

PLAN SPONSOR DISCLOSURE BROCHURE

This brochure provides clients with information about the qualifications and business practices of J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard Lyons”) and the Plan Sponsor Program it provides to clients. 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.



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Material Changes

Since J.J.B. Hilliard, W.L. Lyons, LLC prepared its annual amendment, dated December 1, 2011, for the fiscal year ended September 30, 2011, one material change has occurred. Hilliard Lyons signed an Admission, Waiver and Consent on November 2, 2012, without admitting or denying that it violated Municipal Securities Rulemaking Board Rules applicable to the firm's pricing of municipal securities transactions during the period of October 1, 2008 through December 31, 2008. The firm was censured, fined \$35,000 and ordered to provide restitution to clients in the amount of \$23,874.



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ADVISORY BUSINESS

This brochure describes the Plan Sponsor Program offered by J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard Lyons”).

Description of Hilliard Lyons

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 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. (“PNC”). 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.

In addition to the Plan Sponsor Program, Hilliard Lyons offers multiple advisory services including financial planning and the following wrap fee programs: Custom Portfolio Management (account managed by HLTC), Integrated Portfolio Solutions (unified managed account and separate account management), Portfolio Advisor (non-discretionary portfolio management), Private Account Management (discretionary portfolio management), Separate Portfolio Strategies (outside manager), and Strategic Fund Solutions (mutual fund asset allocation). A “wrap fee program” means that Hilliard Lyons provides investment advice, trading and custody for client securities for a single asset based fee. Hilliard Lyons receives all or a portion of the wrap fee depending on the individual service. Hilliard Lyons tailors its advisory services to clients’ individual needs. In general, clients have the ability to place restrictions on the types and classes of securities which may be purchased for their account.

Separate brochures describe these other investment advisory services offered by Hilliard Lyons. 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.

As of September 30, 2012, Hilliard Lyons had \$4,655,957,770 in assets under management, \$2,985,541,332 of which were managed on a discretionary basis and \$1,670,416,438 of which were managed on a non-discretionary basis. Hilliard Lyons is dually registered as a broker dealer and investment adviser. As of September 30, 2012, Hilliard Lyons had in excess of \$30 billion of brokerage assets.



Plan Sponsor Program

J.J.B. Hilliard, W.L. Lyons, LLC ("Hilliard Lyons") offers the Plan Sponsor Advisory Program (the "Program") to Plan Sponsors ("Clients") of participant directed employer sponsored retirement plans, including 401(k), 403(b), 457(b) governmental plans. Throughout this brochure, we sometimes refer to Hilliard Lyons as "we" or "us" and refer to our clients as "you."

The Program is designed for plan sponsors that wish for Hilliard Lyons to provide investment advice for their employer sponsored retirement plan. Under the Program, your financial consultant provides a disciplined, prudent and documented investment evaluation, selection and monitoring process for retirement plans. Our process provides the plan sponsor with the decision making tools and the documentation needed to help satisfy the plan sponsor's fiduciary duty.

Standard Services

We offer the following standard services:

- Investment Policy Statement. We can help you create or revise the Investment Policy Statement ("IPS") for your plan and review fund performance and risk measurements in accordance with the investment policy criteria.
- Recommendations on Fund Selection and Replacement. Based on the IPS and the plan's current investment options, we will provide recommendations on fund selection and replacement. However, we do NOT have discretion to make investment decisions on your behalf. Clients are solely responsible for investment decisions. We will provide you with our recommendations, but any fund additions and/or deletions will require your prior approval.
- Monitoring Reports. We will provide you with periodic reports on the investment performance of the funds in your plan.
- Education to Plan Participants. We can provide support in the development and execution of a customized employee communications program to provide your participants the education they need to make appropriate retirement plan choices. However, under this program, we do NOT provide individualized investment advice to plan participants.
- Vendor Liaison. We can also act as a liaison for you and the Plan, on an as needed basis, when dealing with the Retirement Plan Provider and/or third party administrator. The Employer retains sole discretion, however, as to whether to hire or fire such third party providers.

Clients may select some or all of the services described above.

Supplemental Services

In addition to the standard services described above, for an additional charge, we also offer:

- Assistance with Vendor Selection. We can assist you with obtaining and evaluating bids from retirement plan providers. The Employer retains sole discretion, however, as to whether to hire or fire such third party providers.



- Employee Meetings. In addition to initial enrollment and informational meetings with plan participants, we can provide investment education. We will provide plan participants with information about the Plan, general financial and investment information and information and materials relating to asset allocation models available through the Plan. If applicable, we can assist plan participants with interactive investment materials provided by the retirement plan provider to help plan participants assess their future retirement income needs and the impact of different asset allocations on retirement income. We will not, however, offer employees advice regarding which specific funds to select.
- Financial Workshops. We can offer targeted workshops to participants on an array of general financial topics.

Your financial consultant and Hilliard Lyons Retirement Services review all plans at least annually. Clients with questions concerning their plan should contact their financial consultant or the financial consultant's branch manager.

For a Hilliard Lyons financial consultant to participate in the Program, we require certain criteria to be met, including registration as an investment adviser representative (if required by applicable state law), four years of industry experience, professional training relevant to ERISA fiduciary responsibilities, and Branch Manager approval.

FEES AND COMPENSATION

Annual servicing fees are based upon the total assets of the plan, including cash, as of the close of business on the last trading day of the preceding quarter, based upon the custodial statement. Fees are charged on a quarterly basis in advance. The client can chose to have the fees deducted from the assets in client's account or to be invoiced for the fees. Plans converting mid-quarter are initially charged a pro-rata fee.

For clients selecting the following package of standard services: Create and/or revise Investment Policy Statement, Recommendations on Fund Selection and Replacement, Monitoring Reports, Education to Plan Participants and Vendor Liaison, the standard fee schedule is as follows:

Assets	Fees
First \$3,000,000	0.75%
Next \$2,000,000	0.50%
Next \$2,500,000	0.25%
Next \$2,500,000	0.15%
Next \$5,000,000	0.10%
Next \$5,000,000	0.05%
Over \$20,000,000	Negotiable

Fees may vary from the applicable schedule above as negotiated with the client based on specific plan circumstances. Therefore, the fee agreed upon by Hilliard Lyons and the client in the contract supersedes the fee schedule set forth above. The minimum plan size is generally \$3,000,000. The plan is subject to a minimum annual fee of \$25,000, \$6,250 per quarter. Because of the required minimum fee, plans smaller than \$3,333,333 may pay more than the standard fee schedule. These minimums may be



waived in certain circumstances. There will be no adjustments or refunds for additions or partial withdrawals during any quarterly period.

Supplemental services such as Assistance with Vendor Selection, Employee Meetings and Financial Workshops may result in additional fees as negotiated between Hilliard Lyons and the client. Factors taken into consideration in determining such fees may include the number of plan participants, number of facilities and geographic locations.

In addition to the investment advisory fee paid to Hilliard Lyons, the client may pay other fees associated with the Plan Sponsor Program including recordkeeping fees and third party administrative fees.

Also, each mutual 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 affects the total return of your investment. Higher mutual fund fees and expenses reduce your returns. Fees vary depending on the mutual fund. Clients will bear a proportionate share of fees and expenses of any investment company in which assets of the clients are invested.

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.

Hilliard Lyons may 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.

Hilliard Lyons does not perform trading services for Plan Sponsor accounts and therefore, does not receive commissions in connection with the accounts in the Plan Sponsor Program.

The 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.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Hilliard Lyons does not charge performance fees in the Plan Sponsor Program.

TYPES OF CLIENTS

The Plan Sponsor Program is available to clients that offer employer sponsored retirement plans. The minimum plan size is generally \$3,000,000. Hilliard Lyons offers other advisory services to a broad range of client types.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

No one can predict with any certainty how the market will perform over given time periods. Investing in securities involves risk of loss that clients should be prepared to bear. Diversification may



mitigate the risk of loss, but it cannot prevent loss in an overall down market. Past mutual fund performance does not guarantee future mutual fund performance.

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 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 and (xiii) on November 2, 2012, Hilliard Lyons signed an Admission, Waiver and Consent, without admitting or denying that it violated Municipal Securities Rulemaking Board Rules applicable to the firm's pricing of municipal securities transactions during the period of October 1, 2008 through December 31, 2008. The firm was censured, fined \$35,000 and ordered to provide restitution to clients in the amount of \$23,874.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Hilliard Lyons is dually registered as an investment advisor and broker dealer. Hilliard Lyons holds an insurance license in multiple states.

Hilliard Lyons is owned by HL Financial Services, LLC which also owns Hilliard Lyons Trust Company, a Kentucky state chartered trust company. HL Financial Services, LLC is owned by Houchens Industries, employees of Hilliard Lyons and Hilliard Lyons Trust Company and a limited number of outside investors.

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.

The financial consultants for the Plan Sponsor Advisory Program receive, as compensation, a portion of the management fees charged to clients for the service. They therefore have a financial incentive to recommend this service to clients. At the same time, the management fee is based upon the value of the client's plan, not upon the number of transactions, so the financial consultant also has an incentive to maximize the performance of each client's plan.



BROKERAGE PRACTICES

Hilliard Lyons does not perform trading services for Plan Sponsor accounts.

REVIEW OF ACCOUNTS

Hilliard Lyons Retirement Services and your financial consultant review all plans at least annually. Clients with questions concerning their plan should contact their financial consultant or the financial consultant's branch manager.

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 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. Hilliard Lyons may receive fees from a registered investment advisor whom Hilliard Lyons utilizes as a due diligence provider for referring potential clients to that investment adviser.

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.

CUSTODY

Hilliard Lyons does not have custody of the assets in the Plan Sponsor Program.

INVESTMENT DISCRETION

Hilliard Lyons does not have discretion to make investment decisions on behalf of the client. Clients are responsible for deciding which funds to include in their plan. Hilliard Lyons offers assistance to the client, which may include a review of fund performance, recommendations on fund selection and replacement, and investment education necessary to help the client make appropriate retirement plan choices.

VOTING CLIENT SECURITIES

Hilliard Lyons does not have proxy voting responsibility in the Plan Sponsor Program.

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.

