
Morgan Keegan

FORM ADV – Part 2A

**Morgan Keegan & Company, Inc.
50 North Front Street
Memphis, Tennessee 38103**

THIS BROCHURE PROVIDES CLIENTS WITH INFORMATION ABOUT MORGAN KEEGAN & COMPANY, INC., A REGISTERED INVESTMENT ADVISER, WHICH SHOULD BE CONSIDERED BEFORE BECOMING A CLIENT.

THIS INFORMATION HAS NOT BEEN APPROVED OR VERIFIED BY ANY GOVERNMENTAL AUTHORITY.

Being “Registered” does not imply a level of expertise.

ADV Part 2A
Item 2 - Material Changes

This document has been prepared in accordance with the changes required by the SEC.

1. On June 22, 2011, Morgan Keegan agreed to a settlement of previously disclosed regulatory matters with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and securities regulators from Alabama, Mississippi, Kentucky, South Carolina and Tennessee with respect to issues concerning certain mutual funds and closed-end funds (the RMK Funds), a business that Morgan Asset Management divested in 2008. As part of the settlement, Morgan Keegan and Morgan Asset Management agreed to pay \$210 million, of which \$200 million will be placed into two Fair Funds for the benefit of investors in the RMK Funds. Consent agreements have been entered into with a number of other states and the states noted above and these other states will each receive a portion of the \$10 million noted above.

2. On January 11, 2012, a definitive stock purchase agreement by and between Regions Financial Corporation ("Regions") and Raymond James Financial, Inc., ("Raymond James") was entered into that will sell Morgan Keegan & Company, Inc. and MK Holding, Inc. to Raymond James. A closing of the sale is proposed to be on or about April 2, 2012. As of the closing date, Morgan Asset Management, Inc. (n/k/a Regions Investment Management, Inc. or RIM) will remain part of the Regions and no longer be an affiliate of Morgan Keegan.

The above is intended as a summary only of material changes to our form ADV. If you have any questions about the above or wish to receive a free copy of the full ADV brochure, please contact us at (901) 579-4229 or toll free at 888-429-7515. The brochure is available through the SEC's Investment Advisor Public Disclosure website at <http://www.adviserinfo.sec.gov>. The CRD number to reference is 4161.

Item 3 - Table of Contents

<u>Item</u>	<u>Page</u>
1. Cover Page	1
2. Summary of Material Changes	2
3. Table of Contents	3
4. Advisory Business	4
5. Fees and Compensation	6
6. Performance Fees – Side by Side Management	9
7. Types of Clients	9
8. Methods of Analysis, Investment Strategies and Risk of Loss	9
9. Disciplinary Information	9
10. Other Financial Industry Activities and Affiliations	11
11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
12. Brokerage Practice	14
13. Review of Accounts	14
14. Client Referrals and Other Compensation	15
15. Custody	16
16. Investment Discretion	16
17. Voting Client Securities	16
18. Financial Information	17
Appendix I Fee Based Programs Brochure	18

Item 4 – Advisory Business

Morgan Keegan & Company, Inc. (“Morgan Keegan” or the “Firm”) is as of April 1, 2012, a wholly owned subsidiary of Raymond James Financial, Inc., a regional financial holding company that is a publicly held reporting company under the Securities Exchange Act of 1934. Morgan Keegan’s primary business is operating as a retail-oriented multi-branch, full service broker-dealer registered with the Securities and Exchange Commission. Morgan Keegan is a member of FINRA, the Securities Investor Protection Corporation, a member of the major stock exchanges and certain local and electronic exchanges. Morgan Keegan is registered as a Futures Commission Merchant with the National Futures Association.

Morgan Keegan transacts brokerage business in stocks, corporate bonds, municipal bonds, government bonds, options, mutual funds, variable annuities, real estate investment trusts and other investment and insurance products. Morgan Keegan also engages in the underwriting of corporate and public issues of securities, the private placement of debt and equity securities, and the arrangement of mergers and acquisitions.

Securities held in advisory accounts are not deposits or obligations of any bank, are not endorsed or guaranteed by any bank, and are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board or any other governmental agency. Investment in securities involves risk including the possible loss of the principal amount invested.

Advisory Services

Morgan Keegan is registered as an investment adviser and as a broker-dealer with the Securities and Exchange Commission. The firm provides investment advisory and non-investment advisory services, as well as, other financial products and services through its Wealth Management Services department (“WMS”) and through its broker-dealer affiliated registered representatives, identified as financial advisors (“financial advisor” or “RR”) to accounts of both retail and institutional clients. In general, institutional clients consist of larger accounts, corporate pension plans, public employee funds, endowments, foundations and hospitals.

Investment advisory services provided generally consist of the following: (1) preparation of investment policy statements, (2) asset allocation review and monitoring, (3) portfolio manager search and selection, and (4) one-time or on-going performance analysis account review. These may be provided individually or in combination, depending on the needs of each client.

The Morgan Keegan Registered Investment Adviser has approximately \$9,652,000,000.00 under management and around 37,800 accounts.

The Firm offers both discretionary and non-discretionary accounts. In non-discretionary accounts, the services to be provided are determined based upon the individual client’s needs and investment restrictions, if any. These needs are determined through an interview with the client in person, by telephone or a combination of both. A client questionnaire will be completed providing relevant data on the client to include the client’s financial goals and objectives, as well as, risk tolerances. As a result of the process, a recommendation is made to the client as to which, if any, of the various services offered by Morgan Keegan is appropriate. Implementation of any such recommendations is entirely at the client’s discretion. Certain advisors with the experience and expertise are allowed to manage accounts with discretion.

Programs offered through the Morgan Keegan Registered Investment Adviser are Preferred Managers, Preferred Services, Preferred Advisors (discretionary or non-discretionary), Preferred Funds, Preferred Russell, Preferred Diversified Portfolio (discretionary or non-discretionary), Commission Based Discretionary and Preferred Alliance.

Services provided include discretionary account management, non-discretionary advisory services and advice on the selection of money managers and mutual funds. In addition, Morgan Keegan offers comprehensive financial planning. These services can also include a review of the overall client’s financial situation using a written questionnaire and other planning tools.

Commission Based Discretionary Program

Morgan Keegan offers clients the option of a commission-based discretionary account. Under this option, the financial advisor retains trading authorization and each trade is done on a commission basis rather than under an advisory fee relationship. These accounts are treated in all other respects as an investment advisory account.

In accordance with the stated investment objectives of the client, Morgan Keegan, through its financial advisors, will invest and reinvest the securities, cash and other assets held in the account. Investments may be made in securities to include, but not limited to, common or preferred stocks, warrants, options, rights, corporate or government bonds or notes and

shares of money market mutual funds, subject to investment restrictions as requested by the client. Morgan Keegan is entitled to rely on the financial and other information provided by client.

The client understands under the commission-based advisory agreement, they are receiving investment advisory services in the account. The financial advisor will be primarily responsible for making investment advisory decisions. If for any reason, and in the sole discretion of Morgan Keegan, the financial advisor is deemed as unable to render investment advisory services, temporarily or permanently, or is terminated from employment with Morgan Keegan, the Firm may continue to render such services by promptly assigning a new financial advisor to the client account on a temporary or permanent basis with the written authorization of the client.

The client grants Morgan Keegan and the designated financial advisor complete and unlimited discretionary trading authorization, and appoints Morgan Keegan and the designated financial advisor as agent and attorney-in-fact for the client account. Morgan Keegan and the designated financial advisor may, in their sole discretion and at the client's risk, purchase, sell, exchange, convert and otherwise trade the securities and other assets, as well as arrange for delivery and payment in connection with the above. The financial advisor will further act on behalf of the client in all other matters necessary or incidental to the handling of the account, except to the extent that the client provides Morgan Keegan with written instructions limiting such authority. The trading authorization will continue until terminated by either party.

Comparative Performance Analysis

With this service, a review based upon the client's investment objectives is made of the client's portfolio, which may be under management by a third-party portfolio manager. An analysis is provided to the client in the form of a written report. The analysis report can be on a one-time or continuing basis and will cover the performance of the portfolio manager in comparison with the client's stated investment objectives. It may also include recommendations as to other portfolio managers for the client's portfolio, assistance in determining, evaluating, and/or altering the client's investment objectives, and/or suggestions for the allocation or reallocation of portfolio assets. Fees for this service are negotiated on a client-by-client basis and may be in the form of direction by the portfolio manager for brokerage transaction execution through Morgan Keegan or in the form of a one-time or annual consulting fee. Payment for execution includes commission on agency transactions, markups or markdowns on principal transactions. One-time fees will vary depending upon the complexity of the services provided and are negotiated on a case-by-case basis. The annual consulting fee, payable on a quarterly basis in advance, generally ranges from .10% to 1.00% based on the market value of the client's account at the time of fee assessment. The client or Morgan Keegan may terminate this service upon a thirty-day (30) written notice and any prepaid or unearned fees will be refunded.

Financial Planning

Clients are offered various levels of financial planning services and are provided with information regarding the services and the fees charged in connection with the financial planning service they select.

Clients who use Morgan Keegan to prepare a financial plan have no obligation to open an account, to transact business, or to implement any of the suggestions in the financial plan through or with Morgan Keegan or any of its affiliates. Should a client decide to do so, the client will pay Morgan Keegan additional compensation, including commissions on the sale of any assets separate from the fee charged for the financial plan, a portion of which will generally be paid to the client's financial advisor.

When preparing a financial plan, Morgan Keegan may only consider products and services offered by Morgan Keegan or its affiliates. As a result, a financial plan may not recommend some products and services that may be appropriate for a client.

In connection with implementing a financial plan, but not as part of the financial plan service, a client's financial advisor may recommend the purchase or sale of various securities or the taking of other steps to implement the financial plan. All investment decisions or other actions required for implementing a financial plan are the client's responsibility. In suggesting possible investments or executing securities transactions for clients after a financial plan has been provided, Morgan Keegan is acting in its capacity as a broker-dealer and not as an investment adviser unless it has otherwise agreed in writing to act in this capacity.

The information contained in the financial plan should not be construed as legal, tax or accounting advice, Morgan Keegan does not provide such advice to clients.

It is the client's responsibility to inform Morgan Keegan if their situation has changed such that continued implementation of the financial plan may be inappropriate.

Specific consultation and administrative services regarding other investment and financial concerns of the client are available upon request. This includes, but is not limited to stock and bond valuations for estate and other purposes.

Planning services may be provided at no cost to clients who participate in other advisory programs or products described herein provided certain minimum qualifications are met.

Institutional Consulting Services

Morgan Keegan offers consulting services to its clients. Fees are determined and calculated under this program in multiple methods. They may include, but are not limited to a one-time consulting fee, an annual consulting fee based on the account value of the assets reviewed or an annual consulting fee based on the account value of the assets reviewed using directed commissions to offset a portion of the fees. Financial advisors can obtain a representative sample of the Institutional Consulting Agreement that is currently in use upon request.

Alternative Investments

Alternative investments may include hedge funds, fund of funds limited partnerships, private real estate limited partnerships, and private equity fund of funds limited partnerships. Alternative investments may be included in wrap accounts. Certain investor qualifications are in place and must be met before certain alternative investments are available to the client. Financial advisors can obtain the details of these programs, qualifications, fees, or other information upon request.

Wrap Fee Programs

Morgan Keegan offers a number of fee based wrap fee programs. They are identified and explained in Appendix 1 - The Wrap Fee Programs Brochure.

Item 5 - Fees and Compensation

Advisory services are generally provided on a wrap fee basis that the client can elect to pay quarterly based on the market value of the account assets as of the last business day of the previous quarter. In some instances, Morgan Keegan provides its described services, in whole or in part, in return for the reimbursement by the client of the Firm's "out-of-pocket" expenses incurred in providing such services.

Clients should discuss with the financial advisor whether cost savings could be achieved by converting to a fee basis or utilizing a commission structure for an account. The wrap fee is one annual fee, assessed quarterly, covering portfolio management, transaction costs, manager searches, ongoing due diligence, and performance reviews.

Additionally, the wrap fee will cover the receipt of:

- ***Monthly consolidated account statements***
- ***Investment plan development and implementation***
- ***Asset allocation advice***
- ***Ongoing evaluation of portfolio performance***
- ***Quarterly reviews***
- ***Access to account information through morgankeegan.com***
- ***Access to equity research as published on the Morgan Keegan website.***

Fee calculations for billing purposes will be based on the account's billable market value (absolute value of securities and positive cash), which would include securities purchased on margin or sold short. Margin balances (debits) will not reduce the billable market value.

Fees charged will be based on a share of capital gains or capital appreciation of account assets as permitted by the Investment Advisers Act of 1940. The fee is based upon account value. When the account value increases, the dollar value of the fee will increase as well based on the agreed fee percentage stated in the advisory agreement.

Morgan Keegan employees and their related accounts may receive some or all of the services described herein for a lesser fee than a client may be charged.

It should be understood by the client where the client instructs the portfolio manager, whether it is a third-party manager or managed internally by Morgan Keegan, to execute securities transactions through Morgan Keegan, the portfolio manager

may not have the authority to negotiate transactional costs or obtain volume discounts. As a result, transactions in such accounts may result in higher transactional costs, greater spreads or less favorable net prices. When block orders are not executed in total, Morgan Keegan attempts to allocate executed trades on a basis that will be fair to clients over time.

The wrap fee does not include: (i) certain annual account fees or other administrative fees, such as wire fees, charged by Morgan Keegan, (ii) underwriting or dealer concessions or related compensation in connection with securities acquired in underwritten offerings; (iii) certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and (iv) advisory fees and expenses of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any are held in the client's account.

When Morgan Keegan acts as the client's agent in purchasing securities (except in purchases in underwritten offerings other than for open-end mutual funds), the client should be aware the wrap fee does not cover certain costs associated with securities transactions in the over-the-counter market where Morgan Keegan must approach a dealer or market maker to purchase or sell the security. Such costs include a markup, markdown, spread, odd lot differentials or transfer taxes imposed by law.

If a client transitions a brokerage account to a fee based advisory relationship, they will not receive credit for the commissions paid under the previous retail relationship.

Unless the client elects these fees should be credited to their account during account opening, annual marketing or distribution fees payable to Morgan Keegan by a mutual fund, variable annuity, or other investment company ("12b-1 Fees") will be a revenue stream to Morgan Keegan, in its capacity as a broker-dealer, and to its financial advisors. In an ERISA account such as a 401(k), or 403(b) plan, the 12b-1 fees will be paid to the plan sponsor to offset the costs of the plan and will not be revenue for Morgan Keegan.

Financial advisors of Morgan Keegan are registered as broker-dealer agents of Morgan Keegan and as insurance agents or brokers for certain insurance companies. Recommendations may be limited to those products offered by Morgan Keegan and these companies.

Margin in Investment Advisory Accounts

The use of margin is permitted in certain investment advisory programs. A margin debit balance does not reduce the market value of eligible program assets. Using margin in an investment advisory account will increase your wrap fee. If you use margin to purchase additional securities, your total value of eligible program assets increases, as does your wrap fee. In addition, you will be charged margin interest on the debit balance in your account. The increased wrap fee you pay may provide an incentive for the financial advisor to recommend the use of margin.

Please note using margin is not suitable for all investors. The use of margin increases leverage in your account and therefore increase its risk. Please see the "Margin Disclosure Statement," as well as the other provisions of the "New Account Client Agreement and Disclosure Statement," for more details on the risks of margin use. In addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest when the client's decision to employ margin shall correspondingly increase the management fee payable to Morgan Keegan. Accordingly, the decision to employ margin is the responsibility of the client.

Refunds

When there is a prepayment of fees and the program or service is terminated prior to the full performance, any unearned portion of the fee will be refunded on a pro-rata basis, determined by the days remaining in the calendar quarter billing period.

Financial Planning

Morgan Keegan may also provide general financial planning consulting services to clients for an agreed upon hourly fee.

Fee Structure for Financial Planning

Net Worth	Recommended Fee Range
Tier 1 (Up to \$2 million)	\$500-2,000
Tier 2 (\$2 million - \$5 million)	\$1,000-5,000
Tier 3 (≥ \$5 million)	\$2,500 and up

Fees may also be in the form of commissions received by Morgan Keegan from investment products purchased or sold at the discretion or request of the client resulting from the financial planning services provided by Morgan Keegan.

Institutional Consulting Services

Morgan Keegan offers consulting services to its clients. Fees are determined and calculated under this program in multiple methods. These can include, but are not limited to a one-time consulting fee; an annual consulting fee based on the account value of the assets reviewed; an annual consulting fee based on the account value of the assets reviewed using directed commissions to offset a portion of the fees.

Net Worth	Minimum Fee	Fee Schedule
First \$10 million	\$30,000	40 basis points
Next \$15 million	\$30,000	35 basis points
Next \$25 million	\$30,000	25 basis points
Next \$25 million	\$30,000	20 basis points
Next \$25 million	\$30,000	15 basis points

401(k)/IRA Participant Consulting Agreement

Morgan Keegan may offer on a discretionary or non-discretionary basis, consultation of investment options as offered by a 401(k) (or equivalent) plan or as an IRA beneficiary. The advice will be offered following the completion of Morgan Keegan's Investment Profile Questionnaire, and after a review of your plan sponsor's information, including but not limited to risk tolerance and applicable investment options. The fee for this service is generally 25 to 50 basis points annually based on the services provided by Morgan Keegan with a maximum of 100 basis points annually. Fees are paid quarterly in advance and are based on the quarterly account balance.

Fee Guideline

Plan Size	Basis Point Range	Hard Dollar
\$1,000,000	50-100	\$7,500
\$3,000,000	25-50	\$11,250
\$5,000,000	25-50	\$18,750
\$25,000,000	10-25	\$37,500
\$50,000,000	5-20	\$62,500
\$100,000,000	5-15	\$100,000
\$200,000,000	5-10	\$150,000

Wrap Programs

See Appendix I for the Wrap Programs Fee Schedules.

Item 6 - Performance Fees – Side by Side Management

The firm does not charge performance based fees.

Item 7 - Types of Clients

The firm has retail clients with a wrap fee program starting at an account size of \$10,000. It also offers financial planning to individuals and corporations at a general minimum fee of \$500.00 that can be waived depending on the assets under management for particular client or account. We offer consulting advice to institutions with minimum assets under management of \$10,000,000.

Morgan Keegan additionally offers investment services to qualified and unqualified plan sponsors and generally will have a minimum fee of 50 to 100 basis points with a hard dollar minimum cost of \$7,500.

The firm provides services to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates or charitable organizations, corporations and other business entities.

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

Morgan Keegan's methods of analysis include, but are not limited to, fundamental, technical, cyclical, and charting. Morgan Keegan uses a number of different techniques, tools, sources, and strategies to manage assets and originate investment advice. These include, but are not limited to, research materials prepared by third-party vendors and proprietary research groups, corporate rating services and timing services, and financial newspapers and magazines. Additionally, Morgan Keegan relies on annual reports, prospectuses, filings with the Securities and Exchange Commission, and company releases. The risks associated with these types of investments are generally related to the underlying securities that are held in the account. As such, investors should be prepared to expect losses generally consistent with the asset class. Moreover, these securities may lose value, are not bank guaranteed, and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any government agency.

Dependent on the client's risk tolerance and investment objectives, Morgan Keegan may also incorporate both short-term purchases (securities held less than a year) and long-term purchases (securities held at least a year), very short-term trading activity (securities held less than 30 days), short sales, margin transactions, and option writing including covered options, uncovered options and spreading strategies. Short-term purchases and trading activity may result in higher transaction costs. Additionally, should short-term gains be captured, they may be taxed at a higher rate if held in a nonqualified account. Risks to margin transactions and uncovered options and spreading strategies may include a loss of principal. Covered option positions could potentially result in the holdings being called away, reducing the potential price appreciation and creating a possible taxable event.

Morgan Keegan uses a number of different securities to meet clients' desired investment strategies. In general, products used to support this approach include, but are not limited to, equities (including exchange-listed securities, over-the-counter securities and foreign issues), warrants, corporate debt securities, commercial paper, municipal securities, U.S. government securities, and investment company securities (i.e. variable life insurance, variable annuities, exchange traded products, and mutual fund shares). Other securities utilized may be certificates of deposit, options contracts on securities and commodities, and interests in partnerships investing in real estate, and oil and gas interests. Risks associated with these products are generally in line with their specific investment category. As a result, these securities do not typically involve significant or unusual risks other than those experienced by investment in similar securities. With the exception of certificates of deposit, securities may lose value, are not bank guaranteed, and are not insured by the Federal Deposit Insurance Corporation (FDIC).

Item 9 - Disciplinary Information

Rule 206(4)-4 requires the disclosure of "a legal or disciplinary event that is material to the evaluation of an adviser's integrity. Adviser has reviewed the firm's Broker-Dealer Disclosure Reporting Pages and the following may be material in evaluating the Adviser's integrity.

5/7/2010. The Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA") and a joint state task force ("Task Force") announced that they were commencing administrative proceedings against Morgan Keegan & Company, Inc. ("Morgan Keegan"), a wholly-owned subsidiary of Regions Financial Corporation ("Regions"),

Morgan Asset Management, Inc. ("Morgan Asset Management"), an indirect subsidiary of Regions, and certain employees of Morgan Keegan and Morgan Asset Management, for violations of state and federal securities laws and NASD rules. The administrative proceedings relate to certain Regions Morgan Keegan Select Funds that were formerly managed by Morgan Asset Management, and seek civil penalties, injunctive relief, disgorgement, rescission and other relief. The SEC, FINRA and the Task Force had previously informed Morgan Keegan that they were considering commencing these actions. Morgan Keegan has stated that it strongly disagrees with the decision by these agencies and states to bring these charges.

On June 22, 2011, Morgan Keegan agreed to a settlement of previously disclosed regulatory matters with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and a group of state securities regulators with respect to issues concerning certain mutual funds and closed-end funds (the RMK Funds), a business that Morgan Asset Management divested in 2008. As part of the settlement, Morgan Keegan and Morgan Asset Management agreed to pay \$210 million, of which \$200 million will be placed into two Fair Funds for the benefit of investors in the RMK Funds in any state. As of the 4th quarter of 2011, and continuing into 2012, Morgan Asset Management and Morgan Keegan are entering into Consent Orders with certain other states to resolve similar allegations.

7/21/2009. SEC litigation release 21143 - The commission's civil litigation complaint alleges that Morgan Keegan misrepresented to customers that auction rate securities (ARS) were safe, highly liquid investments that were comparable to money-market funds. According to the complaint, in 2007 and early 2008, Morgan Keegan was aware that the ARS market was deteriorating. Specifically, the complaint alleges that investor concerns about the creditworthiness of ARS insurers, auction failures in certain segments of the ARS market, increased clearing rates for auctions managed by Morgan Keegan and other broker-dealers, and higher than normal ARS inventories at Morgan Keegan collectively indicated that the risk of auction failures had materially increased. The SEC alleges that Morgan Keegan sold approximately \$925 million of ARS to its customers between November 1, 2007, and March 20, 2008, but failed to inform its customers about liquidity risks for ARS, even after the firm decided to stop supporting the ARS market in February 2008.

Morgan Keegan has denied the allegations and in June, 2011, an Order was issued dismissing the SEC's complaint. The SEC appealed the Order but no resolution has been forthcoming.

Censures and fines (fines are in the range of \$2,500 - \$50,000 if not further identified):

1/9/2007. SEC Rule 10b-10, NASD Rules 2110, 3010 - Morgan Keegan & Company, Inc. failed to provide written notification disclosing to its customers that transactions were executed at an average price; and the Firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules relating to order handling, trade reporting, sales transactions, soft dollar accounts and oats.

9/28/2006. Article V, Section 2(c) and 3(a) of NASD's By-laws and NASD Rule 2110 – Morgan Keegan failed to timely file amendments to uniform applications for securities industry registration or transfer (Form U4) and failed to timely file uniform termination notices for securities industry registration (Form U5) with NASD.

5/31/2006. As part of its broker-dealer business, the SEC alleged Morgan Keegan failed to properly undertake its responsibilities in the auction rate security market. The firm was censured and paid a civil monetary penalty of \$125,000.

2/8/2006. SEC alleged Morgan Keegan violated Rule 22c-1(a) of the Investment Company Act by allowing "late" mutual fund trades by a hedge fund manager. Without admitting or denying the findings, Morgan Keegan paid a civil penalty of \$100,000 and disgorged its trading profit.

5/26/2005. NASD Rule 2110 and 3010 - Morgan Keegan & Company, Inc. acting through others, failed to supervise the activities of registered representatives.

8/25/2004. Allegations are that during the period of 1999 through 2002, Morgan Keegan received payments for research from other broker-dealers that were underwriting securities offerings for certain public, or soon-to-be public, companies. Allegedly, Morgan Keegan did not disclose in published research reports the receipt and amount of the payments, as required by section 17(b) of the Securities Act. In addition, it was alleged Morgan Keegan violated the recordkeeping requirements concerning business-related internal e-mail communications during the period July 1999 through June 2001. A civil monetary penalty of \$875,000 was paid by the firm.

8/27/2003. NASD Conduct Rule 3320, NASD Marketplace Rule 4613(b) and SEC Rule 11ac1-1 – Morgan Keegan was a market maker in securities, and an order was presented to the Firm at the Firm's published bid or published offer in an amount up to its published quotation size. The Firm failed to execute the orders upon presentment and thereby failed to honor its published quotation.

12/3/2002. NYSE - HPD#: 03-44 Infractions of rules including but not limited to floor brokers, supervisory procedures for CTR, timely reporting of issues to SEC, and bill commissions at the negotiated rate. Morgan Keegan was censured and paid a fine of \$80,000.

8/15/2002. NASD Rule 4613(e) - Without admitting or denying the allegations, Morgan Keegan consented to the entry of findings that the Firm, a market maker in securities, without making reasonable efforts to avoid a locked or crossed market by executing transactions with all market makers whose quotations would be locked or crossed, entered bid or asked quotations in the NASDAQ stock market, which caused a locked or crossed market condition to occur in each instance.

This following is a link to the Investment Adviser Public Disclosure website:

http://www.adviserinfo.sec.gov/IAPD/Content/lapdMain/iapd_SiteMap.aspx

The following is a link to the FINRA Broker Check website:

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

Item 10 - Other Financial Industry Activities or Affiliations

Investment advisory activities account for approximately twenty (20) percent of the time spent by Morgan Keegan's dual employees. Some advisors spend significant time on fee-based accounts while others may have limited advisory relationships with other accounts being brokerage accounts through Morgan Keegan's broker-dealer operations.

Broker-Dealer

Morgan Keegan is dually registered as an investment adviser and broker-dealer. As of 12/31/2011 Morgan Keegan is wholly owned by Regions Financial Corporation, a regional financial holding company that is a publicly held reporting company under the Securities Exchange Act of 1934. See Item 2, page 2 for the current status of Morgan Keegan's ownership.

Generally, a Morgan Keegan financial advisor will suggest the use of Morgan Keegan to act as a broker-dealer for brokerage transaction execution. However, no client is under any obligation to affect trades through Morgan Keegan absent direction by the client to do so. All clients are free to select the broker-dealer of their choice, although such selection may limit a client's ability to participate in certain Morgan Keegan services.

Clients should understand if they select Morgan Keegan to act as broker for transaction execution pursuant to any of the services offered by Morgan Keegan, although Morgan Keegan will seek to obtain the best combination of price and execution for such transactions, lower commissions or better execution may be available elsewhere.

Morgan Keegan is a member of the Financial Industry Regulatory Authority, Inc., The Securities Investor Protection Corporation, The New York Stock Exchange, and The American Stock Exchange. In this capacity, Morgan Keegan will act as custodian of account assets for investment advisory clients. Pursuant to the applicable regulations, an approved independent public accounting firm conducts an annual surprise examination and files the applicable Form ADV-E.

Many of the officers and other employees of Morgan Keegan are registered as broker-dealer agents of Morgan Keegan and as such, these individuals, in their separate capacity as broker-dealer agents of Morgan Keegan, will affect securities transactions and other financial services and will receive separate, yet customary, compensation for affecting such transactions.

To the extent permitted by governing client documents and applicable law, Morgan Keegan clients may affect banking, and other financial services through affiliated banks, Morgan Keegan & Co., Inc. or other affiliated entities.

Other Investment Advisers

Morgan Keegan is affiliated with Morgan Keegan Fund Management, Inc. ("Fund Management") which is a registered investment adviser with the Securities and Exchange Commission and which provides investment advisory services in the form of portfolio management on a discretionary basis.

Morgan Keegan, a broker-dealer affiliate of Fund Management serves as the placement agent for the funds or partnership that Fund Management offers. Morgan Keegan is paid a trailing commission and a selling commission that is described in further detail in Fund Management's ADV Part 2A that can be obtained through your financial advisor.

Commodity Pool Operator, Commodity Trading Advisor or Futures Commission Merchant

Morgan Keegan is registered as a Futures Commission Merchant with the Commodities Futures Trading Commission. It did not engage in any business as a Futures Commission Merchant in 2010. This is reported through the National Futures Association ("NFA").

Banking or Thrift Institution

To the extent permitted by governing client documents and applicable law, Morgan Keegan clients may affect banking, and other financial services through an affiliated bank.

Insurance Company or Agency

Many of the officers and employees of Morgan Keegan are licensed, and function, as agents for various insurance companies. As such, these individuals will receive compensation for conducting insurance product transactions on behalf of clients. The commissions flow through Morgan Keegan as with other financial products. Morgan Keegan or an affiliated agency (as required by state insurance statutes and regulations) is licensed where required in each state as an agency producer.

Entity That Creates or Packages Limited Partnerships

Morgan Keegan Fund Management, Inc., an affiliate of Morgan Keegan, through its subsidiary offers limited partnerships. This relationship is described in further detail in Fund Management's ADV Part 2A that can be obtained through your financial advisor. Merchant Bankers, Inc., an affiliated corporation is a general partner to a number of limited partnerships. These partnerships are created to be a fund of funds ("Fund"). Morgan Keegan is both a limited partner in the Fund and acts as a placement agent.

Merchant Bankers, Inc., with which Morgan Keegan is affiliated, serves as the general partner of Merchant Bankers Associates, L.P. a limited partnership that invests primarily in debt and/or equity securities of private and public companies.

Morgan Keegan, as a broker-dealer, buys securities for itself from, or sells securities it owns to clients. Disclosure is made as to our capacity on client confirmations. Advisers Act Rule 206(3)-3T shall be adhered to by the firm.

Morgan Keegan, as a broker-dealer, will be used to execute portfolio transactions for investment advisory clients. These transactions will be conducted subject to proper and customary disclosures. These disclosures include, but are not limited to compensation received by Morgan Keegan or its financial advisors when portfolio transactions are affected on behalf of investment advisory clients. Many of the financial advisors act in the capacity of both broker-dealer agent and advisory representative in dealing with the client and may receive compensation as a result of one or both capacities. Generally, Morgan Keegan financial advisors will suggest the use of Morgan Keegan to act as a broker-dealer for brokerage transaction execution. However, no client is obligated to affect trades through Morgan Keegan absent their direction to do so. All clients are free to select the broker-dealer of their choice, although such selection may limit a client's ability to participate in certain Morgan Keegan services.

Clients should understand if they select Morgan Keegan to act as broker for transaction execution pursuant to any of the services offered by Morgan Keegan, although Morgan Keegan will seek to obtain the best combination of price and execution for such transactions, lower commissions or better execution may be available elsewhere.

Morgan Keegan, as a broker-dealer, may affect agency cross transactions for investment advisory clients. An agency cross transaction is a transaction in which Morgan Keegan acts as a broker-dealer for both the investment advisory client and other party to the securities transaction. It is the policy of Morgan Keegan to conduct such transactions consistent

with Morgan Keegan's duties to its clients and after written approval to engage in such transactions has been obtained from the client.

Morgan Keegan's selection of money market mutual funds or comparable investments in which to hold cash reserves in the client's account is limited to certain investments. The selection is limited to the Dreyfus General Money Market Funds (Money Market, Municipal Money Market and the Governmental obligation Money Market funds). The Dreyfus General Money Market Funds pay Morgan Keegan a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees received from client accounts. Morgan Keegan's financial advisors may also receive additional compensation based on client account balances being held in the Morgan Keegan Credit Interest Program and in the Dreyfus money-market funds. Cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day the deposit is credited to the client's account. Due to these practices, Morgan Keegan may obtain federal funds prior to the date deposits are credited to the client accounts and may realize some economic benefit because of the delay in investing these funds.

Where an unaffiliated broker-dealer or other entity acts as a custodian of the client's account assets, Morgan Keegan has no control over how cash reserves will be handled. The client and/or custodian will make that determination.

Many of the officers and employees of Morgan Keegan, as broker-dealer agents and as insurance agents or brokers for various insurance companies, are able to affect securities transactions and purchase investment products such as insurance products for clients as a result of which they, and Morgan Keegan, would receive compensation. However, the implementation of any such recommendations is within the sole discretion of the client except in situations where Morgan Keegan has been granted discretionary authority over the client's account.

It should be understood by the client that Morgan Keegan financial advisors are compensated for referrals of potential clients to Morgan Keegan's advisory programs. This compensation takes the form of brokerage directed, with the client's permission and generally at its request to the financial advisor or the form of receipt by the Morgan Keegan financial advisor of a portion of the fees received by Morgan Keegan from the client account. This arrangement will result in no additional fees or costs incurred by the client other than agreed per the investment advisory services agreement executed with Morgan Keegan. Morgan Keegan financial advisors may have a financial incentive for the referral of potential clients to Morgan Keegan's advisory services.

Morgan Keegan financial advisors may also receive 12b-1 fees from investment companies in connection with the placement of client funds into the investment companies.

In some instances, as an incentive to the financial advisor, a sum representing anticipated fees to be received by Morgan Keegan from a client may be paid to the financial advisor prior to the receipt by Morgan Keegan of the actual account fee from the client.

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

Code of Ethics

Morgan Keegan & Company, Inc., the Investment Adviser ("Morgan Keegan"), is an investment adviser registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"), and has adopted a Code of Ethics and Policy on Personal Securities Transactions and Insider Information (the "Code").

The Code is applicable to "Access Persons" of the Morgan Keegan Registered Investment Adviser. The Investment Adviser does not have any direct employees and all personnel subject to this Code of Ethics are employees of Morgan Keegan, the broker-dealer. All Morgan Keegan employees will not be subject to this Code. Access Persons subject to this Code of Ethics are employees of Morgan Keegan's Wealth Management Services ("WMS") who service Morgan Keegan's investment advisory programs and all financial advisors of Morgan Keegan who participate in advisory programs, as well as, branch-level supervisors of those financial advisors.

The referenced personnel are bound by the policies pertaining to the "Chinese Wall" and acquisition and dissemination of non-public information as set forth in the Insider Trading Manual and the Policies and Procedures of Morgan Keegan.

Morgan Keegan is committed to maintaining the highest ethical standards in connection with the management of its business. The Code reflects Morgan Keegan's view on dishonesty, self-dealing, conflicts of interest and trading on material, non-public information, which will not be tolerated. Each identified Access Person is required to read the Code

annually and to certify that he or she has complied with its provisions and with the reporting requirements. Acknowledgement of and compliance with the Code are conditions of employment.

Any person, who has any question regarding the applicability of the Code or the related prohibitions, restrictions and procedures or the propriety of any action, is urged to contact the Chief Compliance Officer ("CCO") of investment advisory programs. Currently, Cynthia Denise Morrison serves as the CCO for the Morgan Keegan Registered Investment Adviser.

The Code of Ethics will be provided to any client or prospective client upon request and includes the following general sections: Introduction to the Code of Ethics; Personal Securities Transactions; Insider Information; Gifts, Directorships and Regulatory Requirements, and Enforcement of the Code. It also includes an appendix that contains definitions of the applicable terms found in the Code.

Morgan Keegan, its officers or employees, may buy or sell for their own accounts securities or other investment products recommended to clients and thus may have an interest or account position in securities or investment products which may be recommended to clients.

Morgan Keegan has established policies and procedures to be followed for transactions in employee and related accounts which include, among other provisions, guidelines dictating that purchases and sales for client accounts should precede transactions on behalf of employee accounts. These policies and procedures are intended to prevent employees from benefiting from transactions placed on behalf of client accounts.

Morgan Keegan is a duly registered broker-dealer and futures commission merchant, and, as such, may sell other services and investment products to clients. Many of Morgan Keegan's officers and employees are separately registered as broker-dealer agents and insurance company agents for one or more insurance companies.

Item 12 - Brokerage Practices

Except as described below, Morgan Keegan is designated by the client as the primary broker-dealer for the execution of securities transactions to be directed by the portfolio manager for the account. It should be understood by the client where the client instructs the portfolio manager, whether it is a third-party manager or where the account is managed internally by Morgan Keegan, to execute securities transactions through Morgan Keegan, the portfolio manager may not have the authority to negotiate transactional costs or obtain volume discounts. As a result, transactions in such accounts may result in higher transactional costs, greater spreads or less favorable net prices.

Morgan Keegan strives to seek the best combination of price and execution for transactions. In doing so, Morgan Keegan may group or block various accounts' orders to more efficiently execute orders. Such block orders may be executed at various prices but will be averaged as to price and, where block orders are not executed in total, Morgan Keegan attempts to allocate executed trades on a basis which will be fair to clients over time.

Circumstances may arise where it is determined to be necessary to use a broker-dealer other than Morgan Keegan to execute a transaction.

Generally, Morgan Keegan financial advisors will suggest the use of Morgan Keegan to act as a broker-dealer for brokerage transaction execution. However, no client is under any obligation to affect trades through Morgan Keegan absent direction by the client to do so. Clients are free to select the broker-dealer of their choice but such a selection may limit a client's ability to participate in certain Morgan Keegan services.

Clients should understand if they select Morgan Keegan to act as broker for transaction execution pursuant to any of the services offered by Morgan Keegan, although Morgan Keegan will seek to obtain the best combination of price and execution for such transactions, lower commissions or better execution may be available elsewhere.

Morgan Keegan will meet with prospective clients to determine their investment goals and objectives, to discuss Morgan Keegan's investment strategies, and to provide additional information. Morgan Keegan will then make a determination as to whether the prospective client's investment goals and objectives are consistent with the services offered by Morgan Keegan and whether to accept or not to accept the prospective client.

Item 13 - Review of Accounts

Accounts are generally reviewed by the financial advisor on a quarterly and annual basis. Reviews include monitoring of the portfolio manager's performance; adherence to investment guidelines as defined by the client; and determination of

the need for any changes in the investment objectives or account management which is then furnished to the portfolio manager(s). Performance information may not be calculated on a uniform and consistent basis. Morgan Keegan does compute the performance and reports it to the financial advisor via one or more performance systems. Account surveillance reports are run periodically by the Compliance Department of Morgan Keegan. Certain reports are run daily and others on a regular cycle such as quarterly.

Reviews also include a comparison of the portfolio manager's performance in all accounts managed pursuant to the other programs. Participating portfolio managers are encouraged, but are not required, to comply with the performance reporting standards of the Global Investment Performance Standards (GIPS). Account review may also be triggered by large account contributions, sizeable market fluctuation, or significant political events.

Additional reviews are performed as needed or required. The parties involved in the review process may include, but are not limited to the Branch Manager, MK Advisory Compliance, WMS personnel and supervisory personnel of the MK Private Client Group. Issues identified are addressed by the appropriate parties.

Performance reports are provided to clients at least quarterly by the Morgan Keegan financial advisor. Reports generally are intended to demonstrate the performance of the portfolio manager and account assets, as well as, provide an asset holding summary including additions and withdrawals for the period. Clients can also receive brokerage transaction confirmations and monthly custodial statements.

Institutional clients generally have access to, and receive quarterly performance reports.

Item 14 - Client Referrals and Other Compensation

Morgan Keegan may enter into solicitation agreements with certain entities pursuant to 206(4)-3, the cash solicitation rules of the Investment Advisers Act of 1940. These are generally CPA firms. Pursuant to the agreements, the referring firm may recommend Morgan Keegan's advisory services to prospective clients whose investment goals and objectives are, in its view, compatible with Morgan Keegan's investment strategies.

Following any such recommendation, Morgan Keegan will meet with prospective clients to determine their investment goals and objectives, to discuss Morgan Keegan's investment strategies and to provide additional information. Morgan Keegan will then make a determination whether the prospective client's investment goals and objectives are consistent with the services offered by Morgan Keegan and whether to accept or not to accept the prospective client. Morgan Keegan will compensate firms under a solicitation agreement for their services by payment of up to 30% of the annual advisory fee paid by the client to Morgan Keegan. Referring firms will have a financial interest in the selection of Morgan Keegan by a client. While the degree of available discount may be reduced for clients referred to Morgan Keegan under a solicitation agreement, in no instance will client fees exceed the maximum for the program or service elected by the client. Client referral agreements can be terminated with thirty days notice by either party and are available for review upon request by a client.

It should be understood by the client that Morgan Keegan's financial advisors are compensated for referrals of potential clients to the Morgan Keegan Registered Investment Adviser. This compensation takes the form of brokerage directed, with the client's permission and generally at its request, to the financial advisor or the form of receipt by the financial advisor of a portion of the fees received by Morgan Keegan from the client account. This arrangement will result in no additional fees or costs incurred by the client other than agreed per the investment advisory services agreement executed with Morgan Keegan. Morgan Keegan financial advisors may have a financial incentive for the referral of potential clients to Morgan Keegan's advisory services.

Subject to the rules and regulations governing such referrals, Morgan Keegan may from time to time enter into similar arrangements with other persons. Morgan Keegan financial advisors may also receive 12b-1 fees from investment companies (mutual funds) in connection with the placement of client funds into the investment companies. Morgan Keegan employees and their related accounts may receive some or all of the services described herein for a lesser fee than what a client may be charged.

Client agreements may be terminated at any time by giving written notice of such termination to the other. Termination will be effective upon receipt of such notice. If the client agreement is terminated prior to the end of any quarter, a pro rata refund of any prepaid unearned fee from the date of termination through the end of the billing period will be made.

Morgan Keegan may sweep all free credit balances in your account daily into one of the cash balance investment options as designated by you. The rate of interest paid on these balances will be published periodically by Morgan Keegan, and will vary with market conditions. The policies and procedures governing this payment of interest can be changed at any time. You agree that no funds will be swept or receive interest unless the minimum investment requirement is met.

Item 15 – Custody

Morgan Keegan is dually registered as a broker-dealer and investment adviser. Except for some institutional accounts, Morgan Keegan's broker-dealer operations have custody of the assets. Generally, custody fees are included as part of the advisory fee paid.

Item 16 – Investment Discretion

The firm has investment discretion over the accounts of certain clients.

Under agreement, Morgan Keegan or its financial advisors will perform no discretionary acts (as defined in the Investment Advisers Act of 1940) with respect to client accounts and will affect transactions only as instructed by the client or by an elected independent investment adviser unless prior written consent for discretionary authority is obtained from the client. The decision to retain or not retain an independent investment adviser in connection with the management of the client's account is solely the responsibility of client. The financial advisor will be available to meet with the client, upon request, to discuss and review the account and delivery of advisory services as described in the client executed advisory agreement.

Clients agree Morgan Keegan will not render any investment advice on a regular basis that would serve as a primary basis for investment decisions for any account managed by an independent investment adviser chosen by the client. It is agreed that the independent investment adviser for any such account, not Morgan Keegan, will render such investment advice. Morgan Keegan will advise the client on asset allocation decisions and recommend specific mutual funds and other types of investments to provide the account with specific strategy exposures.

Morgan Keegan investment advisory client accounts managed by Morgan Keegan under the Preferred Advisor program and the Preferred Funds program on a discretionary basis are subject to limitations imposed by the client's stated investment objectives, guidelines and restrictions, as well as, other regulatory limitations. In such accounts, Morgan Keegan is provided with written authority to determine which securities are to be bought and sold and the amounts thereof.

Changes or amendments to the stated investment objective, guidelines and restrictions, as well as, to Morgan Keegan's written authority, may be made by the client.

Morgan Keegan does not generally exercise discretionary authority over investment advisory client accounts managed by a third-party portfolio manager, in addition to other investment advisory client accounts over which Morgan Keegan has no such authority.

Item 17 - Voting Client Securities

Proxy Voting Policy for the Investment Adviser

As a general rule and with very limited exceptions, the Morgan Keegan Registered Investment Adviser does not vote proxies for its clients. The firm abides by NYSE Rule 452. We will not vote unless the client specifically directs, in writing, this responsibility to the financial advisor. Any voting should be a customer accommodation on a non-discretionary basis. The individual client or money manager will direct and vote the proxies as set up in the specific program. Certain ERISA programs will have the trustee vote the respective proxies. For clients in the Preferred Diversified Program not in an ERISA account, the Overlay Manager or the research provider will direct the proxies. In an ERISA program, the trustee or the client will vote the proxies. For accounts subject to ERISA, proxy voting decisions are the responsibility of the trustee(s) or named fiduciary. Preferred Services' money managers contractually agree with the Client as to which party votes the applicable proxies, the manager or the client, or if a fiduciary account, the trustees, custodian, or plan sponsor in accordance with the plan's terms and conditions. Institutional Consulting clients may ask the advisor for a recommendation, but the actual decision will be made by the client.

Shareholder voting questions come in many degrees of importance to the corporation and the stockholder. Annually, the shareholders are asked to vote as to whether to retain their accounting firm. This question is in total contrast as whether to approve a merger or liquidation of the company. Financial advisors may with minimal discussion with a client, vote the proxy on the accountant question. Any vote on the merger or liquidation should only be taken after an extensive discussion and/or recommendation with the client. In accordance to Rule 452, discretionary voting for a director in an uncontested election is prohibited. Although otherwise allowable, the firm does not condone discretionary voting in routine matters.

Rule 206(4)-6 of the Investment Advisers Act of 1940 -- Proxy Voting notes that:

If you are an investment adviser registered or required to be registered under section 203 of the Act, it is a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of section 206(4) of the Act, for you to exercise voting authority with respect to client securities, unless you:

- Adopt and implement written policies and procedures that are reasonably designed to ensure that you vote client securities in the best interest of clients, which procedures must include how you address material conflicts that may arise between your interests and those of your clients;*
- Disclose to clients how they may obtain information from you about how you voted with respect to their securities; and*
- Describe to clients your proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures to the requesting client.*

Item 18 - Financial Information

Morgan Keegan is a qualified custodian and complies with Rule 206(4)-2 under the Investment Advisers Act of 1940. There are no financial conditions that are reasonably likely to impair its ability to meet its contractual commitments to clients.

Appendix I Fee Based Programs Brochure

General Wrap Fee Information

Clients should be aware that similar or comparable services may be available from other sources including other investment advisers for fees lower than those charged by Morgan Keegan.

Fee calculations for billing purposes will be based on the account's billable market value (absolute value of securities and positive cash), which would include securities purchased on margin or sold short. Margin balances (debits) will not reduce the billable market value.

Fees charged will be based on a share of capital gains or capital appreciation of account assets as permitted by the Investment Advisers Act of 1940. The fee is based upon account value. When the account value increases, the dollar value of the fee will increase as well based on the agreed fee percentage stated in the advisory agreement.

Morgan Keegan employees and their related accounts may receive some or all of the services described herein for a lesser fee than what a client may be charged.

It should be understood by the client that where the client instructs the portfolio manager, whether it be a third party manager or where the account is managed internally by Morgan Keegan, to execute securities transactions through Morgan Keegan, the portfolio manager may not have the authority to negotiate transactional costs or obtain volume discounts. As a result, transactions in such accounts may result in higher transactional costs, greater spreads or less favorable net prices. Where block orders are not executed in total, Morgan Keegan attempts to allocate executed trades on a basis that will be fair to clients over time.

The wrap fee does not include: (i) certain annual account fees or other administrative fees, such as wire fees, charged by Morgan Keegan, (ii) underwriting or dealer concessions or related compensation in connection with securities acquired in underwritten offerings; (iii) certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and (iv) advisory fees and expenses of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any are held in the client's account.

When Morgan Keegan acts as the client's agent in purchasing securities (except in purchases in underwritten offerings other than for open-end mutual funds), the client should be aware the annual fee does not cover certain costs associated with securities transactions in the over-the-counter market where Morgan Keegan must approach a dealer or market maker to purchase or sell the security. Such costs include a markup, markdown, spread, odd lot differentials or transfer taxes imposed by law.

If a client transitions a brokerage account to a fee based advisory relationship, they will not receive credit for the commissions paid under the previous retail relationship.

Unless the client elects these fees should be credited to their account during account opening, annual marketing or distribution fees payable to Morgan Keegan by a mutual fund, variable annuity, or other investment company ("12b-1 Fees") will be a revenue stream to Morgan Keegan, in its capacity as a broker-dealer, and to its financial advisors. In an ERISA account such as a 401(k), or 403(b) plan, the 12b-1 fees will be paid to the plan sponsor to offset the costs of the plan and will not be revenue for Morgan Keegan.

Summary of Services

Each of the wrap fees programs generally offer the following services: setting of investment goals and objectives; quarterly account appraisal sent to the financial advisor and to be furnished to the client; quarterly performance review; confirmation of each transaction; and monthly account statements.

Specific Programs

PREFERRED MANAGERS PROGRAM

Under this program, the Morgan Keegan Registered Investment Adviser, through its financial advisors, assist clients with a minimum of \$100,000 in assets in identifying and selecting an appropriate portfolio manager for the client from a select list of portfolio managers compiled by Morgan Keegan's Wealth Management Services to manage the client's assets subject to review and evaluation. Under this program, transactional execution through Morgan Keegan, account management, performance review and evaluation, custody and record keeping services are provided for a single fee, commonly referred to as a "wrap fee."

Fee Table

<u>Breakpoint</u>	<u>Equity & Balanced</u>		<u>Fixed Income</u>	
	Max.	Min.	Max.	Min.
First \$500,000	2.50%	1.50%	1.25%	0.75%
Next \$500,000	2.00%	1.20%	1.00%	0.60%
Next \$1 million	1.75%	1.05%	0.80%	0.48%
Next \$3 million	1.50%	0.90%	0.70%	0.42%
Over \$5 million	1.00%	0.60%	0.50%	0.30%

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

PREFERRED SERVICES PROGRAM

Under this program, the Morgan Keegan Registered Investment Adviser provides clients who have a minimum of \$100,000 or the manager's minimum in assets to invest, an investment program. The Preferred Services program is similar to the Preferred Managers program except there is no contractual relationship between MK and the portfolio manager. No due diligence is performed by Wealth Management Services on the portfolio manager and the adviser selection is made by the client. Through the Preferred Services program, the client utilizes the services of an independent portfolio manager of the client's choice. MK provides the client participating in the program with execution and custodial services.

Fee Table

<u>Breakpoint</u>	<u>Equity & Balanced</u>		<u>Fixed Income</u>	
	Max.	Min.	Max.	Min.
First \$500,000	2.00%	1.20%	1.00%	0.60%
Next \$500,000	1.50%	0.90%	0.75%	0.45%
Next \$1 million	1.20%	0.75%	0.60%	0.36%
Next \$3 million	1.00%	0.60%	0.50%	0.30%
Over \$5 million	0.75%	0.30%	0.30%	0.18%

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

The wrap fee also does not include other miscellaneous account fees, margin interest or other charges mandated by law, which will be separately charged to the client's account. Any margin debit shall not serve to reduce the value of any of the assets in the account for valuation purposes in determining the wrap fee.

PREFERRED ADVISOR PROGRAM

Under this program, the Morgan Keegan Registered Investment Adviser and certain financial advisors, provides clients with a minimum of \$50,000 in assets with transactional execution through Morgan Keegan, performance review and evaluation, custody and record keeping for a single fee, commonly known as a “wrap fee.” No third-party portfolio manager is used by the client to manage assets in this program. Preferred Advisor accounts may be discretionary or non-discretionary in nature. The financial advisor provides portfolio management services to the client and can be subject to performance evaluation and review by Morgan Keegan.

Fee Table

<u>Breakpoint</u>	<u>Equity</u>		<u>Balanced</u>		<u>Fixed Income</u>	
	Max.	Min.	Max.	Min.	Max.	Min.
First \$1 million	2.50%	1.00%	2.00%	0.70%	1.00%	0.30%
Next \$4 million	2.00%	0.75%	1.50%	0.50%	0.75%	0.25%
Next \$5 million	1.50%	0.50%	1.00%	0.30%	0.50%	0.20%
\$10 million +	Negotiable		Negotiable		Negotiable	

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

The wrap fee also does not include other miscellaneous account fees, margin interest or other charges mandated by law, which will be separately charged to the client's account. Any margin debit shall not serve to reduce the value of any of the assets in the account for valuation purposes in determining the wrap fee.

PREFERRED FUNDS DISCRETIONARY PROGRAM

Under this program, the Morgan Keegan Registered Investment Adviser provides clients, with a general minimum of \$50,000 in assets, an asset allocation service under which no-load mutual funds and load-waived mutual funds are purchased and sold on a discretionary basis as authorized by the client, pursuant to the identified investment objectives. Transactional execution through Morgan Keegan, account performance review and evaluation and record keeping services are provided for a single fee.

1. Management Authority. The Client hereby designates Morgan Keegan the agent and attorney-in-fact with respect to the Account, with full power, authority and discretion to manage the Account by directing the buying, selling, changing, investing or reinvesting of any or all of the assets in the Account. In carrying out its responsibilities, Morgan Keegan shall consider such factors such as investment objectives and account guidelines, as are communicated in writing to Morgan Keegan from time to time by the Client, including any reasonable restrictions posed by the Client.

Morgan Keegan will execute all purchase and sales orders and will maintain custody of all assets in the Account and perform all clearance, settlement, and other functions, as the case may be, incidental to the effecting of transactions in the Account.

Free credit cash balances in the Account will be invested automatically on a daily basis in shares of one or more available money market mutual funds or an FDIC insured account pursuant to an automatic cash sweep program. Morgan Keegan will provide the Client with a prospectus, which will contain information relating to the money market fund, including charges and expenses associated with the mutual fund account.

Client understands that, under this Agreement, Morgan Keegan will perform discretionary acts with respect to the Account including portfolio rebalancing. Such portfolio rebalancing shall be conducted when necessary. Client understands that neither s/he nor the financial advisor will be notified that a rebalancing of the Account has occurred.

2. Services. Morgan Keegan will provide Client with the following advisory and consulting services with respect to Client's purchase of shares of mutual funds or ETFs in the Client's Account:

- An evaluation to assist in the determination of the Client's investment objectives, including performance goals and risk tolerance;

- Suggested allocation of assets among portfolios based upon Client's investment objectives, risk tolerances, and investment time frame;
- Furnishing to the Client of trade confirmations as produced, monthly statements that itemize transactions, report holdings and reflect the valuation of the Account, and on a quarterly basis, a performance analysis of Account.

Mutual funds available to Morgan Keegan for the services provided pursuant to this Agreement will include both "no load" and "load waived" ("load" refers to a sales charge) and Exchange-traded Funds ("ETFs") which agree to accept trades from Morgan Keegan on behalf of the Client and which are affiliated with the National Securities Clearing Corporation Operations Program, also known as "Fund/SERV" or "Networking". A list of these funds is available upon request. Both "no load" and "load waived" funds purchased pursuant to this Agreement are purchased at Net Asset Value.

Client shall have the right to (i) withdraw, vote, hypothecate and pledge the securities in the Account and (ii) receive confirmations of Account transactions from Morgan Keegan.

Morgan Keegan shall provide continuous investment advice to each Client based upon the individual needs of that Client as made known to Morgan Keegan by the Client. Morgan Keegan and the designated Financial Advisor are available, upon reasonable request, to consult with Client concerning any changes in the Client's financial situation and/or investment objectives, or concerning the performance of the Account.

The mutual fund and/or its distributor, if any, will execute all purchase and sale orders, maintain custody of its portion of the Account assets and perform such custodial functions including the crediting of dividends and capital gains to the Account and will send confirmations and statements of transactions to the Client.

In connection with the services being provided to Client, Morgan Keegan is entitled to rely upon the financial and other information provided by the Client in the Investment Objective Questionnaire (the "Questionnaire"). Client acknowledges completion of the Questionnaire and further represents that the financial and other information provided by the Client is true, correct and complete in all material aspects. Client agrees to promptly inform Morgan Keegan in writing of any material change to such information and to provide any additional information as may be requested by Morgan Keegan. Client acknowledges receipt of a prospectus for each of the mutual funds in which Client has chosen to invest.

3. Fees. Internal operating fees and expenses for the mutual funds are charged separately to the client.

Fee Table

<u>Breakpoint</u>	<u>Annual Fee</u>
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1 million	1.75%
Next \$3 million	1.50%
Over \$5 million	1.00%

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

4. Managed Alternatives Strategies Portfolio. The Managed Alternatives Strategies Portfolio ("Portfolio") is developed by combining low-correlation or alternative asset classes such as Real Estate and Natural Resources with alternative strategies such as low volatility, diversified multi-manager/multi-hedged strategies and directional hedged and non-hedged. The Portfolio may be appropriate for investors seeking to add alternatives exposure to an equity and bond portfolio. The Portfolio is a well-diversified, actively managed basket of non-traditional mutual funds (specialty strategies) designed to act as a diversifier and stabilizing influence on a traditional portfolio. The Portfolio is intended to be used as a complement to the stock and bond portion of a portfolio. It is not intended to be used as a stand-alone portfolio.

5. Portfolios. Client acknowledges that in performing its discretionary services under this Agreement, portfolios are developed using an assortment of investments; mutual funds (both open and closed end funds), exchange-traded funds ("ETFs"), cash, and other packaged products. The underlying funds and other instruments may have a minimum investment requirement. As part of its discretion, Client acknowledges that Morgan Keegan may change underlying

investments at will and without prior notification to the Client. If market conditions reduce the value of the investment, and/or Client withdrawals reduce the investment in one or more underlying securities to a level that does not allow Morgan Keegan to properly manage the Account the Client will be notified and provided alternative options. This change will be noted in both trade confirmations and the next Client Statement. If the Account assets have been reduced by such an amount that it is impracticable to manage the Account, Morgan Keegan reserves the right to terminate the Account from the Preferred Funds Program. Please note your rights to terminate this Agreement as set out in Paragraph 15 supra.

As part of the discretion approved by you, Morgan Keegan may, to avail itself of opportunities that are made available in extraordinary market conditions (these conditions are solely determined by Morgan Keegan) to develop, amend, and construct a portfolio that will have a significant cash position.

PREFERRED DIVERSIFIED PORTFOLIO PROGRAM

Under this program, the Morgan Keegan Registered Investment Adviser assists clients with a minimum of \$250,000 in assets with management of multiple investment styles in a single client account through the use of an Overlay Manager (a manager of separate account managers and investment options). Once the investment portfolio has been designed and the investment instruments to be included have been determined, all transactions are directed through the overlay manager. Under this program, transactional execution through Morgan Keegan, account management, performance review and evaluation, custody and record-keeping services are provided for a single fee, commonly referred to as a "wrap fee".

Fee Table

<u>Breakpoint</u>	<u>Models/Providers</u>		<u>Funds & ETFs</u>	
	Max.	Min.	Max.	Min.
First \$500,000	2.50%	1.50%	2.50%	1.00%
Next \$500,000	2.00%	1.20%	2.00%	.80%
Next \$1 million	1.75%	1.05%	1.75%	.70%
Next \$3 million	1.50%	0.90%	1.50%	.60%
Over \$5 million	1.00%	0.60%	1.00%	.40%

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

PREFERRED DIVERSIFIED PORTFOLIO DISCRETIONARY PROGRAM

The Preferred Diversified Portfolio Discretionary ("PDPD") program is intended to allow the management of multiple investment styles in a single account, providing individuals with portfolio management that is normally available only to institutional investors. The program utilizes an Overlay Manager to assist in the administration of the multiple managers and investment options available to clients in the program. Three categories of investments are available in the PDPD program. These investments include individually managed accounts, which are portfolios based on the research or model portfolios of various investment managers, who represent a select group of managers from Morgan Keegan's Preferred Managers program. To meet the varied objectives of the client, each investment manager represents a different investment philosophy. The two other investment options available in the PDPD program include selected mutual funds from the MK Wealth Management Services Select List and exchange-traded funds ("ETFs").

Investments may be made in securities, including but not limited to common or preferred stocks, warrants, options, rights, corporate or government bonds or notes and shares of money market mutual funds, shares of no-load or load waived mutual funds, alternative investments and ETFs, subject to any investment restrictions to which the services provided pursuant to the client advisory agreement may be limited.

Prior to the execution of any transaction, the Overlay Manager takes into account the tax implications of that transaction on the entire portfolio and will act accordingly. Morgan Keegan assists the client in defining the investment objectives, selecting the appropriate portfolios, and periodically reviewing the portfolio performance. Morgan Keegan provides the client participating in the program with execution and custodial services.

The Due Diligence Group of WMS conducts on-going due diligence on the investment managers and mutual funds offered in the PDPD program in a manner similar to the due diligence conducted in the Preferred Managers and Preferred Funds

programs. Morgan Keegan also continues to assess the level and accuracy of service provided by Parametric Portfolio Associates LLC. Due diligence is not conducted on the ETFs available in the program.

A minimum dollar value of assets of \$1,000,000 is required to maintain an account in the PDPD program. Custom Portfolios are available for investors with more complex investment situations. The PDPD program has two fee schedules, one for the Model Portfolios and the Research Providers portions of Custom Portfolios and another for the mutual fund and ETF portions of the Custom Portfolios. Custom Portfolios containing research providers, mutual funds and/or ETFs will have their fees blended. All fees are billed quarterly in advance based on the assets in the account based on the last day of the previous quarter.

Fee Table

<u>Market Value of Account</u>	<u>Fee as a Percentage of Assets</u>
First \$1,000,000	2.25%
Next \$1,000,000	1.75%
Next \$3 million	1.50%
Over \$5 million	1.00%

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

PREFERRED RUSSELL DISCRETIONARY PROGRAM

The Preferred Russell Discretionary Program provides clients access to mutual fund portfolios designed by Russell Investments® which utilize Russell's proprietary mutual funds. Clients select a pre-determined mutual fund portfolio that ranges from Conservative to Full Growth risk tolerances. Mutual fund allocation within each portfolio is determined by Russell Investments and traded, on a discretionary basis, by Morgan Keegan.

A minimum dollar value of assets of \$10,000 is required to maintain an account in the Preferred Russell Discretionary Program. The annual fee is computed on a quarterly basis and is charged in advance in accordance with the following fee schedule:

Fee Table

<u>Market Value Of Account</u>	<u>Annual Fee</u>
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1 million	1.75%
Next \$3 million	1.50%
Over \$5 million	1.00%

Considerations, including the possible negotiation of blended fees based upon the total of assets under management in multiple advisory programs where applicable, may also be given to related or affiliated accounts that may result in lower fees being charged for accounts similar in makeup and objectives.

The annual fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including 12b-1 fees and expenses which may be charged to the clients' account. Such fees and expenses are specified and described in the prospectus for each mutual fund. However, the client will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of shares of those mutual funds available to Morgan Keegan for the services provided pursuant to this program. The annual fee also does not include other miscellaneous account fees, margin interest or other charges mandated by law, which will be separately charged to the client's account.

Clients are advised, in addition to the annual fee set forth above, each mutual fund in which assets are invested by the client pays separate investment advisory fees and other expenses for which the client bears a proportionate share. Clients further understand transactions may be made by the client directly with a "no-load" mutual fund in which case the client would neither pay a transaction fee nor a separate advisory fee.

Accounts are reviewed by the financial advisor on at least a quarterly basis. Review includes monitoring of the performance and adherence to investment guidelines as defined by the client. Performance information may not be calculated on a uniform and consistent basis.

Wrap Programs: Maximum Fees

Preferred Managers: The maximum fee is 2.50% of the equity and balanced assets under management and 1.25% for fixed income, including cash.

Preferred Services: The client elected manager's fees plus 2.00% for equity and balanced and 1.00% for fixed income, including cash.

Preferred Advisor: The maximum fee is 2.50% of the equity and balanced assets under management and 1.00% for fixed income, including cash.

Preferred Funds Discretionary: The maximum fee is 2.50% of the assets under management, including cash.

Preferred Diversified Portfolio: The maximum fee is 2.50% of the assets under management, including cash.

Preferred Diversified Portfolio Discretionary: The maximum fee is 2.25% of the assets under management, including cash.

Preferred Russell: The maximum fee is 2.50% of the assets under management, including cash.

MORGAN, KEEGAN & COMPANY, INC.
A subsidiary of Raymond James Financial, Inc.