
Item 1 - Cover Page

Wrap Fee Brochure

Appendix 1 of Form ADV Part 2A

Herndon Plant Oakley Ltd.

Main Office

800 N. Shoreline Blvd Ste 2200

361-888-7611

March 30, 2012

This Wrap Fee Brochure (Brochure) provides information about the qualifications and business practices of Herndon Plant Oakley Ltd. (HPO, us, we or our). When we use the words “you”, “your” and “client” we are referring to you as our client or our prospective client. We use the term “Associated Person” when referring to our officers, employees, and all individuals providing investment advice on behalf of HPO. If you have any questions about the contents of this Brochure, please contact us at 361-888-7611 or bragan@hpo.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.

HPO is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by HPO, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain HPO as your adviser. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about HPO also is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with, registered, and required to be registered, as investment adviser representatives of HPO.

Item 2 – Material Changes

Please note that all of the “material changes” made to this Brochure as of March 30, 2012, and since our last delivery or posting of the Brochure on the SEC’s public disclosure website (IAPD) www.advisorinfo.sec.gov, are set forth below:

- Item 5 - Account Requirements and Types of Clients, ERISA Clients was modified to reflect that HPO generally assume the role of a fiduciary with respect to ERISA plans.
- Item 9 - Additional Information, Other Financial Industry Activities and Affiliations - Oxbow Advisors was inserted to reflect HPOs affiliation with Oxbow Advisors, LLC.
- Item 9 – Additional Information, Financial Information was included to provide you with additional financial information regarding HPO.
- Item 9 – Additional Information, Privacy Policy Summary was included to provide you with a summary of our Privacy Policy.
- Item 9 – Additional Information, Business Continuity Plan was included to provide you with a summary of our Business Continuity Plan.
- Item 9 – Additional Information, Performance Presentation Standards was inserted to reflect that we are compliant on a firm-wide basis with the Global Investment Performance Standards (GIPS®).

In addition to the material changes set forth above, additional changes reflected in this version of this Brochure include a number of minor editorial changes and an update to our assets under management as of December 31, 2011.

Currently, our Brochure may be requested by contacting Beth Ragan, Chief Compliance Officer at 361-888-7611.

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Item 4 - Services, Fees and Compensation

Ownership

We are an independent investment management firm owned by R. Brent Herndon, J. Ted Oakley and Phillip M. Plant.

Services Offered

Headquartered in Corpus Christi, Texas, we have served clients each day throughout Texas, the US and around the world on a personal, individualized basis, since 1998. With a broadly-based, well trained, knowledgeable and experienced staff working side-by-side with each partner, the financial needs and expectations of every client are analyzed and focused upon to shape the most productive results possible for today, tomorrow and years into the future.

HPO offers the following advisory services:

- Financial planning services
- Portfolio management services for individuals and/or small businesses
- Portfolio management for businesses or institutional clients (other than investment companies)
- Selection of other advisers

Additionally, we allocate managed assets among cash, stocks, and bonds with the selection of specific securities which will provide proper diversification and help meet your stated investment objectives. We may also advise directly and/or invest your funds through other investment advisors and/or third party money managers.

Investment Products

HPO may offer advice on the following as well as the foreign equivalents of the following investment products:

- Equity securities (exchange-listed, over the counter, foreign issuers)
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposits
- Municipal securities
- Investment Company Securities (variable life insurance, variable annuities, mutual fund shares)
- United States government securities
- Option contracts on securities
- Interests in partnerships investing in real estate, oil and gas and others
- Currencies

-
- Derivatives
 - Private placements
 - Limited partnership interests

Assets Under Management

HPO manages \$888,453,000 in client assets, all on a discretionary basis. The date on which these amounts were calculated was on the December 31, 2011, being within 90 days of the date of this current amendment.

Additional Office

711 North Carancahua, Suite 100
Corpus Christi, TX 78745
Ph: 361-653-5312
Fax: 361-883-8814

Herndon Plant Oakley Managed Account Program

HPO provides discretionary investment advisory services to its clients through the Herndon Plant Oakley Managed Account Program. The Herndon Plant Oakley Managed Account Program allows an investment advisory professional (IAR) to create and manage an investment portfolio designed to accomplish the client's investment objectives.

With respect to the Herndon Plant Oakley Managed Account Program, Herndon Plant Oakley provides management services where the client enters into an agreement with a registered broker/dealer (referred to as a "designated broker") that is generally also registered either directly, or indirectly through an affiliate, as an investment advisor under the Advisors Act (referred to herein as the "wrap sponsor"). HPO is the "designated broker", the "investment advisor" and the "wrap sponsor" with regards to the Herndon Plant Oakley Managed Account Program.

The client is generally charged a single, all-inclusive fee by the wrap sponsor (sometimes referred to as a "wrap fee" and referred to herein as a "comprehensive fee") based upon a percentage of the market value of the client's account. The comprehensive fee generally covers all services for: (1) assistance in the analysis and selection of one or more investment advisors from a group of investment advisers available under the program; (2) recommendations of investments in the client's portfolio; (3) execution of portfolio transactions without brokerage commissions and, in some instances, without dealer mark-ups or mark-downs by the designated broker; (4) reports on the assets in the client's portfolio, which also includes providing the client with trade confirmations and monthly statements; (5) periodic evaluation and comparison of account performance; and (6) continuing consultation on the client's investment objectives. Each client should evaluate whether such a program is suitable for the client's needs, given

factors such as the size of the account, frequency of transactions and the client's investment objectives.

Herndon Plant Oakley markets its discretionary account management services through Oakley Investment Management and Oakley Asset Management, which are divisions of Herndon Plant Oakley.

Fees and Compensation

All fees are subject to negotiation. The amounts and specific manner in which fees are charged is negotiated and memorialized in HPO's contract with our clients, and we generally bill our fees on a quarterly basis, in arrears. Although many fees are individually negotiated, some common fees are included on our fee schedule for your review and described further below:

Program Fee Schedule										
Service Type	Fee Cost	When Charged								
Advisory Fees – Equity	<div>Computed as a percentage of the assets under management, and calculated by multiplying the value of the assets under management by the appropriate annual fee rate set forth in the fee schedule below and dividing such product by four.</div> <table><tr><td>\$500,000-\$1,000,000</td><td>1.50%</td></tr><tr><td>\$1,000,001-\$5,000,000</td><td>1.00%</td></tr><tr><td>\$5,000,001-\$15,000,000</td><td>0.75%</td></tr><tr><td>\$15,000,001- \$50,000,000</td><td>0.50%</td></tr></table>	\$500,000-\$1,000,000	1.50%	\$1,000,001-\$5,000,000	1.00%	\$5,000,001-\$15,000,000	0.75%	\$15,000,001- \$50,000,000	0.50%	Quarterly, in arrears
\$500,000-\$1,000,000	1.50%									
\$1,000,001-\$5,000,000	1.00%									
\$5,000,001-\$15,000,000	0.75%									
\$15,000,001- \$50,000,000	0.50%									
Advisory Fees – High Income	<div>Computed as a percentage of the assets under management, and calculated by multiplying the value of the assets under management by the appropriate annual fee rate set forth in the fee schedule below and dividing such product by four.</div> <table><tr><td>\$1,000,000-\$5,000,000</td><td>0.60%</td></tr><tr><td>\$5,000,001-\$15,000,000</td><td>0.50%</td></tr><tr><td>\$15,000,001-\$50,000,000</td><td>0.40%</td></tr></table>	\$1,000,000-\$5,000,000	0.60%	\$5,000,001-\$15,000,000	0.50%	\$15,000,001-\$50,000,000	0.40%	Quarterly, in arrears		
\$1,000,000-\$5,000,000	0.60%									
\$5,000,001-\$15,000,000	0.50%									
\$15,000,001-\$50,000,000	0.40%									
Advisory Fees – Fixed Income	<div>Computed as a percentage of the assets under management, and calculated by multiplying the value of the assets under management by the appropriate annual fee rate set forth in the fee schedule below and dividing such product by four.</div> <table><tr><td>\$1,000,000-\$15,000,000</td><td>0.20%</td></tr><tr><td>\$15,000,001-\$50,000,000</td><td>0.10%</td></tr></table>	\$1,000,000-\$15,000,000	0.20%	\$15,000,001-\$50,000,000	0.10%	Quarterly, in arrears				
\$1,000,000-\$15,000,000	0.20%									
\$15,000,001-\$50,000,000	0.10%									

Advisory Fees – Equities & Bond Mutual Funds	<p>Computed as a percentage of the assets under management, and calculated by multiplying the value of the assets under management by the appropriate annual fee rate set forth in the fee schedule below and dividing such product by four.</p> <table><tr><td>First \$500,000</td><td>1.00%</td></tr><tr><td>\$500,000,001 - \$1,000,000</td><td>0.90%</td></tr><tr><td>\$1,000,000 - \$2,000,000</td><td>0.75%</td></tr><tr><td>\$2,000,000 and up</td><td>0.50%</td></tr></table>	First \$500,000	1.00%	\$500,000,001 - \$1,000,000	0.90%	\$1,000,000 - \$2,000,000	0.75%	\$2,000,000 and up	0.50%	Quarterly, in arrears
First \$500,000	1.00%									
\$500,000,001 - \$1,000,000	0.90%									
\$1,000,000 - \$2,000,000	0.75%									
\$2,000,000 and up	0.50%									
Advisory Fees – Bond Only Mutual Funds	<p>Computed as a percentage of the assets under management, and calculated by multiplying the value of the assets under management by the appropriate annual fee rate set forth in the fee schedule below and dividing such product by four.</p> <table><tr><td>First \$500,000</td><td>0.50%</td></tr><tr><td>\$500,000,001 - \$1,000,000</td><td>0.40%</td></tr><tr><td>\$1,000,000 - \$2,000,000</td><td>0.30%</td></tr><tr><td>\$2,000,000 and up</td><td>0.25%</td></tr></table>	First \$500,000	0.50%	\$500,000,001 - \$1,000,000	0.40%	\$1,000,000 - \$2,000,000	0.30%	\$2,000,000 and up	0.25%	Quarterly, in arrears
First \$500,000	0.50%									
\$500,000,001 - \$1,000,000	0.40%									
\$1,000,000 - \$2,000,000	0.30%									
\$2,000,000 and up	0.25%									
Consulting Fees	Negotiated on a fixed fee basis based on services to be provided and scope of engagement	As negotiated								

Billing

Our fees are may be deducted from client's account(s) quarterly within five (5) days following the ending of the quarter for which said fees will be incurred. Accounts opened in mid-quarter will be assessed a pro-rated management fee. All fees due will be debited to the client's account on the payment due date. The client may pay the fees from outside funds provided we are notified in advance and we are paid on or prior to the due date.

Transaction Costs

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Transactions that Herndon Plant Oakley executes in connection with "comprehensive fee" arrangements with clients are usually separate and non-concurrent with transactions of Herndon

Plant Oakley's other clients. The "comprehensive fee" does not include ticketing charges which generally range from \$12-\$15 per ticket.

Additionally, the advisory fee does not include certain costs or charges associated with securities transactions with or through a broker-dealer other than Herndon Plant Oakley, including brokerage commissions and dealer mark-ups or mark-downs in principal transactions or odd-lot differentials, stock exchange fees, transfer taxes or other charges mandated by law, which will be separately charged to the client's account.

Valuation

The market value of the assets under management shall be based on the market value of account assets on the last business day of the previous quarter.

Item 5 - Account Requirements and Types of Clients

Account Requirements

Herndon Plant Oakley generally stipulates \$50,000 as the minimum dollar amount of assets to participate in the Herndon Plant Oakley Managed Account Program.

Types of Clients

Overview

The clients of our firm and its affiliates, who entrust us with their assets, share the similar investment objectives of achieving consistent investment returns with minimal portfolio risk. We offer portfolio management investment advice to the following types of clients:

- Individuals
- Families
- High net worth individuals
- High net worth families
- Pension and profit sharing plans (other than participants)
- Charitable organizations
- Trusts
- Estates
- Private foundations
- Retirement plans

ERISA Clients

With regard to prospective ERISA clients, HPO generally assume the role of a fiduciary with respect to ERISA plans.

Item 6 - Portfolio Manager Selection and Evaluation

General Criteria

We take into consideration a number of issues in our due diligence effort to select and retain suitable managers. While not exclusive, we generally take into consideration the following:

- Whether portfolio or sub-manager manager is affiliated with a bank, insurance company, broker-dealer, and/or registered investment advisor;
- With respect to active managers, we look to see if historical performance calculations are in compliance with the performance guidelines of the Global Investment Performance Standards (“GIPS”) and represents the style of the portfolio being considered;
- We review information is available on key personnel, representative clients, fee arrangements, range of investment styles, and assets under management;
- We perform a qualitative analysis on the portfolio or sub-manager where we take into consideration whether there a clearly defined investment strategy and investment selection process, sell discipline/downside protection, investment style adherence, quality and depth of the management team, favorable firm ownership, desire to close portfolios based on size, marketing capabilities, type of client base, and regulatory compliance, transparency of underlying investments, and research capabilities;
- We also perform a quantitative analysis which considers risk-adjusted returns, performance attribution, portfolio composition, fees, and statistical measures.

To assist in the portfolio manager and sub-manager selection process, we utilize analytical information provided by Morningstar, Lockwood Advisors, and material provided directly from the managers.

Additionally, consideration is given to both active and passive management when available. The rationale to engage active management is to “add value” over time versus an indexed alternative. Both enhanced return and risk control are opportunities for a manager to “outperform” a comparable benchmark. Recognizing that active managers have periods where they over and or underperform the benchmarks, manager selection and retention attempts to consider a series of full market cycles (at least 5-10 years) in order to weight the impact of active management over long periods of time.

Finally, the selection, retention or dismissal of a manager is based on a comprehensive due diligence assessment, however it is possible that a manager could be engaged even though the analysis reveals certain factors that, in isolation, could be deemed unappealing.

Performance Review

Neither HPO nor a third-party reviews the portfolio and or sub-manager performance information. Additionally, you should be aware that performance information may not be calculated on a uniform and consistent basis.

Related Person Portfolio Management

IARs of HPO are allowed to act as a portfolio manager for the Managed Program. Their activities are monitored and they are compensated through a comprehensive single fee.

Performance-Based Fees and Side-By-Side Management

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

Analysis Methods

Security analysis methods utilized by HPO include the following:

Charting

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the time-frame of the price charts.

Fundamental

Fundamental analysis maintains that markets may misprice a security in the short run, but that the "correct" price will eventually be reached by the market. The fundamental analysis of a business involves analyzing a business's financial statements and health, management and competitive advantages, and competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

Technical

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.

Cyclical

Cyclical analysis generally targets cyclical stocks for purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low, and sell them when the P/E Ratio is high (i.e.

when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

Sources of Information

The main sources of information that HPO uses to analyze these investment strategies is:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the SEC
- Company press releases

Investment Strategies

The investment strategies HPO uses to implement any investment advice give to clients includes the following:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

Investment Strategy Risks

General Risks

Lack of Diversification: Portfolio investments may be concentrated and diversification may be limited. There are no limits with respect to position sizes. Any assets or combination of assets that can be held in a securities account can be purchased or sold.

Liquidity: The Accounts will be invested in liquid securities and private investments are not permitted. It is possible, however, that securities become less liquid during the holding period.

Cash and Cash Equivalents: Accounts may maintain significant cash positions from time to time and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. Furthermore, the Account may forego investment opportunities to hold cash positions if we considers it in the best interests of the Accounts.

Leverage: We may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a “margin call” may be issued pursuant to which additional accounts would be required to be deposited with the broker or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt and the Accounts may therefore also suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

Interest Rate Fluctuation: The prices of securities in which the Advisor may invest are sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

Long term Purchases (securities held at least a year)

Liquidity: The portfolio will be invested in liquid securities and private investments are not permitted. It is possible, however, that securities become less liquid during the holding period.

Short term purchases (securities sold within a year)

Market Risks: The success of a significant portion of the program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline, including due to other market participants developing similar programs or techniques.

Trading (securities sold within 30 days)

Market Risks: The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline, including due to other market participants developing similar programs or techniques.

Trading is Speculative: There are risks involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices

directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

Turnover: Our trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate could be significant, potentially involving substantial brokerage commissions, and related transactional fees and expenses.

Margin Transactions

Leverage: We may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a “margin call” may be issued pursuant to which additional accounts would be required to be deposited with the broker or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt and the Accounts may therefore also suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

Option writing, including covered & uncovered options or spreading strategies

Options and Other Derivatives: We may purchase or sell options, warrants, equity related swaps or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the portion of the Accounts’ hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether an Account realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

Uncovered Risks: We may employ various “risk-reduction” techniques designed to minimize the risk of loss in Accounts. Nonetheless, substantial risk remains that such techniques will not always be possible to implement and when possible, will not always be effective in limiting losses. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of such positions decline, but utilize other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for us to hedge against a fluctuation that is so generally anticipated that we are not able

to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. The success of the hedging transactions will be subject to the ability to correctly predict market fluctuations and movements. Therefore, while we may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the accounts Portfolio than if we had not engaged in any such hedging transactions. Finally, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

Voting Client Securities

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding the clients' voting of proxies.

Item 7 - Client Information Provided to Portfolio Managers

In compliance with the client agreement executed by you and HPO, we will provide a portfolio manager and or sub-manager information regarding your investment objectives, account holdings to be managed and other information as may be reasonably necessary for the portfolio manager and or sub-manager to make a decision as to whether to accept the engagement with respect to your account management. After the portfolio manager and or sub-manager is engaged to manage your assets, HPO will on an on-going basis provide the portfolio manager and or sub-managers with any information you provide us regarding your portfolio, including changes or modifications to your investment objectives, and any specific investment restrictions relating to your portfolio imposed by you, investments that you advise us to not conform to your instructions.

Item 8 - Client Contact with Portfolio Managers

Each portfolio manager and or sub-managers will be reasonably available to you for joint consultation along, with us, regarding your financial situation and objectives, and the management by the respective portfolio manager and or sub-managers of your investment portfolio.

Item 9 - Additional Information

Disciplinary

There is no material information or facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

Other Financial Industry Activities and Affiliations

Broker-Dealer

In addition to our investment advisor registration, our firm is registered as a broker-dealer with the SEC and various state jurisdictions, and a member firm of the Financial Industry Regulatory Authority (FINRA). See Form ADV Part 2A - Brokerage Practices and Client Referrals and Other Compensation for a discussion of the conflict of interest and compensation related to these relationships.

Insurance Broker

Our firm is licensed as an insurance broker and agency and provides analysis of and recommends the purchase and sale of certain insurance products. This licensing is in addition to our registration as a registered investment advisor and broker-dealer. Our firm may receive compensation or other forms of compensation in connection with such sales. The firm may devote less than 1% of their time to this activity. Clients are not obligated to use us as their insurance broker or agent or to use any recommended insurance company for any recommended insurance transaction. See Client Referrals and Other Compensation for a discussion of the conflict of interest and compensation related to these relationships.

Springwater Advisors

Herndon Plant Oakley Ltd. owns Springwater Advisors, LLC, an affiliated investment advisor which is under common ownership and control. Springwater Advisors, LLC is registered as an investment advisor with the SEC and various state jurisdictions. Phillip Plant, Brent Herndon and James Oakley are Managing Members and Beth Ragan is the Chief Compliance officer of Springwater Advisors, LLC.

Oxbow Advisors

Oxbow Advisors, LLC is registered as an investment advisor with the SEC and various state jurisdictions. James Oakley is a Managing Member and Beth Ragan is the Chief Compliance officer of Oxbow Advisors, LLC.

American Bank, N.A.

We have an arrangement with American Bank, N.A., a national bank association, in which we are engaged in the business of providing investment advisory and brokerage services from a shared bank location.

Other Activities

HPO and certain of its principal executive officers may engage in the following activities:

- As a principal, effecting securities transactions for compensation for advisory clients who do not otherwise designate another brokerage firm to perform such services. In this role, HPO may buy securities for its own account from clients or sell securities it owns to clients. When a principal transaction occurs, we will disclose to the client, in writing before the completion of the transaction, the

capacity in which we are acting, and will obtain the consent of the client to such transaction. HPO may purchase initial public offerings for certain advisory client accounts who have expressed an interest in the purchase of these issues. HPO has procedures in place to include its current practice of allocating these offerings.

- As a broker or agent, effecting securities transactions through HPO for compensation for advisory clients of HPO and registered investment advisers, investment managers or sub-advisors who do not otherwise designate another brokerage firm to perform such services.
- As a broker, effecting agency cross transactions through which client securities are sold to or bought from a brokerage customer.
- Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- Buying or selling securities for its account that it also recommends to clients.

Code of Ethics

General

We have adopted a Code of Ethics for all of our Associated Persons describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Associated Persons must acknowledge the terms of the Code of Ethics annually, or as amended. We require transaction confirmation and quarterly reporting. A written copy of our Code of Ethics is available upon request by contacting Beth Ragan.

We anticipate that we will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which we or our affiliates and/or clients, directly or indirectly, have a position of interest. This will only be done in appropriate circumstances, consistent with clients' investment objectives and consistent with our fiduciary duty.

Personal Trading

HPO and our related persons may purchase and sell securities for their own account. To prevent conflicts of interest, all employees of HPO must comply with our Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Our employees and Associated Persons are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of our firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of our firm will not interfere with (i)

making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored pursuant to the Code of Ethics to reasonably prevent conflicts of interest between us and our clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis.

Cross Trades

We may trade agency cross transactions between broker dealer and advisory clients for our investment advisory client to accommodate the needs of our clients by attempting to minimize transaction costs or by providing liquidity with respect to certain securities. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. It is our policy to conduct such transactions to be consistent with our duties to our clients and after prior approval has been obtained from you as required.

Insider Information

Further, the Code of Ethics and Supervisory Procedures impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of HPO.

Review of Accounts

Account Review

We review our investment advisory accounts and managed portfolios frequently, with a general review occurring weekly, and more specific reviews made less frequently but at least quarterly. We do not have a limitation on the number of client accounts assigned to any particular account officer, nor is there a precise sequence or review schedule. All portfolios are reviewed continuously rather than periodically. Accounts are reviewed by two or more of the following: Russell Herndon, Phillip Plant and J. Ted Oakley.

Statements

Reports are furnished to all wrap account clients on a quarterly basis. In addition, all clients receive separate monthly accounting reports from their portfolio custodian detailing all cash and asset transactions and activity. In general, meetings with clients are held quarterly or less frequently, according to the stated desires of each client. Reports include an analysis of all assets under management, and current and historical performance. We urge you to carefully review such statements and compare such official custodial records to the account statements that we or your money manager may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Trade Errors

While we will attempt to correct trading errors as soon as they are discovered, it may not be responsible for poor executions or trading errors committed by the brokers with whom it transacts, unless such errors resulted from ours negligence, fraud or willful misconduct.

Custody

Selection of Custodian

In our capacity as a broker-dealer, we clear our securities transactions on a fully disclosed basis through First Clearing, LLC ("First Clearing"). As a result of that relationship, First Clearing is the custodian for our clients electing to use our trade execution platform and as such, First Clearing holds all customer funds and/or securities on behalf of our clients and customers, and as a customer of ours, you are deemed a brokerage customer for purposes of the Securities Investor Protection Act.

First Clearing was selected as the executing and clearing broker based upon, among other things, its financial solvency and credibility, its level of customer service, its trade execution capability, its managed account trading desk and its reputation.

Regardless of our recommendation regarding the custodian, clients may direct us to utilize other custodians. Whether you elect to utilize our trading platform or you chose another custodian, you will required to pay custodian fees and will incur brokerage and other transaction costs in the course of our management of your accounts. See Brokerage Practices, Other Financial Industry Activities and Affiliations, and Client Referrals and Other Compensation for a discussion of how we make brokerage decisions that affect client accounts and the related compensation we earn.

Statements

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian(s) that holds and maintains your investment portfolio assets. We urge you to carefully review such statements and compare such official custodial records to the account

statements that we or your money manager may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting formats.

Financial Information

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Privacy Policy Summary

At HPO, we do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

Business Continuity Plan

HPO has developed a Business Continuity Plan to address how the firm will respond to events that may disrupt its business. Since timing and impact of disasters is unpredictable, the Firm will have to be flexible in responding to the events as they occur.

If after a significant business disruption you cannot contact us as you usually do at 1-800-888-4894 or bragan@hpo.com, you should call our alternative number 281-340-2030 or go to our web site at www.hpo.com. If you cannot access us through either of those means, you should contact our clearing firm, First Clearing Correspondent Services., at 800-727-0304 or <http://www.firstclearingllc.com/index.htm> for instructions on how it may provide custody services, order execution, order comparison, order allocation, access to customer funds and securities, and clearance and settlement services.

This Plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data back-up and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting and the assurance of prompt access to funds and securities for our customers.

Varying Disruptions – Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to an emergency-ready local

site, moving a select group of trained employees and expecting to recover and resume business within four hours. In a disruption affecting our business district, city, or region, we will move appropriate staff to a site outside of the affected area to be able to communicate with First Clearing Correspondent Services on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm if necessary.

Performance Presentation Standards

We sometimes advertise or report the investment performance of our managed accounts. We are compliant on a firm-wide basis with the Global Investment Performance Standards (GIPS®).