

WEALTH MANAGEMENT ADVISORY PROGRAM DISCLOSURE BROCHURE

This brochure provides clients with information about J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard Lyons”) and certain of its wealth management advisory programs:

- Custom Portfolio Management
- Integrated Portfolio Solutions
- Portfolio Advisor
- Private Account Management
- Separate Portfolio Strategies
- Strategic Fund Solutions

This wrap fee program brochure also provides clients with information about the qualifications and business practices of Hilliard Lyons. If you have any questions about the contents of this brochure, please contact us at 502-588-8400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Hilliard Lyons is also available on the SEC’s website at www.adviserinfo.sec.gov.



J.J.B. Hilliard, W.L. Lyons, LLC
500 W. Jefferson Street, Suite 700
Wealth Services
Louisville, Kentucky 40202
(502) 588-8400
www.hilliard.com

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Material Changes

The Securities and Exchange Commission adopted new rules requiring investment advisers to provide new and prospective clients with a brochure written in “Plain English” giving information about the adviser and its programs. In each brochure, advisers need to explain any material changes since the last annual update to their brochure. Since this is our first brochure in the new format, there are no changes to disclose. Going forward, we will use this section to give you information on any material changes that have occurred since our last annual update.



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SERVICES, FEES AND COMPENSATION

This brochure describes the investment advisory services of J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard Lyons”) offered through its Consulting Services Group. Separate brochures describe other investment advisory services offered by Hilliard Lyons, including financial planning. Comprehensive financial planning is not part of the Programs (as defined below). If you would like to request a brochure for another Hilliard Lyons investment advisory service, please contact your financial consultant or (502) 588-8181, (800) 444-1854 ext. 8181. Copies are also available at www.sec.gov.

The following advisory programs (the “Programs”) are “wrap fee programs” which means that Hilliard Lyons provides investment advice, trading and custody for client securities for a single asset based fee as described below. A description of each of the Program’s services, fees and compensation follows.

Services

Custom Portfolio Management Program

Through Custom Portfolio Management, our affiliate Hilliard Lyons Trust Company, LLC (“HLTC”) and its portfolio managers provide continuous supervision of the assets in your account based upon an understanding of your financial position and objectives. At the outset of the account relationship, your financial consultant discusses with you your income and financial resources and your goals for your assets and helps you determine if this Program would be appropriate for you. You complete an investor profile questionnaire that the HLTC portfolio manager will use for guidance in managing your account. The HLTC portfolio manager may invest in equity securities, fixed income securities, certain options strategies, mutual funds, exchange-traded funds and/or unit investment trusts depending upon your investment needs and will have discretion to make investment decisions on your behalf. Your financial consultant will be your primary point of contact. You can place restrictions on the types and classes of individual securities which may be purchased for your account.

The account assets are invested at the discretion of the HLTC portfolio manager. The amount of time needed to invest the account will vary depending on each client’s circumstances.

Information regarding fees for this Program can be found under Fee Schedules in this brochure.

Integrated Portfolio Solutions

Integrated Portfolio Solutions is a discretionary model based advisory program that provides a structured investment management process through a personalized asset allocation strategy by investing in one or more separately managed accounts, mutual funds, closed-end funds and/or exchange-traded funds. An Overlay Portfolio Manager, PlaceMark Investments (“Placemark”), oversees the investment management of your account. For additional information about Placemark Investments, please see its disclosure brochure. Your financial consultant assists you in selecting mutual funds, exchange-traded funds, closed-end funds and/or separately managed accounts. Alternatively you may select a fixed portfolio selected by Hilliard Lyons Investment Committee. Your financial consultant is your primary point of contact. You can place restrictions on the types and classes of individual securities which may be purchased for your accounts, subject to Placemark’s approval.



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The separate account managers provide PlaceMark with investment advice in the form of model portfolios. Placemark then allocates those model portfolios in accordance with your investment strategy that may also include investments in mutual funds, closed-end funds and/or exchange-traded funds.

The investment strategy for your account will be based upon your risk tolerance, funding abilities, time horizon and investment goals. We advise you on your initial investment strategy and provide ongoing counseling by reviewing the strategy with you at least annually and more frequently as your needs require.

Integrated Portfolio Solutions may offer non-traditional asset classes as part of the overall asset allocation. When we talk about non-traditional asset classes in Integrated Portfolio Solutions, we mean Real Estate Investment Trusts (REITS), Commodities, Master Limited Partnerships (MLPs) and Treasury Inflation Protected Securities (TIPS). Incorporating non-traditional asset classes potentially increases the diversification and may lower the volatility of the overall portfolio. These benefits result from historically low correlations between non-traditional investment strategies and traditional investment strategies; non-traditional investments have exhibited reduced sensitivity to the broader market trends. Past performance, however, is no guarantee of future results. Non-traditional investment vehicles may be more volatile than traditional investments.

If you select multiple separately managed accounts, mutual funds, closed-end funds and/or ETFs, your account will rebalance in accordance with the selected strategy. The rebalancing of the account (buying and selling of individual securities, mutual fund shares and exchange-traded fund shares) may result in tax implications and/or other fees. For Clients who have selected Tax Management Services, Placemark will evaluate the trade off between rebalancing the Client's account and the tax consequences of any Client constraints or tax mandates. Placemark needs complete cost basis information to implement tax overlay management services. There will be a delay in the investment of account, if we do not receive complete cost basis information.

It generally takes three to nine business days for a Client's account to become fully invested. During this time changes in the market may occur which could affect your investment. Exchange-traded funds trade in whole share orders. The allocation to an exchange-traded fund will be based upon the previous day's close while the actual price received is at the time of the execution of the order. This discrepancy may result in differences to the actual allocation from the Client's target allocation as it pertains to exchange-traded funds within the Client's portfolio.

Hilliard Lyons can change the asset allocation models and add or remove mutual funds, exchange-traded funds, closed-end funds and/or money managers consistent with your account agreement. Hilliard Lyons may terminate money managers and/or funds (and select replacements) for reasons including, but not limited to, deteriorating performance or manager turnover.

Certain managers may invest in MLPs or other investments that generate a K-1. You should discuss with your tax adviser the tax implications of such investments. Hilliard Lyons does not provide tax advice.

Clients electing Integrated Portfolio Solutions will also receive Placemark's brochure.

Information regarding fees for this Program can be found under Fee Schedules in this brochure.



Portfolio Advisor Program

Portfolio Advisor is designed for clients that seek the advice and service of a Hilliard Lyons financial consultant, but who wish to be consulted before any purchase or sale of securities. Under the Portfolio Advisor Program, your financial consultant provides continuous supervision of the assets in your account based upon an understanding of your financial position and objectives. At the outset of the account relationship, we will discuss with you your income, financial resources and goals for your assets. You will complete an investor profile questionnaire that we will use for guidance while helping you to invest your account. However, we do NOT have discretion to make investment decisions on your behalf. You are responsible for investment decisions. We will contact you with our recommendations, but any trading will require your prior approval. Financial consultants may recommend equity securities, fixed income securities, certain options strategies, mutual funds, exchange-traded funds and unit investment trusts.

In very limited circumstances, to accommodate a client request, Portfolio Advisor may be offered to accounts not custodied at Hilliard Lyons. Those clients will not receive performance reporting.

Clients may, in certain circumstances, hold unsupervised positions in their accounts. Any securities held in the unsupervised portion of the account will not be under the investment management of the account and are not included in the calculation of the asset based fee. The unsupervised portion of the account is permitted as an accommodation to clients that desire to have all security positions reflected on a single statement. Execution charges on these assets shall be determined using the standard Hilliard Lyons transaction fee schedule and shall be paid separately by the Client.

If you choose to open a Margin Account (an account on credit) with Hilliard Lyons, in addition to the agreement you sign with us for advisory services, you will enter into a Margin Account Agreement with Hilliard Lyons. In addition to the asset based fee that you pay, your account will be charged interest on any credit extended to or maintained for you by Hilliard Lyons. We may change the rate of interest at any time without notice to you. Any securities in your account and any other accounts that you have with Hilliard Lyons as well as certain of your personal property will serve as collateral for any extension of credit to you by us. We shall have the right to sell, assign, and deliver all or any of the securities in your account(s), without notice to you, when deemed necessary to fulfill your payment obligations to Hilliard Lyons. Short market positions, may be deemed to be excluded assets and therefore, will not affect the market value of the account for fee billing purposes.

Information regarding fees for this Program can be found under Fee Schedules in this brochure.

Private Account Management Program

Through Private Account Management, Hilliard Lyons financial consultants provide continuous supervision of the assets in your account based upon an understanding of your financial position and objectives. At the outset of the account relationship, your financial consultant discusses with you your income and financial resources and your goals for your assets. You complete an investor profile questionnaire that the financial consultant will use for guidance in managing your account. The financial consultant may invest in equity securities, fixed income securities, certain options strategies, mutual funds, exchange-traded funds and/or unit investment trusts depending upon your investment needs. Your financial consultant has discretion to make investment decisions on your behalf.



Each financial consultant at Hilliard Lyons has their own investment style or styles and manages their accounts in accordance with their individual style(s). Some investment styles may be riskier than other styles. Clients should discuss their risk tolerance with their financial consultant and consider the risks before choosing an investment style for their account.

In very limited circumstances, to accommodate a client request, Private Account Management may be offered to accounts not custodied at Hilliard Lyons. Those clients will not receive performance reporting.

Clients may, in certain circumstances, hold unsupervised positions in their accounts. Any securities held in the unsupervised portion of the account will not be under the investment management of the account and are not included in the calculation of the asset based fee. The unsupervised portion of the account is permitted as an accommodation to clients that desire to have all security positions reflected on a single statement. Execution charges on these assets shall be determined using the standard Hilliard Lyons transaction fee schedule and shall be paid separately by the Client.

Information regarding fees for this Program can be found under Fee Schedule in this brochure.

Separate Portfolio Strategies Program

Under Separate Portfolio Strategies, you, with the counsel of your financial consultant, select an outside money manager or managers for your assets. You will enter into one contract with Hilliard Lyons for assistance on selecting the money manager, quantitative reviews on the money manager you choose, allocating assets to one or more accounts, trading, and custody services. Separately, you will enter into a second contract directly with the money manager for the provision of investment management services. The money manager will have discretion over your account and they will make investment decisions on your behalf.

Hilliard Lyons will notify you in writing if we believe you should terminate your relationship with a selected money manager. If that should happen it would be your responsibility upon receiving such notice to terminate that contract with the manager. Upon such notice, assuming you had only selected one outside money manager, Hilliard Lyons would terminate its advisory contract with you and all further trading in the account will be done on a commission basis.

Each Separate Portfolio Strategies manager will have a different investment timeframe. You will consult with the manager directly to determine the expected investment timeframe.

Information regarding fees for this Program can be found under Fee Schedule in this brochure.

Strategic Fund Solutions Program

Strategic Fund Solutions is a discretionary mutual fund and exchange traded fund (ETF) advisory program that provides a structured investment management process through an asset allocation strategy of mutual funds, closed-end funds, and/or exchange-traded funds, as well as other pooled investment vehicles. As further described below, clients may select from Flexible Model Solutions and Fixed Model Solutions. Each of the programs offers twelve asset allocation models. In each case, the asset allocation strategy assigned to the Client will be based upon the Client's risk tolerance, funding abilities, time horizon and investment goals. Client's account will rebalance periodically in accordance with the asset allocation strategy



assigned to the client. Clients must select a rebalancing time frame frequency or a deviation threshold rebalance as described further in the account agreement.

- *Flexible Model Solutions* –Flexible Model Solutions allows for financial consultant customization in building model portfolios for the Client. Investment selection of mutual funds is decided based upon the research of a third-party due diligence provider; research regarding ETFs is provided by Hilliard Lyons.
- *Fixed Model Solutions* –A Hilliard Lyons Investment Advisory Committee determines the model portfolios based on the research of a third-party due diligence provider regarding mutual funds and Hilliard Lyons in the case of ETFs.

In all cases, Hilliard Lyons advises Clients in establishing an initial investment strategy and provides ongoing counseling to Clients by reviewing the strategy with Clients at least annually and more frequently as Clients' needs require.

Fixed Model Solutions Portfolios will and Flexible Model Solutions may offer non-traditional asset classes as part of the overall asset allocation. When we talk about non-traditional asset classes in Strategic Fund Solutions, we mean REITS, Commodities, Master Limited Partnerships (MLPs) and Treasury Inflation Protected Securities (TIPS). Incorporating non-traditional asset classes may help Clients potentially increase the diversification and lower the volatility of their overall portfolios. These benefits result from historically low correlation of non-traditional investment strategies to traditional investment strategies; non-traditional investments have exhibited reduced sensitivity to the broader market trends. Past performance, however, is no guarantee of future results. Non-traditional investment vehicles may be more volatile than traditional investments.

The asset allocation will rebalance in accordance with the selected strategy. The account will not rebalance if the resulting trades would be de minimis and/or the deviation from the asset allocation does not meet a 3% +/- threshold. The rebalancing strategy of the account (buying and selling of mutual fund shares and exchange-traded fund shares) may result in tax implications and/or other fees.

Hilliard Lyons may change the asset allocation models and add or remove mutual funds and exchange-traded funds based upon research without the Client's approval.

It may take three to five business days for client's new account paperwork to be processed and for the account to become fully invested. During this time, changes in the market may occur which could affect client's investment.

Exchange-traded funds and closed end funds trade in whole share orders. The allocation to an exchange-traded fund and/or a closed end fund will be allocated according to the previous day's close while the actual price received is at the time of the execution of the order. This discrepancy may result in differences to the actual allocation from the Client's target allocation as it pertains to exchange-traded funds and/or closed end funds within the Client's portfolio.

Information regarding fees for this Program can be found below.



Fee Schedules

Annual investment management fees for all Programs are based upon the market value of the account, including cash, as of the close of business on the last trading day of the preceding quarter. Fees are charged on a quarterly basis in advance. Accounts opening mid-quarter are initially charged a pro-rata fee. Account size minimums may be waived in certain circumstances. There will be no adjustments or refunds for additions or partial withdrawals during any quarterly period.

Fees may vary from the applicable schedule below as negotiated by the client based on personal circumstances. Therefore, the fee agreed upon by Hilliard Lyons and the client in the contract supersedes the fee schedule set forth below. Factors taken into consideration in negotiating fees may include size of relationship, including other assets.

The fees include Hilliard Lyons' advice and services, portfolio management fees (if applicable), money manager's fees (if applicable), custody and commissions for trades through Hilliard Lyons (except as described below). Using these programs may cost you more or less than purchasing these services separately.

The fee covers the cost of brokerage commissions and other transaction fees only for those transactions effected through Hilliard Lyons on an agency basis and the cost of (i) brokerage commissions on transactions effected through brokers other than Hilliard Lyons, (ii) dealer mark-ups, mark-downs, and "spreads" (whether charged by Hilliard Lyons or another broker-dealer) and (iii) any other transaction or account fee (other than brokerage commissions charged for effecting agency transactions through Hilliard Lyons) are borne by the account.

If your cash balances are invested in a bank deposit sweep vehicle, Hilliard Lyons would receive fees in connection with your participation in that program.

In the case of Portfolio Advisor, Private Account Management and Custom Portfolio Management, your account may hold shares in UITs. You will not pay a sales charge on these securities, but Hilliard Lyons may receive a selling commission from the sponsor based on the number of UITs sold.

For all Programs, the advisory agreement may be terminated at any time by written notice of either party to the other. In the event of termination of the agreement, the Client receives a pro rata refund of the unearned fee. If the account were to terminate and transfer from Hilliard Lyons, standard brokerage account termination and transfer fees would apply.

Certain fees apply with respect to transfer on death accounts, wire fees, overnight fees and other miscellaneous fees. These are described on the Schedule of Services & Fees given to all firm clients on account opening and annually thereafter.



The standard fee schedules for the different Programs are as follows:

Custom Portfolio Management Program

Equity/Balanced Fee Schedule

Asset Size	\$250,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$3,999,999	\$4,000,000-\$5,999,999	Over \$6,000,000
Fee	2.30%	2.05%	1.25%	1.00%	Negotiable

Minimum Account Size: \$250,000

Minimum Fee: \$3,000 per year, \$750 per quarter

Fixed Income (Only) Schedule

Asset Size	\$250,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$3,999,999	\$4,000,000-\$5,999,999	Over \$6,000,000
Fee	1.25%	0.75%	0.60%	0.55%	0.50%

Minimum Account Size: \$250,000

Minimum Fee: \$3,000 per year, \$750 per quarter

Hilliard Lyons Trust Company, LLC receives up to 45 basis points of the above fee for its management of the account.

Integrated Portfolio Solutions Program

Asset Size	\$50,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$1,999,999	\$2,000,000-\$3,999,999	Over \$4,000,000
Fee	2.30%	2.05%	1.80%	1.55%	1.30%

Single Manager Minimum Account Size: Greater of manager minimum or \$50,000

Single Manager Minimum Fee: \$1000 per year; \$250.00 per quarter

Multiple Manager Minimum Account Size: \$250,000

Multiple Manager Minimum Fee: \$3,000 per year; \$750 per quarter

The annual fee covers custody, trading, commissions, money manager fees (approximately 30 basis points), and Placemark's fee (generally 20 basis points). Accordingly, the standard fee schedule listed above will be reduced for the portion of an allocation that is allotted to mutual funds, closed-end funds and/or exchange-traded funds. The above fee schedule also assumes a tax management overlay for the money manager portion of the account. The standard fee schedule may be reduced if that feature is not chosen.

Portfolio Advisor Program/Private Account Management

Asset Size	First \$250,000	Next \$250,000	Next \$500,000	Next \$1,000,000	Over \$2,000,000
Fee	2.50%	2.25%	2.00%	1.60%	1.25%

Minimum Account Size: \$50,000

Minimum Fee: \$1,250 per year, \$312.50 per quarter



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If your account is comprised of more than 50% in either fixed income or mutual funds, or a combination of the two, Hilliard Lyons will lower your fee to 1.50% (provided it is more than 1.50%). If Hilliard Lyons lowers your fee as provided above, Hilliard Lyons will not raise it without your written consent.

Because of the \$1,250 minimum fee, clients with an account less than \$83,333 may pay more than 1.50% even if their account is comprised of more than 50% in either fixed income or mutual funds.

Separate Portfolio Strategies Program

Asset Size	First \$250,000	Next \$250,000	Next \$500,000	Next \$1,000,000	Next \$2,000,000	Over \$4,000,000
Fee-Equity/Balanced	2.25%	2.00%	1.75%	1.35%	1.00%	Negotiable
Fee-Fixed Income	1.25%	1.10%	.90%	.75%	.50%	Negotiable

Minimum Account Size: \$100,000

Minimum Fee: \$1,250 per year, \$312.50 per quarter

An outside money manager's fee is not part of the total fee and is paid separately by the client.

In order to facilitate the payment of the management fee to a money manager retained by the client, the client must instruct Hilliard Lyons in writing to accept fee invoices from the money manager and debit the client's account.

Strategic Fund Solutions Program

Asset Size	First \$250,000	Next \$250,000	Next \$500,000	Next \$1,000,000	Next \$2,000,000	Over \$4,000,000
Fee	1.50%	1.35%	1.15%	1.00%	.80%	Negotiable

Minimum Account Size (Flexible Model Solutions): \$50,000

Minimum Account Size (Fixed Model Solutions): \$25,000

Minimum Fee (Flexible Model Solutions): \$1,000 per year, \$250 per quarter

Minimum Fee (Fixed Model Solutions): \$500 per year, \$125 per quarter

Please note that because of the annual minimum fee, clients who invest less than \$66,667 in the case of Flexible Model Solutions or \$33,333 in the case of Fixed Model Solutions will pay higher than 1.50%.

Mutual Fund Fees and Expenses

In addition to the investment advisory fee paid in connection with the Programs, each mutual fund and exchange-traded fund in which program assets are invested pays its own operating expenses, management fees, and distribution fees. In addition, mutual funds in which program assets are invested may pay marketing (12b-1) fees. The expense ratio of a mutual fund and exchange-traded fund affects the total return of your investment. Higher mutual fund and exchange-traded fund fees and expenses reduce your returns. Fees vary depending on the mutual fund and exchange-traded fund. Clients will bear a



proportionate share of fees and expenses of any investment company in which assets of the clients are invested, including advisory and management fees paid to the advisor or sponsor.

Mutual funds may impose redemption fees to discourage short term trading. These redemption charges are retained by the fund company from the redemption proceeds and are reflected on the trade confirmations. These charges are in addition to the asset-based fee you pay to Hilliard Lyons.

In some instances, Hilliard Lyons may also receive 12b-1 sub-administration fees and/or omnibus and networking fees from the sponsors of mutual funds whose shares of which are held in advisory accounts. Hilliard Lyons credits the amount of any 12b-1 fee to clients in Retirement accounts (the fee varies per mutual fund).

Hilliard Lyons may also receive revenue sharing payments from sponsors of mutual funds. Revenue sharing payments may be in a lump sum or based upon gross sales, assets under management, or other factors. Hilliard Lyons may use these payments to provide training, educational presentations, and sales support activities to its financial consultants. Certain revenue sharing payments may be applied towards trips designed to recognize the top financial consultants at Hilliard Lyons. Hilliard Lyons does not accept revenue sharing payments with respect to advisory Retirement accounts.

Compensation

Your financial consultant receives as compensation a portion of the management fees charged to clients for the Programs. They therefore have a financial incentive to recommend the Programs to clients. At the same time, the management fee is based upon the value of the client's account, not upon the number of transactions, so the financial consultant also has an incentive to maximize the performance of each client's account.

ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Hilliard Lyons offers the Programs to many types of clients, including individuals, charitable organizations, corporations, ERISA accounts, and IRA accounts. Requirements to open or maintain an account, such as minimum account size and minimum fees, are described above under "SERVICES, FEES AND COMPENSATION- Fee Schedules."

PORTFOLIO MANAGER SELECTION AND EVALUATION

Portfolio Manager Selection and Evaluation

Clients can access strategies of unaffiliated money managers through Integrated Portfolio Solutions and Separate Portfolio Strategies.

In Integrated Portfolio Solutions, Hilliard Lyons uses a non-affiliated third party to select and monitor the outside money managers for Client accounts. This third party due diligence provider performs quantitative screens, qualitative analysis, performs face to face interviews, conducts conference calls and utilizes an investment committee to make decisions. Hilliard Lyons utilizes liquid, broad based index exchange-traded funds. Neither Hilliard Lyons nor its due diligence service independently verifies the money managers' performance information. Performance information may not be calculated on a uniform or consistent basis.



In Separate Portfolio Strategies, Hilliard Lyons evaluates potential money managers as requested by the client and conducts an annual review of all money managers in Separate Portfolio Strategies. Such reviews are strictly quantitative in nature and do not incorporate on-site manager visits, conferences or in depth qualitative reviews. Hilliard Lyons does not verify the money managers' performance information. Performance information may not be calculated on a uniform or consistent basis.

Related Persons

Our affiliate, Hilliard Lyons Trust Company, LLC, is available through Custom Portfolio Management. Hilliard Lyons does not perform due diligence of Hilliard Lyons Trust Company and Hilliard Lyons Trust Company may or may not meet the same criteria for a manager inclusion in Integrated Portfolio Solutions. Hilliard Lyons attempts to mitigate its potential conflict and address the difficulty of evaluating an affiliate by keeping Custom Portfolio Management separate from Integrated Portfolio Solutions.

Advisory Services Provided by Hilliard Lyons

Advisory Business

Advisory programs are tailored to clients' specific needs and allow for client investment restrictions as further described in each Program's description outlined in SERVICES, FEES AND COMPENSATION.

Hilliard Lyons advisory services are generally offered on a wrap fee basis. Hilliard Lyons receives all or a portion of the wrap fee depending on the Program selected. Accordingly, Hilliard Lyons may have an incentive to recommend Programs that charge a higher fee or which result in Hilliard Lyons maintaining a greater portion of the fee charged.

Performance-Based Fees and Side-by-Side Management

Hilliard Lyons does not advise any client accounts that pay a performance-based fee.

Methods of Analysis, Investment Strategies and Risks of Loss

Hilliard Lyons provides a variety of investment styles depending on the financial consultant and the client. All investing involves the risk of loss. Diversification may mitigate the risk of loss, but it cannot prevent loss in an overall down market. Clients are encouraged to discuss risk tolerance and liquidity needs with their financial consultants to devise a portfolio that best meets their needs.

Different investments and investment strategies have different tax consequences. For example, ETFs that invest in alternative investments like currency or commodities are taxed differently than stocks or mutual funds. Clients are encouraged to work carefully with their tax advisers (Hilliard Lyons does not offer tax advice) to ensure that the investment strategy selected works with their tax planning needs.

See each Program's description outlined in SERVICES, FEES AND COMPENSATION for more information on the specific strategies and security types utilized.



Voting Client Securities

Unless otherwise directed by the client: (i) Placemark votes the proxies in the case of Integrated Portfolio Solutions and (ii) Hilliard Lyons Trust Company votes proxies for Custom Portfolio Management. Note that clients can always elect to vote their own proxies for their accounts, but such election must be for the whole account, not individual securities within the account.

For all programs not listed above, proxy voting is the responsibility of the client. Clients may contact Hilliard Lyons for assistance if they did not receive a proxy. Generally Hilliard Lyons does not give advice on how proxies are to be voted.

If applicable, in the case of mutual funds, the investment company management has adopted proxy voting policies and guidelines and will vote the proxies on the underlying securities on behalf of the Client.

CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

In the case of Custom Portfolio Management, Hilliard Lyons provides HLTC with a copy of the client's Investor Profile (which includes any reasonable restrictions) at account opening along with any future updates. In the case of Integrated Portfolio Solutions, Hilliard Lyons provides Placemark with a copy of the client's Investor Profile (which includes any reasonable restrictions) at account opening along with any future updates. In Separate Portfolio Strategies, Hilliard Lyons provides the manager with any restrictions indicated by the client as part of the initial contract and would provide future updates. For Private Account Management and Portfolio Advisor, the financial consultant is both the direct client contact and acts as portfolio manager. Clients are reminded quarterly to inform Hilliard Lyons about any changes to their financial condition or investment objectives.

CLIENT CONTACT WITH PORTFOLIO MANAGERS

The financial consultant is the client's primary point of contact for all Programs.

ADDITIONAL INFORMATION

Disciplinary Information

Rule 206(4)-4 of the Investment Advisers Act, requires advisers, among other disclosure obligations, to notify their clients of certain disciplinary information, including fines by self-regulatory organizations. As a broker dealer, over the last ten years, Hilliard Lyons has been subject to the following fines, as described in more detail in Part I of its Form ADV, available on www.sec.gov: (i) on March 7, 2003, Hilliard Lyons entered into an Acceptance, Waiver and Consent ("AWC") with the National Association of Securities Dealers ("NASD") for failing to display immediately customer limit orders in Nasdaq securities in its public quotation resulting in a \$5,000 fine; (ii) on March 26, 2004, Hilliard Lyons entered into an AWC with the NASD related to a violation of NASD rules applicable to order audit trail systems ("OATS") for the period between January 1, 2002 and March 31, 2002, resulting in a \$10,000 fine; (iii) on November 30, 2004, Hilliard Lyons entered into an AWC with the NASD related to the failure to timely file certain amendments to Forms U-4 and U-5 (broker registration documentation), resulting in a \$125,000 fine and was required to conduct internal audits to monitor disclosure reporting; (iv) on June 11, 2007, Hilliard Lyons entered into a Stipulation of Facts and Consent to Penalty with the NYSE in connection with three private placement



transactions conducted by the Hilliard Lyons in 2000 and 2001 resulting in sanctions of a censure, a fine of \$1,000,000, an undertaking to make restitution to customers in an amount not to exceed \$3,575,108, and an undertaking to notify the NYSE and certify that supervisory systems, controls and policies/procedures are in place before acting as lead underwriter or placement agent in certain transactions exempt from registration under the federal securities laws; (v) on February 17, 2009, Hilliard Lyons entered into an AWC with the Financial Industry Regulatory Authority (“FINRA”) in connection with the purchase and sale of corporate bonds to customers and failure to sell or buy such bonds at a fair price taking into consideration all relevant circumstances resulting in a censure, a fine of \$25,000, and an undertaking to make restitution to customers of \$5,987, plus interest; (vi) on March 24, 2009, Hilliard Lyons entered into an AWC with FINRA relating to the breakpoint self-assessment follow-up review conducted by Hilliard Lyons. FINRA found that the firm failed to accurately complete the self-assessment of breakpoint compliance required by FINRA of certain member firms that sold front-end load mutual funds. FINRA found that firm's self-assessment underreported the number of transactions with missed breakpoints. Had the firm accurately completed its self-assessment, FINRA would have directed the firm to undertake additional remedial steps. Without admitting or denying the findings, Hilliard Lyons consented to the described sanctions and to the entry of findings; therefore, Hilliard Lyons was censured and fined \$500,000; (vii) on November 16, 2009, Hilliard Lyons entered into an AWC with FINRA. FINRA found that Hilliard Lyons had inadequate procedures related to its receipt of funds from customers of its affiliated introducing broker. FINRA found that \$133,616.65 of customer deposits were never properly identified and credited to the appropriate customer account. The unidentified check deposits affected the firm's books and records, financial records, and month-end customer statements. In addition, FINRA also made findings with respect to inadequate procedures and failure to perform inter-company reconciliations, failure to record applicable net capital charges, failure to conduct supervisory reviews of certain reconciliations and accounts, inadequate supervision of its research analysts and the adequacy of research disclosures. Without admitting or denying the findings, Hilliard Lyons consented to the described sanctions and was censured, fined \$200,000 and required to place \$133,817 into a segregated interest bearing account for five years to reimburse any customers who can reasonably demonstrate that they made deposits which the firm did not credit to their account; (viii) on August 27, 2010, Hilliard Lyons entered into a AWC with FINRA related to a violation of FINRA rules applicable to OATS for the period between August 1, 2006 and June 30, 2007, resulting in a censure and a \$7,500 fine; (ix) on January 14, 2011, Hilliard Lyons entered into a Settlement Stipulation with the State of Florida Department of Financial Services pursuant to which Hilliard Lyons was placed on two year probation with respect to its insurance agency license and a \$15,000 fine based on prior administrative actions reported; (x) effective March 2, 2011, Hilliard Lyons entered into a Stipulation with the State of New York Insurance Department relating to the provision of incorrect information in connection with a renewal of its application for an insurance license and was fined \$24,500 and (xi) as of May 17, 2011, the State of Indiana fined Hilliard Lyons \$79,500 for failing to train fully its employees regarding auction rate securities. In addition, Hilliard Lyons agreed to reimburse the state \$7,500 for investigation costs and to use best efforts to make no net costs loan to eligible investors and repurchase applicable auction rate securities by March 31, 2014, if not already redeemed, with such securities valued at \$175,000 as of May 17, 2011 and (xii) on July 28, 2011, Hilliard Lyons entered into an Admission, Waiver, and Consent with FINRA related to a violation of Regulation SHO 203 & 204 related to short sales, resulting in a censure and a \$30,000 fine.

Other Financial Industry Activities and Affiliations

Hilliard Lyons is a limited liability company which has been engaged, through its predecessors, in the general securities brokerage business since 1854. Hilliard Lyons was founded in Louisville, Kentucky and its corporate office remains in Louisville. It is registered with the Securities and Exchange Commission both as an investment adviser and broker dealer. It buys and sells, both as agent and as principal, many



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types of securities including corporate stocks and bonds, options, municipal bonds, and U.S. Government and agency obligations. Through its corporate finance department, Hilliard Lyons assists companies in raising capital through public offerings of debt and equity issues and provides advice on mergers and acquisitions.

In 1998, Hilliard Lyons was acquired by PNC Financial Services Group, Inc.. In 2008, ownership of Hilliard Lyons changed hands and Hilliard Lyons, along with its affiliate, Hilliard Lyons Trust Company, LLC (“HLTC”) were acquired by HL Financial Services, LLC (“HL Financial Services”). HL Financial Services is owned by Houchens Industries, Inc. (“Houchens”) of Bowling Green, Kentucky, employees of Hilliard Lyons, employees of HLTC, and a limited number of outside investors. Houchens is a diversified, employee-owned company that has been in business since 1917. HLTC is a Kentucky State chartered trust company, providing asset management, trust administration, and estate planning services for clients and institutions.

Hilliard Lyons is the administrator for the DNP Select Income Fund, DTF Tax-Free Income Inc., and Duff & Phelps Utility and Corporate Bond Trust Inc.

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

Hilliard Lyons is committed to serving the best interests of its clients. To this end, we have adopted a Code of Ethics under Rule 204A-1 of the Advisers Act. The Code of Ethics consists of certain general principles including that (i) advisory personnel must place client interests before their own, (ii) the personal securities transactions of Hilliard Lyons personnel must avoid even the appearance of a conflict with client interests and (iii) Hilliard Lyons personnel must avoid actions or activities that allow, or appear to allow, them to profit or benefit from their position with respect to clients, or that would otherwise bring into question their independence or judgment. In addition, the Code of Ethics requires employees to report their personal securities transactions and holdings. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

Financial consultants may trade for their own accounts, including the same securities that are being traded in client accounts. Hilliard Lyons monitors activity in its employees’ personal accounts to detect potential abuses.

To the extent cash used for investment in the Programs is generated from the redemption of mutual fund assets or sale of other securities held outside the Program, Client should consider the costs, if any, of sales charges previously paid and redemption fees that may be incurred. Any such redemption or sales fees would be in addition to the asset-based fee payable on those assets and redemptions and exchanges between mutual funds may have tax consequences which Client should discuss with Client’s independent tax advisor.

Assets in the Programs may be invested in mutual funds, including money market funds, which pay fees to Hilliard Lyons. (See above section for more information on *Mutual Fund Fees and Expenses*.) Hilliard Lyons has an incentive to recommend funds which pay such fees.

Hilliard Lyons has participated and may participate as a manager, co-manager or selling group member for closed end fund families. Funds from those families may be selected for advisory accounts.

Hilliard Lyons may receive payments on option orders by the market centers to which the orders are routed.



Portfolio Advisor clients may elect, in writing, to authorize Hilliard Lyons to engage in principal trades with respect to their non-retirement Portfolio Advisor accounts. This may create a conflict of interest in that you may be advised to purchase (or sell) a security directly from or to Hilliard Lyons. Hilliard Lyons may have an incentive to encourage clients to buy securities Hilliard Lyons does not wish to continue to own from its inventory or to sell Hilliard Lyons securities Hilliard Lyons wishes to acquire. Hilliard Lyons may also receive other incentives to execute transactions directly from its inventory. It is, however, our policy to conduct these transactions in line with our fiduciary responsibilities to our clients, including our obligation to seek best execution for client transactions. *Please note that the SEC rule allowing for principal trades in Portfolio Advisor is set to expire on December 31, 2012.*

If you elect to authorize Hilliard Lyons to engage in principal trades:

- (1) Your financial consultant will orally confirm with you, at the time of each transaction, that the trade may be done on a principal basis;
- (2) Confirmations for each principal transaction will state “As authorized by you, we acted as principal in connection with this transaction;”
- (3) You will receive an annual report detailing each principal trade in your account over the previous year; and
- (4) You maintain the right to revoke this authorization at any time, without penalty, by sending written instructions to Hilliard Lyons at the address specified above.

Your consent to engage in principal transactions is not a requirement for your receipt of services in connection with your Portfolio Advisor account.

A principal trade in a Private Account Management or Custom Portfolio Management account would require specific prior written consent of the client and approval of the Compliance Department.

Review of Accounts

Your financial consultant is responsible for periodically reviewing accounts to assess whether the investment strategy and investments made for each account are suitable for each particular client. The financial consultant’s branch office manager also provides supervision of the account activity. The Consulting Services Group also provides oversight of advisory accounts. Clients with questions concerning their accounts should contact their financial consultant, the financial consultant’s branch manager, or the Manager of the Consulting Services Group.

Clients receive written account statements monthly if there is activity, quarterly in the absence of activity. In addition, written performance reports are provided quarterly.

Client Referrals and Other Compensation

From time to time, Hilliard Lyons enters into referral fee arrangements with banks, and/or other entities or persons, pursuant to which the referring partner receives a fee for referring business to Hilliard Lyons. Hilliard Lyons does not add a fee differential to compensate for any referral fee payments. Referral



partners should provide clients with a Disclosure Document pursuant to Rule 206(4)-3(b) of the Investment Advisers Act. If you have any questions regarding whether a referral payment is being made, please consult your Hilliard Lyons financial consultant.

Hilliard Lyons may receive fees from The Bancorp Bank for referring clients to The Bancorp Bank.

Financial Information

Financial information regarding Hilliard Lyons can be found on www.hilliard.com.

Hilliard Lyons does not require or solicit prepayment of advisory fees six months or more in advance. Hilliard Lyons does not have any financial condition that it believes could impair its ability to meet its contractual commitments to its clients.

