify and monitor Investment Managers include the database services, Form ADV, other disclosure documents, detailed questionnaires completed by each Investment Manager and on-site visits to each Investment Manager.

Due diligence will also be conducted by IPC on the Model Manager except for Blue Shores *Capital*, a division of IPC. However, the MSP, MSP-One Account solution and Tax-Transition management services may not include the due diligence specific to a performance composite as it relates to the management style. This may result, for example, as some Model Managers contract with various investment firms (“contracted firms”) to provide the Model Managers model. However, the Model Manager may not have many individual clients of their own, if any, which is a requirement to create their own performance composite. Currently, per industry regulations, such Model Managers are not permitted to show other (contracted firm) clients as their clients.

IPC’s due diligence effort with respect to the Emerging Managers is strictly confined to IPC performing due diligence on CIC’s Emerging Manager due diligence process.

LMAP’s equity Investment Managers’ investment strengths and styles fall within the broadly defined categories of growth, core, value and yield/value; however, a commitment to preservation of capital, liquidity and investment quality is key to each. Fixed income management is based on investing in a diversified selection of high quality bonds that provide satisfactory levels of income. Tax considerations are important, and Investment Managers are used in both taxable and tax-exempt markets.

Ongoing Evaluation of Investment Managers in the Program

Ongoing Investment Manager due diligence reviews are also a part of IPC’s services within the Program. The extent of the review is determined by, among other things, the length of time the Investment Manager has been in LMAP and changes in Investment Manager’s personnel or processes. Also, information is obtained from each Investment Manager concerning specific composite performance results for each quarter. In addition, periodic visits are made to each of the management companies to review the firm and update information.

IPC may decide the Investment Manager is no longer be appropriate for the Program for various reasons; including, but not limited to: (1) deviation from its stated style and philosophy, (2) performance that varies significantly from its stated benchmark over a market cycle, (3) the loss of key firm personnel, (4) the development of material regulatory problems or compliance issues, or (5) failure to claim compliance with the Global Investment Performance Standards (GIPS®), except as noted above for the MSP, MSP-OAS, Emerging Manager MSP and TTMP. In such cases, the LFA Representative, in consultation with IPC, or IPC, through communication with the LFA Representative, may recommend that the client select a different Investment Manager.

An Investment Manager will not be recommended for termination from the program solely for having short-term performance that is sub-par in relation to market performance if they

have maintained their stated investment style and philosophy, even if such strategy is currently not popular.

INVESTMENT MANAGER SELECTION

Selection of Investment Managers for Client Portfolios

The LFA Representative, working with independent consultants from IPC, will recommend an individual portfolio strategy. Together, they assist each client in the selection of one or more of the available Investment Managers and the appropriate styles/strategies that best meet the client's investment objectives. Recommendations are based upon information gathered while developing an investment policy for the client. Typically, the following are reviewed: the client's investment objectives and goals, net worth, current income, future income needs, liquidity needs, risk tolerances, tax considerations, current investment structure and other specific needs if communicated by the client. An assessment is made based upon economic and market conditions in relation to the information reviewed above. A recommendation as to the client's appropriate Statement of Investment Policy is developed from the assessment.

To assist in the selection of Investment Managers and Model Managers, IPC makes available to prospective clients and their LFA Representatives Investment Manager Profiles and other information such as performance information. The investment descriptions, performance, and other information are based on data provided by or received from the Investment Managers and Model Managers. Additionally, IPC makes available investment profiles and performance information, if any, on the Emerging Managers participating in the Emerging Manager MSP. The investment descriptions, performance and other information are based on data received from CbFA, CIC and the Emerging Manager.

While IPC reasonably believes this information to be accurate, IPC does not independently verify or attest to any Investment Manager's, Model Manager's or Emerging Manager's performance. Additionally, IPC does require Investment Managers, but not the Model Managers or Emerging Managers participating in the MSP or the Emerging Manager MSP only, to present their performance data in conformity with the Global Investment Performance Standards (GIPS®). Performance information may not be calculated on a uniform and consistent basis.

Ongoing Evaluation of Investment Managers for Client Portfolios

Performance for each account in LMAP is calculated and reported to the client by IPC in conformance with industry standards that IPC believes are reasonable. Discrepancies between account performance and Investment Manager, Model Manager or Emerging Manager composite performance may occur as a result of an account's individual investment guidelines and/or restrictions. The performance of client account(s) may deviate from the Investment Manager's, Model Managers or Emerging Manager's composite performance for the accounts it manages in the same style because of the size of the client's account(s), the

presence or absence of investment restrictions, the timing of trades and the presence or absence of cash deposits and withdrawals.

The LFA Representative along with IPC may believe the Investment Manager, Model Manager or Emerging Manager may no longer be appropriate for the client for various reasons; including, but not limited to:

- the results based upon IPC's Ongoing Evaluation of Investment Managers in LMAP (as described above in that section) where the Investment Manager would be terminated in LMAP or as recommended by CbFA for Emerging Manager MSP styles and strategies,
- the Investment Manager's deviation from its stated style and philosophy within a client's account,
- Investment Manager continuously deviates from the investment mandate in the client's Statement of Investment Policy, unless client authorizes such changes,
- performance that varies significantly from the client's stated benchmark over a market cycle,
- the development of material regulatory problems or compliance issues, or
- change(s) in client circumstances

In such cases, the LFA Representative in consultation with IPC, or IPC through communication with the LFA Representative, may recommend that the client select a different Investment Manager.

If a client believes the Investment Manager they have chosen is no longer meeting their investment needs and objectives, and decides to change Investment Managers, IPC's Ongoing Consulting Group will work the LFA Representative and the client to establish an updated Statement of Investment Policy and recommend a new Investment Manager. However, the client should be aware that a new Investment Manager might not accept all or any of the securities acquired by the former Investment Manager; therefore, liquidation of the portfolio may result in tax consequences for the client.

Performance Based Fees & Side-By-Side Management

Neither IPC nor LFA charge advisory fees on a share of the capital appreciation of the assets in a client's account (so called performance-based fees). The advisory fee compensation is charged only as described above in Section 4. Services, Fees and Compensation.

Investment Strategies and Risk of Loss

Risk may be defined as the chance that an [investment](#)'s actual [return](#) will be different than expected. Risk includes the possibility of losing some or all of the original investment. A fundamental idea in finance is the relationship between risk and return. The greater the amount of risk that an investor is willing to take on, the greater the potential return. The reason for this is that investors need to be compensated for taking on additional risk.

Market risk is defined as the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates, commodity prices, and other relevant market rate or price changes (e.g., equity prices).

There can be no assurance that any investment, investment strategy or the investment asset allocation selected will be profitable or successful in achieving its investment objectives. Clients should understand the primary risk of investing in securities involves a loss of capital and should be prepared to bear such a loss. Investment in securities comes with inherent risks in exchange for a return on that investment as described above. In general, an investor may lose a portion of their principal and experience volatility in the value of that principal over time for various reasons as outlined below. This list is representative of many risks and is not necessarily a complete indication of all the risks a client may assume.

1. Fixed Income Securities (Bonds)

Fixed income securities are debt obligations of the issuer. The market value (price) of those obligations can vary over time for various reasons such as those listed below:

- a. **Fixed Income Securities:** An investment strategy that invests in fixed income securities includes corporate bonds, government bonds, municipal bonds, other debt instruments, Exchange-Traded Funds and mutual funds that invest in these securities. Issuers generally pay a fixed, variable or floating interest rate and must also repay the amount borrowed at maturity. Some debt instruments, such as zero-coupon bonds, do not pay current interest, but are sold at a discount from their face value. Prices of fixed income securities generally decline when interest rates rise and rise when interest rates fall.

Investment strategies that invest in U.S. Government securities include securities issued or guaranteed by the U.S. Treasury; issued by a U.S. Government agency; or issued by a Government-Sponsored Enterprise (GSE). U.S. Treasury securities include direct obligations of the U.S. Treasury (*i.e.*, Treasury bills, notes and bonds). U.S. Government agency bonds are backed by the full faith and credit of the U.S. Government or guaranteed by the U.S. Treasury (such as securities of the Government National Mortgage Association (GNMA or Ginnie Mae)). GSE bonds are issued by certain federally-chartered but privately-owned corporations, but are neither direct obligations of, nor backed by the full faith and credit of, the U.S. Government. GSE bonds include: bonds issued by Federal Home Loan Banks (FHLB), Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) and the Federal National Mortgage Association (FNMA or Fannie Mae).

- b. **Duration Risk:** Duration is a measure of sensitivity of the change in market value to a given change in interest rates over time. Longer duration bonds, which typically have longer maturities, have more sensitivity to interest rate changes than short

duration bonds. Additionally, longer-term debt and zero-coupon bonds are more sensitive to interest rate changes than debt instruments with shorter maturities.

- c. **Credit Risk:** Fixed income securities are also subject to *credit risk*, which is the chance that an issuer will fail to pay interest and/or principal on time. Many fixed income securities receive credit ratings from Nationally Recognized Statistical Rating Organizations (NRSROs). These NRSROs assign ratings to securities by assessing the likelihood of issuer default. Changes in the credit strength of an issuer may reduce the credit rating of its debt investments and may affect their value. High-quality debt instruments are rated at least AA or its equivalent by any NRSRO or are unrated debt instruments of equivalent quality. Issuers of high-grade debt instruments are considered to have a very strong capacity to pay principal and interest. Investment-grade debt instruments are rated at least Baa or its equivalent by any NRSRO or are unrated debt instruments of equivalent quality. Baa-rated securities are considered to have adequate capacity to pay principal and interest, although they also have speculative characteristics. Lower-rated debt securities tend to pay higher interest and are more likely to be adversely affected by changes in economic conditions than higher-rated debt securities.

An issuer suffering an adverse change in its financial condition could cause a lowering of the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Investment strategies investing in lower quality debt securities, although generally having a higher yield, are more susceptible to these problems and their value may be more volatile.

Non-Investment Grade Debt: Credit risk is more pronounced for investments in fixed-income securities that are rated below Investment Grade or which are of comparable quality. The risk of default may be greater and the market for these securities may be less active, making it more difficult to sell the securities at reasonable prices, and also making valuation of the securities more difficult.

2. *Equity Securities (Stocks)*

Stocks generally represent an ownership share in a company. The market value (price) of those ownership shares fluctuate over time.

- a. **Equity Securities Risk:** Equity securities include common stocks, preferred stocks, convertible securities, mutual funds and Exchange-Traded Funds that invest in these securities. Equity markets can be volatile. Stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments.

- b. **Loss of Capital:** An owner of stock can lose some or all of their investment.
- c. **Risk Related to Company Size:** Investment strategies that include investing in mid, small and micro capitalization companies generally involves greater risks than investment strategies investing in larger, more established companies, and possibly have a higher probability of experiencing a loss of principal in exchange for potentially higher growth. The market may value companies according to size or market capitalization rather than financial performance. As a result, if mid-cap, small-cap or micro-cap investing is out of favor, these holdings may decline in price, even though their fundamentals are sound. They may be more difficult to buy and sell, subject to greater business risks and more sensitive to market changes than larger capitalization securities. However, the pattern of their volatility may be different than those of larger stocks; and, therefore, may have diversification benefits, possibly reducing the overall portfolio volatility.
- d. **Foreign Securities Risk:** Investments in foreign securities involve certain risks that differ from the risks of investing in domestic securities. Adverse political, economic, social or other conditions in a foreign country may make the securities of that country difficult or impossible to sell. It is more difficult to obtain reliable information about some foreign securities. The costs of investing in some foreign markets may be higher than investing in domestic markets.
- However, some of this investment risk may be reduced by investing in foreign securities typically through American Depositary Receipts (“ADRs”). ADRs are certificates deposited with a U.S. bank that represent the right to own a foreign security. Since ADRs are traded in U.S. markets and the issuers are subject to the same auditing, accounting and financial reporting standards as domestic securities, owning ADRs has advantages over owning other foreign securities.
 - Other risks an investor should be aware of when selecting an investment strategy that invests in foreign or international securities are:
- e. **Currency Risk** – the risk that the U.S. Dollar’s exchange rate versus other currencies may change, thus increasing or decreasing the value of the stock once exchanged back into U.S. Dollars.
- f. **Political or Sovereign Risk** – Countries outside the U.S. have different legal, economic and political structures that can affect the value of investments in those countries.
- g. **Emerging Markets:** Investment strategies that invest in emerging international markets may experience additional risks beyond those listed above. Emerging markets may have less developed legal, economic and political structures that are in

the process of emerging, and, therefore, may experience additional volatility beyond that of more economically developed countries.

Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, affected adversely by economic conditions in the countries in which they trade. Because of the special risks associated with investing in Emerging Markets, investments in such securities should be considered speculative. Investors in such strategies are advised to consider carefully the special risks of investing in emerging market securities.

The risk also exists that an emergency situation may arise in one or more developing markets, as a result of which trading of securities may cease or may be substantially curtailed and prices for an investment strategy's securities in such markets may not be readily available. Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting to foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of the investment strategy.

3. *REITs*

- a. **REITs:** Real estate investment trusts, known as REITs, are entities that invest in different kinds of real estate or real estate related assets, including shopping centers, office buildings, hotels, and mortgages secured by real estate. There are basically three types of REITs:
- Equity REITs, the most common type of REIT, invest in or own real estate and potentially make money for investors from rents they collect as well as from price appreciation;
 - Mortgage REITs lend money to owners and developers or invest in financial instruments secured by mortgages on real estate; and
 - Hybrid REITs are a combination of equity and mortgage REITs.

The Internal Revenue Code lists the conditions a company must meet to qualify as a REIT. For example, the company must pay 90% of its taxable income to shareholders every year. It must also invest at least 75% of its total assets in real estate and generate 75% or more of its gross income from investments in, or mortgages on, real property.

Investing in real estate and real estate investment trusts (REITs) involve special risks, such as: limited liquidity, changes in tax laws, tenant turnover or defaults, competition, casualty losses and use of leverage. Real estate values may fluctuate based on economic and other factors. An investment in real estate or REITs may not be suitable for all investors, and there are no assurances that the investment objectives of any real estate program or strategy will be attained.

4. *Exchange-Traded Funds*

- a. **Exchange-Traded Fund (“ETF”) Risk:** ETFs are open-end investment companies, unit investment trusts or depository receipts that may hold portfolios of bonds, stocks, commodities and/or currencies that are commonly designed, before expenses, to closely track the performance and/or yield of (i) a specific index, (ii) a basket of securities, commodities or currencies, or (iii) a particular commodity or currency. The types of indices sought to be replicated by ETFs most often include domestic equity indices, fixed income indices, sector indices and foreign or international indices. ETF shares are traded on exchanges and are traded and priced throughout the trading day. ETFs permit an investor to purchase a selling interest in a portfolio of stocks throughout the trading day. Because ETFs trade on an exchange, they may not trade at Net Asset Value (“NAV”), which is the value of the underlying securities after expenses. Sometimes, the prices of ETFs may vary significantly from the NAVs of the ETFs’ underlying securities. Additionally, if an investor decides to redeem ETF shares rather than selling them on a secondary market, the investor may receive the underlying securities which must be sold in order to obtain cash.

Also, ETFs consisting of bonds and bond funds will generally decrease in value as interest rates rise. ETFs consisting of commodities exhibit their own unique potential risk as these markets have historically been extremely volatile. Inverse ETF funds should lose money when their benchmark indexes rise – a result that is opposite from traditional mutual funds. Inverse ETF funds also entail certain risks, including inverse correlation, leverage, market price variance and short sales risks.

Voting Client Securities (Proxy Voting Policy Summary)

LFA does not accept authorization to receive or vote proxies on behalf of clients, and does not permit LFA Representatives to do so. However, clients in the Program will generally provide authorization to IPC and/or Investment Managers to receive and vote proxies on the client’s behalf, unless the client elects to retain those rights.

Within the MSP, MSP-OAS, Emerging Managing MSP and Tax-Transition Management Portfolios, IPC, as a matter of policy and as a fiduciary to our Clients, has responsibility for voting proxies consistent with the best economic interests of the Clients. IPC’s policy and practice includes the implementation of a Proxy Voting Service for corporate actions and client proxies. Clients may retain the right to vote any proxies or take action relating to specified securities held in the Account provided the client gives timely, written prior notice to IPC. Clients are provided the option to vote their proxies in the Investment Management

Agreements and Investment Advisory Agreements. IPC makes the information available to clients about the voting of proxies for their portfolio securities upon request. A copy of IPC's policy and voting information may be obtained by writing to: Independent Portfolio Consultants, Inc., Attention: Compliance, 5002 T-Rex Avenue, Suite 225, Boca Raton, FL 33431.

7. Client Information Provided to Portfolio Managers

INVESTMENT POLICIES AND INVESTMENT MANAGER COMMUNICATIONS

For each account, an investment management agreement is signed between the client and the Investment Manager or IPC as the Overlay Portfolio Manager. This agreement outlines the terms by which the client's account is to be managed. Attached to the LMAP "full-service" account investment management agreement is a statement of investment objectives that outlines the client's investment objectives. This includes such information as: the purpose of the account, the client's primary investment objective, tolerance for risk, liquidity needs, age, occupation, income, net worth and other special considerations that would impact how the client desires the account to be managed. This information is passed on to the Investment Manager(s) selected by the client. However, the MSP, MSP-OAS, Emerging Manager MSP and TTMP accounts are managed by IPC and no information is provided to the Model Manager(s) or Sub-Adviser(s). Although the information described above in this paragraph is not included in the MSP, MSP-OAS, Emerging Manager MSP and TTMP investment management agreements, IPC uses this information, if provided, in making recommendations to the client.

If a client's financial situation or investment objectives change and a client wants to modify their investment objectives and or account restrictions at any time, the client should notify the LFA Representative. On a quarterly basis, the client will be reminded to provide the LFA Representative with any information regarding significant changes to the client's financial condition and other information that may change the investment objectives. IPC will communicate this to the client's Investment Manager(s) or Overlay Portfolio Manager. This information typically requires the completion of a new Investor Profile Questionnaire and may require an update to the client's Statement of Investment Policy which if changed will be provided to the Investment Manager.

The client will also receive a quarterly performance report, which the client can review with the LFA Representative as often as is determined to be necessary, but at least annually. This report can be used to assist the client in monitoring the results of the client's investment account in relation to their particular goals and objectives stated in the Statement of Investment Policy. The LFA Representative will consult with the client concerning the Investment Manager(s)'s investment performance, and assist the client in making future investment management decisions, based both on account performance and upon changes in the client's overall financial circumstances. IPC's Ongoing Consulting Group works with the LFA Representative to set up

and coordinate client reviews of their LMAP accounts. If deemed appropriate, the LFA Representative may recommend that the client select a new Investment Manager.

LMAP also provides Investment Managers but not Sub-Advisers with electronic access to client portfolio holdings on a regular basis. Investment Managers may access client portfolio statements that are balanced and reconciled monthly. Additionally, the electronic access enables the Investment Manager to view client accounts daily and includes a list of the client's holdings, a cash ledger of activity in the account for the current month, as well as a performance report for the client's portfolio. Also, LMAP provides the Investment Manager with access to an electronic copy of the client's quarterly portfolio report and the personalized LMAP consulting letter as described below in Section 9.

8. Client Contact with Portfolio Managers

If the client chooses, he or she may meet with their Investment Manager directly to review the account objectives and performance. The LFA Representative, through the IPC Ongoing Consulting Group, coordinates the conferences or meetings with their Investment Manager(s). The Investment Manager is the person who is making the investment decisions pertaining to the client's account on a day-to-day basis. Clients may communicate directly with their Investment Manager(s), consistent with the reasonable constraints of the Investment Manager's business.

However, the MSP, MSP-One Account Solution, Emerging Manager MSP and Tax-Transition Management Portfolio services described above in Section 4 do not provide the client with the following services:

- direct contact with the Sub-Adviser, Model Manager or Emerging Manager
- an extensive amount of individual portfolio customization, in-depth, coordinated tax planning or
- the ability to consider previously existing holdings

For these accounts, the client's LFA Representative and IPC Consultant will meet or conference with the client, at the client's request, to review their account objectives and performance. They will also work with the client to develop their objectives and investment strategies. Additionally, client's input is primarily limited to decisions about the target amount of cash equivalents in the investment policy target allocation, and the individual security and any other reasonable restrictions on the account. While an initial client presentation, via a telephone conference call, may be provided by a specific Model Manager, ongoing client consultation will be provided primarily by an IPC Consultant and the LFA Representative.

9. Additional Information

DISCIPLINARY INFORMATION

Below is a description of legal or disciplinary events that may be material to a client or prospective client's evaluation of LFA and its advisory business:

- On March 16, 2007, the Rhode Island Securities Department entered into a Consent Agreement with LFA. LFA employed two investment adviser representatives from October 2005 to June 2006 who regularly met with clients and provided investment advisory services at an office location in Rhode Island. The representatives were not properly licensed or exempt from licensing in the state of Rhode Island. The Securities Department took the position that this activity constituted conduct in violation of Section 7-11-203 of RIUSA and the rules promulgated thereunder. On June 24, 2006 applications for licensure for the representatives were submitted to Rhode Island and became effective on June 25, 2006. LFA paid an administrative penalty in the amount of \$5,000.
- On October 9, 2006, LFA entered into a Consent Agreement with the North Dakota Securities Department and paid a civil penalty of \$4,000. In March 2001, LFA, through one of its agents, conducted four securities transactions in the state when the agent was not registered in the state. North Dakota took the position that LFA was in violation of N.D.C.C., Section 10-04-10(2).
- On September 30, 2003, the Nevada Securities Division issued a Letter of Acceptance, Waiver and Consent ("AWC") to LFA for failure to comply with NRS 90.360.2, 90.392.1 and 90.310. A Registered Representative of LFA began conducting business from her residence in Nevada on or about April, 1996; however, LFA did not register the address as a branch in Nevada until March 13, 2003. LFA signed the AWC on October 17, 2003, agreeing to properly license all branch offices in Nevada and to properly withdraw the registrations when branches closed. LFA paid a civil penalty in the amount of \$5,000 on October 20, 2003.
- On February 16, 2011 the Financial Industry Regulatory Authority ("FINRA") notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the "Letter") signed and submitted to FINRA by LFA on December 21, 2010. The Letter noted that between 2007 and 2009 LFA failed to adequately protect customer records and information in the firm's client portfolio management system and allowed certain employees to access its web-based customer account system by using shared log-on credentials without establishing adequate procedures and without controlling or monitoring who had access to the common log-on credentials. As a result of the foregoing, LFA violated Rule 30 of Regulation S-P, NASD Rules 3010, 2110 and FINRA Rule 2010. LFA was censured and fined \$150,000, and the fine was paid in full on February 23, 2011.

- On August 16, 2005 the National Association of Securities Dealers (“NASD”) notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the “Letter”) signed and submitted to the NASD by LFA on August 5, 2005. The Letter noted the following regarding NASD Rules 2110 and 2830(K): LFA, in connection with an agreement between mutual fund complexes and LFA’s clearing firms, received from one or both of its clearing firms, directed brokerage commission payments that involved the use of trading commissions to generate payments for participation in LFA’s preferred partner program. LFA was censured and fined \$950,000. The Fine was paid in full on August 29, 2005.
- On July 1, 2005 the NASD notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the “Letter”) signed and submitted to the NASD by LFA on 5/23/2005. The Letter noted the following: (1) from approximately 7/21/2001 until 8/31/2003 LFA received notice of 12 events that were subject to reporting requirements and failed to report to the NASD within 10 business days after it knew of the events in violation of NASD Rules 2110 and 3070(B); (2) from approximately 7/21/2001 until 8/31/2003, LFA received 345 written customer grievances and failed to report 206 to the NASD by the 15th day of the month following the calendar quarter in which the complaints were received in violation of NASD Rules 2110 and 3070(C); and (3) LFA failed to prepare and maintain adequate written supervisory procedures to ensure compliance with NASD Rule 3070(C) in violation of NASD Rules 2110 and 3010.

LFA implemented procedures to file all requisite disclosures under NASD Rules 2110 and 3070 and has prepared adequate written supervisory procedures in compliance with Rule 3070(C). LFA executed the Letter on 5/23/05 and agreed to pay any monetary sanctions imposed upon notice from the NASD Finance Department. On July 15, 2005 LFA paid the NASD \$75,000 for full payment of the fine issued in connection with the Letter.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

LFA is a registered broker-dealer, and its investment advisor representatives are also generally registered representatives of LFA.

LFA’s principal business is as a broker-dealer selling investment products and services, including stocks, bonds, mutual funds, annuities, insurance products and options. LFA and its executive officers spend the majority of their time with these business activities. Some of LFA’s executive officers are also officers of The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York. The proportion of time spent on each of these activities cannot be readily determined.

LFA is affiliated with the following companies due to common ownership by Lincoln National Corporation:

- The Lincoln National Life Insurance Company (insurance company)
- Lincoln Life & Annuity of New York (insurance company)
- LFA, Limited Liability Company (insurance agency)
- Lincoln Financial Distributors, Inc. (broker-dealer)

- Lincoln Financial Securities Corporation (broker-dealer, investment advisor, and insurance agency)
- Lincoln Financial Investment Services Corporation (broker-dealer)
- Lincoln Investment Advisors Corporation (investment advisor)
- First Penn-Pacific Life Insurance Company
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency)
- JPSC Insurance Services, Inc.
- LFD Insurance Agency, LLC (insurance agency)
- Lincoln Financial Group Trust Company, LLC (trust company)
- Lincoln Investment Management Company (investment adviser)
- Westfield Assigned Benefits Company (insurance agency)

Conflicts of interest may be created by financial incentives and/or compensation arrangements between LFA and its affiliates. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

LFA may recommend or select other investment advisors for clients and receive compensation directly or indirectly from those advisors. This creates a material conflict of interest in that LFA and LFA Representatives have a financial incentive to recommend advisors based on compensation paid. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

CODE OF ETHICS

LFA has adopted an Investment Advisor Code of Ethics pursuant to SEC rules, and all investment adviser representatives and certain other individuals (“Access Persons”) are required to understand and follow its provisions. Through this Code of Ethics, LFA strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code of Ethics is aligned with Lincoln Financial Group’s long standing shared values of: Integrity, Commitment to Excellence, Responsibility, Respect, Fairness, Diversity and Employee Ownership. LFA will provide a copy of its Investment Advisor Code of Ethics to any client or prospective client upon request. If you would like a copy of LFA’s Investment Advisor Code of Ethics please call (800) 237-3813, extension 3056, or send an e-mail to: lfaria@lfg.com.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Most LFA Representatives are Registered Representatives of LFA in its capacity as a broker-dealer, and are licensed agents of Lincoln National Life Insurance Company (“LNL”). All affiliated companies are direct or indirect subsidiaries of Lincoln National Corporation (“LNC”), hereafter referred to as Lincoln National. LFA and LFA Representatives may recommend products that are managed and/or distributed by Lincoln National companies, on which they may receive separate and typical compensation, if such products are found to be suitable for the client objectives. All of this information is fully disclosed to the client at the time of entering into an

advisory contract. Additionally, Lincoln National companies will profit from any sales of their products.

Although LMAP Investment Managers do not generally engage in principal transactions in LMAP client portfolios, LFA may engage in principal transactions primarily involving debt instruments in non-LMAP accounts. Instruments so acquired by LFA may be recommended to LFA's advisory clients on a fully disclosed basis. All such transactions are done on a riskless transaction basis. Under these circumstances, LFA may buy or sell, in its principal capacity, securities it recommends to its clients. All the information is fully disclosed.

LFA and/or its representatives and other associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to clients. Personal securities transactions by LFA representatives are recorded and monitored by LFA.

LFA, LNL and their affiliated companies have suitability requirements, as well as regulatory and compliance rules and procedures which must be followed. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits.

Brokerage Executions

The wrap-fees charged under LMAP cover brokerage execution at no additional charge for trades executed by MAS and/or its clearing entity, First Clearing (MAS and First Clearing, collectively, "MAS Trading"). Wrap-fees do not cover charges resulting from trades effected with or through broker-dealers other than MAS Trading or their agents nor mark-ups nor markdowns by such other broker-dealers.

Brokerage Transactions

The program's policy is to not accept advisory Clients' instructions for directing a Client's brokerage transactions to a particular broker-dealer.

Investment Managers in LMAP are generally free to consider MAS Trading's trading capability versus other brokers' trading capability. However, IPC anticipates that most trades will be placed through MAS Trading for execution because of their execution capabilities and because the wrap-fee paid by Clients covers trade charges only when trades are executed through MAS Trading or their agents. Wrap-fees do not cover charges resulting from trades effected with, or through, broker-dealers other than MAS Trading or their agents nor mark-ups nor mark-downs by such other broker-dealers. Further, it is expected that Investment Managers would typically consider trades executed via MAS Trading are without commissions or retail mark-ups or mark-downs when comparing the cost of trading for equity securities with other brokers. IPC would expect such a comparison by an Investment Manager would generally result in a decision to execute most trades through MAS Trading.

IPC has full discretion in the management of accounts in its capacity as a Portfolio Manager or Overlay Portfolio Manager for the MSP, MSP-OAS, Emerging Manager MSP and Tax-Transition Management accounts. Clients direct IPC to use the brokerage services offered by MAS Trading to effect transactions for the Client's account. IPC may use another broker or dealer to effect transactions for the account when it reasonably believes it can achieve best execution by using such other broker or dealer. However, because commissions for transactions executed by MAS Trading are included in the wrap-fee the Client pays, IPC will not seek to negotiate commission rates with MAS Trading and will use MAS Trading to execute most, if not all, transactions for the account. However, if IPC believes that it would not be able to achieve best execution on a securities transaction by placing trades for the Client's account through MAS Trading, IPC may execute securities transactions through another broker-dealer, and the account will pay separate transaction costs.

REVIEW OF CLIENT ACCOUNTS

On a daily basis, account activity is reviewed by IPC for exceptions (entries that are not consistent with the Client account) and violations of client restrictions. Each LMAP account is balanced and reconciled by IPC, at least monthly, against the client's custodian's statement. The IPC Manager of Advisory Operations is responsible for overseeing this activity.

On a quarterly basis, the IPC's Consulting Group reviews each actively managed account relationship. These individuals review accounts to look at asset allocation, holdings, performance, as well as industry, sector and issue concentrations and for general adherence to an Investment Manager's stated style. Any discrepancies noted will be reviewed with the Investment Manager. Other items reviewed may include the risk profile of the portfolio, the client's objectives and performance versus a comparable benchmark. The IPC Manager of Advisory Operations & Performance Analyst is also responsible for reviewing the performance for all accounts. Any account performance that significantly varies from a comparable benchmark is flagged. Accounts are also reviewed for dispersion characteristics. An inexplicable or unsatisfactory response from the Investment Manager may subject them to a review by the Vice President of Due Diligence.

Account reviewers follow IPC's policies and procedures that are reasonably designed to detect or prevent violation of a client's investment guidelines. If an issue is raised during a review, an inquiry must be made until such issue is resolved. If warranted, an in-depth review may be followed by a discussion with the Investment Manager, LFA, and/or the LFA Representative and, finally, with the client (if requested by LFA or the LFA representative).

The client's LFA Representative will review the client's investment objectives, and on at least an annual basis, will inquire if the client's financial situation or investment objectives have changed. The client's LFA Representative, through communication with the client, is expected to monitor the management of the account's assets for appropriateness, given the client's stated investment objectives and risks.

On a monthly basis, the Overlay Portfolio Manager(s) for the Multiple Strategy Portfolio (“MSP”) and the Emerging Manager MSP accounts is responsible for reviewing these MSP accounts for performance dispersion. If there is unexpected dispersion among client accounts utilizing the same strategy, the transactions and/or security positions may be reviewed to determine the reason for the unexpected dispersion. On a quarterly basis, IPC’s composite strategy performance results are compared to the performance results that the Model Manager and Emerging Manager Models achieved in their direct managed accounts which are reported in the Model Manager’s composite results. Any significant divergence of MSP strategy results, as compared to Model Manager or Emerging Manager composite results, will be reviewed in order to determine if the divergence is logical, or if the divergence may be due to a problem with the implementation of the Model Manager’s or Emerging Manager’s Model portfolio.

On a daily basis, the MSP-One Account Solution (“MSP-OAS”) accounts are also reviewed for exceptions and restrictions by IPC. Each account is balanced and reconciled by IPC at least monthly, if not daily, against the client’s custodian. On a monthly basis, MSP-OAS accounts are reviewed for performance dispersion. If there is unexpected dispersion among client accounts utilizing the same strategy, the transactions and/or security positions may be reviewed to determine the reason for the unexpected dispersion. Also, accounts are reviewed to compare the current asset allocation between cash, equities and bonds to the client’s target allocation as determined by the Statement of Investment Policy (“SOP”). When an asset class is out of the predefined allowable range, the MSP-OAS Overlay Portfolio Manager will work to bring the asset allocation back towards its target allocation.

Client Reporting

LMAP clients are provided a quarterly report that includes portfolio analysis, portfolio performance, asset allocation, portfolio holdings, capital gains and losses report and a cash ledger detailing account transactions for the quarter. MSP, MSP-OAS and Emerging Manager MSP clients are provided a quarterly report that includes portfolio performance, asset allocation, portfolio holdings, capital gains and losses and contributions, withdrawals and income transactions for the quarter. The reports are generated following the quarters ending March 31st, June 30th, September 30th and December 31st.

LMAP also makes available quarterly, a personalized LMAP consulting letter for the LFA Representatives’ clients. The purpose of the consulting letter is to provide clients with a meaningful framework within which to review their portfolio’s recent quarterly performance, as well as the last 12 months’ performance and inception-to-date performance, if available. The quarterly consulting letter is not provided for the MSP, MSP-OAS or Emerging Manager MSP accounts.

Portfolio performance is calculated and reported by IPC independently of the Investment Manager(s) (except for the MSP, MSP-OAS and Emerging Manager MSP as described above). This third-party consultation about performance allows for a system of checks and balances when reporting a client’s performance. IPC follows industry standards in the calculation of performance information for a client’s account.

Clients generally receive confirmation of transactions, as well as monthly statements, from MAS (produced by First Clearing) in accordance with their LMAP agreement(s). If the client has selected a custodian other than MAS, the nature and frequency of reports will be determined by the agreement between the client and the custodian. LFA strongly urges clients to compare the information on their LMAP statement with the statement from their custodian. If clients have any questions about their statements, please call their LFA Representative or contact IPC Client Services at 561-912-1040 or 800-346-4570.

Electronic Access of Communications

As an LMAP advisory client, the client may consent to electronic delivery of account communications (“Account Communications”) at LFA and IPC’s discretion. IPC will provide this delivery of Account Communications by giving clients access to their IPC account information via IPC’s internet site utilizing an access password and account number. This may include all current and future advisory account statements, trade confirmations, notices, disclosures, regulatory communications, and other information, documents, data, and records regarding client’s IPC account. However, IPC is not able to provide electronic access or delivery of the client’s custodian statements and information. This consent to electronic delivery, when given, will be effective immediately and will remain in effect unless, and until, revoked. Clients may revoke this consent at anytime and request paper copies by writing to: Independent Portfolio Consultants, Inc., Attention: Compliance, 5002 T-Rex Avenue – Suite 225, Boca Raton, FL 33431.

CLIENT REFERRALS & OTHER COMPENSATION

Referral Arrangements

LFA also has arrangements to pay a cash referral fee to unrelated persons including financial institutions and various CPA firms, for referring clients who participate in LMAP (“Finder(s)”). These arrangements are conducted pursuant to a written agreement between LFA and the Finder, in accordance with the requirements of 17CFR Section 275.206(4)-3 and any state-specific regulations. Prior to or at the time of entering into any advisory contract, the client will be provided with a Disclosure Letter describing the relationship between LFA and the Finder, and the compensation that the Finder is being paid to refer the client to LFA. In order for the Finder to receive any portion of the investment advisory fees paid by the client, a written acknowledgement that the client has received a copy of both LFA’s Disclosure Document and the Disclosure Letter must be signed by the client. LFA will pay the Finder a referral fee, from the LFA portion of the advisory fee charged to the client. The LMAP fee will not be increased due to the Finder’s relationship with LFA. The Finder’s fee for LMAP will be equal to the percentage specified in the Finder’s agreement signed between LFA and the Finder and disclosed to the client in the Disclosure Letter

Additional Compensation to LFA and its Affiliates

LFA has relationships with both affiliated and non-affiliated companies that may provide additional revenue and marketing support to LFA as well as education and training to LFA

Representatives for the sale of various mutual fund, annuity, life insurance and alternative investment products. Such revenue and marketing support does not affect the compensation to any LFA Representative or manager. For current information regarding specific revenue and marketing support, including a list of product sponsors, please go to: www.lfa-sagemark.com.

LFA may receive revenue from various mutual fund companies, broker-dealers, investment advisors and/or their affiliates in connection with its investment advisory programs and services. The amounts LFA receives may vary depending on the particular investment.

LFA Representatives may act as agents of the companies whose products they sell, and may provide services to the client on behalf of such companies. LFA Representatives may be compensated by LFA and/or the product manufacturer via commissions, asset-based fees, and/or other compensation which may be built into the costs and charges of the product.

If a client is in need of certain types of products and/or services that are not offered by LFA, LFA may refer the client to various third party entities that provide such products and/or services, and LFA may be compensated through referral fees paid by the applicable third party. Examples of these types of products and/or services may include, without limitation, business valuation, foundation formation, and tax strategies.

In some cases, LFA Representatives receive more compensation when placing Lincoln Financial Group manufactured products, and may qualify for additional compensation based on the volume of those sales over time. LFA Representatives are also eligible for additional compensation and/or other incentives based on factors such as sales volume of certain Lincoln products, the length of time that clients keep assets in the products, and/or the profitability of the products. LFA Representatives may also receive compensation based on the sales of Lincoln products by other representatives. LFA Representatives also have the option to participate in benefit programs whose costs are partially reimbursed by Lincoln affiliates, and/or which are based on sales volume of Lincoln products. LFA-affiliated companies may also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, and asset management products manufactured or sponsored by a Lincoln Financial Group affiliate and offered by an LFA Representative.

Some experienced new planners transitioning their practices to LFA have been offered loans in anticipation of future sales of products and services offered by LFA, including both Lincoln Financial Group and non-Lincoln Financial Group products and services. Some loans have been offered in anticipation of Lincoln Financial Group products alone. The repayment of these loans may be wholly or partially waived based on the attainment of certain sales levels or may be funded by additional compensation for these sales.

Because of the way products are priced and marketed, LFA Representatives may also receive higher compensation for the sales of products offered by companies not affiliated with Lincoln Financial Group.

While LFA's investment advisory business does not involve providing custodial services for client assets, in certain instances where clients have authorized LFA to deduct investment advisory fees from their brokerage accounts, LFA may be deemed to have access to cash in

the clients' accounts. LFA is registered as a broker-dealer and is subject to the SEC net capital rules.

Custody

LMAF accounts are held through Managed Account Services, LLC as introducing broker-dealer. MAS uses First Clearing on a fully-disclosed basis for clearing and custody services. First Clearing, a non-bank affiliate of Wells Fargo & Company, produces account statements and trade confirmations, and provides IPC with other recordkeeping, operational, clearing and custodial services. First Clearing is a member of FINRA, SIPC, the New York Stock Exchange, the NASDAQ Stock Market and other major regional stock exchanges. Clients who maintain securities accounts with MAS through First Clearing, are protected by SIPC up to \$500,000 for cash and securities, with a limit of \$250,000 for cash awaiting reinvestment. First Clearing also provides coverage in excess of the \$500,000 SIPC limits through its policy with Lloyds of London Syndicate, the underwriter of this additional protection. This additional protection covers missing securities and cash in client brokerage accounts up to a firm aggregate limit of \$1 billion, of which \$1.9 million may cover cash awaiting reinvestment at the individual account level. However, this protection does not cover market losses. Assets held at outside custodians are not protected by First Clearing's SIPC coverage or the additional insurance. Additionally, custody fees may be incurred if a custodian other than MAS is used. Neither LFA nor IPC maintains physical custody of clients' funds or securities.

FINANCIAL INFORMATION

LFA does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. LFA does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.



LINCOLN FINANCIAL ADVISORS CORPORATION® PRIVACY PRACTICES NOTICE LINCOLN FINANCIAL SECURITIES CORPORATION® PRIVACY PRACTICES NOTICE

Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation (both a part of Lincoln Financial Network or LFN) are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. **We do not sell your personal information to third parties.** We share your personal information with third parties as necessary to provide you with the products or services you request and to administer your business with us. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. This Notice explains our information sharing arrangement and provides information on how to contact us if you have questions regarding our privacy practices.

INFORMATION WE MAY COLLECT AND USE

We collect personal information about you to help us identify you as our customer or our former customer; to process your requests and transactions; to offer investment or insurance services to you; to pay your claim; or to tell you about our products or services we believe you may want and use. The type of personal information we collect depends on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name; address; Social Security number; and your financial; health; and employment history.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us; the amount you paid for those products; your account balances; and your payment history.
- **Information from outside our family of companies:** If you are purchasing insurance products, we may collect information from consumer reporting agencies such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, such as medical information from other individuals or businesses.
- **Information from your employer:** If your employer purchases group products from us, we may obtain information about you from your employer in order to enroll you in the plan.

HOW WE USE YOUR PERSONAL INFORMATION

We may share your personal information within our companies and with certain service providers as allowed by law. They use this information to process transactions you have requested; provide customer service; and inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; insurance agents and brokers, registered representatives; reinsurers and other financial services companies with whom we have joint marketing agreements). Our service providers also include non-financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners, regulatory authorities and law enforcement officials and to others when we believe in good faith that the law requires disclosure. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. **We do not sell or share your information with outside marketers who may want to offer you their own products and services; nor do we share information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.**

Lincoln Financial Network is the marketing name for Lincoln Financial Advisors and Lincoln Financial Securities, both members of FINRA and SIPC.
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SECURITY OF INFORMATION

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to provide you with products, services, or to maintain your accounts. Employees who have access to your personal information are required to keep it confidential. Employees are trained on the importance of data privacy.

WHEN REGISTERED REPRESENTATIVES LEAVE LINCOLN FINANCIAL NETWORK

We understand that the relationship you have with your registered representative is important to you. If your registered representative's affiliation with Lincoln Financial Network ends and he or she chooses to move to a different broker-dealer, or if your registered representative's relationship with LFN is terminated, your LFN registered representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to your account), so your registered representative is able to continue the relationship with you and service your account through his or her new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if it is your choice to allow your LFN registered representative to keep copies of your confidential information should he or she leave our firm.

If you do not want your registered representative to keep copies of your confidential information should he or she decide to end the relationship with Lincoln Financial Network in the future, you have the right to opt out. If your account with us is a joint account, we will treat the opt out request by a joint account owner as applying to all owners on the account. If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 800-248-2285. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.

If you have questions about your personal information we have on file, your request should be directed to:

Lincoln Financial Network
Attn: Privacy Reply
One Granite Place
Concord, NH 03301-3258

Please include all account numbers you maintain with LFN with your correspondence.

*This information applies to the following Lincoln Financial Network companies:

Lincoln Financial Advisors Corporation
Lincoln Financial Securities Corporation
JPSC Insurance Services, Inc.
LFA, Limited Liability Company