



JANNEY MONTGOMERY SCOTT LLC

Investment Management Disclosure Brochure

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This disclosure brochure provides information about the qualifications and investment advisory business practices of Janney Montgomery Scott LLC. If you have any questions about the contents of this disclosure brochure, please contact our Wealth Management Department at (215) 665-6000. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Janney Montgomery Scott LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This section identifies and discusses material changes to the Form ADV Part 2A Investment Management Disclosure Brochure ("Brochure") since the version of this Brochure dated March 31, 2011, the date of the last annual update to the Brochure.

Minimum Annual Fee

Janney has revised its fee schedule for certain managed account fee-based programs to include a minimum annual fee. The fee will be applied to accounts opened after January 1, 2012 in the ETF Advantage, Keystone, Russell, Compass, and Financial Institution Employee Discretionary programs.

Alternative Focus Account Program

Beginning July 1, 2012, Janney will offer the Alternative Focus Account Program, a wrap program designed to provide exposure to alternative investment strategies. Under the program, client assets are invested in mutual funds and exchange-traded funds utilizing strategies that are alternatives to traditional long only equity and fixed income strategies. These strategies typically have no or low correlation to the traditional strategies. The program is managed by Parker/Hunter Asset Management.

Parker/Hunter Asset Management

Effective September 1, 2012, the Parker/Hunter Asset Management division has been reorganized into a wholly-owned subsidiary of Janney called Parker/Hunter Asset Management, LLC, which is registered with the SEC as an investment adviser. However, Parker/Hunter will continue to operate as a division of Janney and there is no anticipated change in the level of services currently provided with respect to the programs managed by Parker/Hunter and the manner in which the services are provided.

Additional Information

Clients should note the information provided above only discusses material changes made to the Brochure since March 31, 2011. The Brochure has been updated several times since March 31, 2011 to reflect certain non-material changes that are also reflected in this Brochure dated March 31, 2012.

Item 3: Table of Contents

| | |
|---|-----------|
| Material Changes | 2 |
| Investment Advisory Business..... | 4 |
| Fees and Compensation | 12 |
| Performance-Based Fees and Side-by-Side Management..... | 17 |
| Types of Clients | 17 |
| Methods of Analysis, Investment Strategies, and Risk of Loss | 17 |
| Disciplinary Information | 20 |
| Other Financial Industry Activities and Affiliations | 20 |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 21 |
| Brokerage Practices | 22 |
| Review of Accounts | 25 |
| Client Referrals and Other Compensation | 25 |
| Custody | 26 |
| Investment Discretion | 26 |
| Voting Client Securities | 27 |
| Financial Information | 27 |
| Business Continuity Plan | 28 |
| Privacy Policy | 28 |

Item 4: Investment Advisory Business

Janney Montgomery Scott LLC (“Janney”, the “firm”, “we” or “us”) was established in 1832. Janney is an indirect wholly-owned independent subsidiary of The Penn Mutual Life Insurance Company (“Penn Mutual”). As both a registered broker-dealer and investment adviser, Janney provides brokerage and investment advisory services to a broad range of clients. The investment advisory services offered to clients include advice on asset allocation and investment strategies, the selection of investment managers, portfolio management, investment policy development, portfolio analysis, portfolio rebalancing, portfolio performance monitoring, financial planning, and consulting services. Clients may negotiate other investment advisory services with the firm.

As a full-service broker-dealer, investment bank and investment adviser, Janney is engaged in a broad range of activities including: individual and institutional brokerage transactions, origination of, and participation in, underwritings of corporate and municipal securities; market making and trading activities in corporate securities and municipal and governmental bonds; distribution of mutual funds shares; options transactions; and research services. Janney offers investment advisory services primarily through its Wealth Management Department. The investment advisory services generally fall within one of five broad business lines: (1) fee-based advisory “wrap” programs (programs that typically provide investment advice, brokerage trading and custody and reporting for a single fee); (2) traditional discretionary investment management services through Janney or its Parker Hunter Asset Management (“Parker/Hunter”) division; (3) financial planning services; (4) retirement plan investment advisory services; and (5) consulting services. The Wealth Management Department and Parker/Hunter personnel work closely with the firm’s Private Client Group, including the firm’s Financial Advisors, in providing investment advisory services to clients. We provide investment advisory services on a discretionary, non-discretionary and model portfolio basis.

There can be no assurance that any particular strategy will be successful in achieving the client’s investment goals and objectives. Any investment in the securities markets involves risk, including the realization of investment loss.

A. Fee-based “wrap” programs

Janney currently offers ten (10) fee-based advisory “wrap” programs that are broadly characterized as professional money management, asset allocation and internal money management services (each a “Program” and collectively, the “Programs”). Under each program, clients retain Janney to formulate an investment program within an agreed upon risk tolerance profile taking into account the client’s investment objectives. Each Program generally includes investment management, custody, reporting, performance monitoring and transaction execution services. The Programs offered by Janney, which are summarized below, include:

| Professional Money Management | Asset Allocation | Internal Money Management |
|--------------------------------------|---------------------------|----------------------------------|
| Adviser's | Keystone | Partners Advisory |
| Adviser's MSP | ETF Advantage | Compass |
| Classic | Russell | Parker/Hunter Asset Management |
| | Alternative Focus Account | |

Professional Money Management

Adviser's

Under the Adviser's Program, Janney will recommend an investment adviser whose investment style accommodates the client's investment objective and risk tolerance. Janney and the client develop the client's risk tolerance through the Janney Risk Tolerance Questionnaire. Janney conducts due diligence on all investment managers recommended under the Adviser's program. The investment manager will manage the account on a discretionary basis under the investment strategy selected by the client. As the sponsor of this "wrap" program, Janney maintains separate agreements with each investment manager offered under the Advisers program. These subadvisory agreements govern the services each investment manager must offer clients when selected. Janney will also provide transaction execution, custody, and periodic performance reports to accounts under the Advisers program. Janney offers the separate account management services of Riverfront Asset Management through a separate "turnkey" solution as part of this program.

Adviser's MSP

The Adviser's MSP program offers clients the ability to include several investment managers, mutual funds, and exchange traded funds ("ETFs") under different "sleeves" within the same Janney account. Clients may select from three options under the Adviser's MSP Program: (i) Fixed; (ii) Flex; or (iii) Open Architecture. The number of sleeves and their portfolio weightings are determined by Janney in the Fixed and Flex options and will typically depend upon the value of the account and the strategy selected. The client determines the number of sleeves and their weight within the account under the Open Architecture option. Under the Fixed option, Janney will assist the client in selecting an investment strategy through use of the Janney Risk Tolerance Questionnaire. The client then grants Janney the discretionary authority to select investment manager strategies and mutual funds under the preselected investment strategy. Janney will select the investment manager strategies and mutual funds for the sleeves of the program option selected. Under the Flex option, Janney assists the client in selecting an investment strategy through use of the Janney Risk Tolerance Questionnaire. Janney will recommend investment manager strategies and mutual funds for each sleeve. The client then selects which investment manager strategies and mutual funds to utilize in each sleeve. Under the Open Architecture option, Janney will assist the client in selecting an investment strategy through use of the Janney Risk Tolerance Questionnaire. The client, with the advice of the Janney Financial Advisor, will then select the number of sleeves in the account, the percentage weighting of each sleeve, and the investment manager

strategy or mutual fund to populate the sleeves. Janney will provide transaction execution, custody, and periodic performance reporting

Classic

Under the Classic Program, the client enters into an agreement with an investment manager that is unrelated to Janney. Janney provides trade execution, billing, custodial, and other services for the client account. Janney may, at the client's request, provide periodic performance reviews of the client's account. The client's selection is made based on an independent review of the investment manager conducted by the client. Investment managers utilized in the Classic Program are not subject to the more stringent review as those managers in the Adviser's Program. Janney does not recommend or select managers under the Classic Program and assumes no responsibility for the client's selection of the investment manager or for the investment decisions, performance, or any other matters involving the investment manager. Janney does not provide investment advice regarding the investment decisions made in the client account under the Classic Program.

Asset Allocation

Keystone

Under the Keystone program, the client authorizes Janney to invest account assets on a fully discretionary basis in a portfolio of no-load and load-waived mutual funds, ETFs and exchange traded notes ("ETNs"). Janney assists the client in developing a risk tolerance and investment objective by using the Janney Risk Tolerance Questionnaire. Janney then recommends an investment strategy that is compatible with the client's risk tolerance and investment objectives. The client approves the selected account strategy. Janney also provides transaction execution, custody, periodic performance reporting, and other services under this program. Janney may, in its sole discretion, invest in any other type of security in the client account. Parker/Hunter acts as the investment manager to the Keystone Program. Given the inherent long-term nature of mutual funds, a Keystone account may have little or no activity during a given period. Accordingly, over time the cost of a Keystone account may be greater than if mutual funds were purchased separately. We may use our discretion to periodically rebalance client accounts and to make changes in the mutual funds in the account where appropriate.

Janney maintains existing client relationships under the Keystone Program which are non-discretionary in nature. The Keystone Program is closed to new, non-discretionary investors.

ETF Advantage

Under the ETF Advantage program, the client authorizes Janney to invest account assets on a fully discretionary basis in a portfolio of exchange traded products, including but not limited to ETFs and ETNs. Janney assists the client in developing a risk tolerance and investment objective by using the Janney Risk Tolerance Questionnaire. Janney then recommends an investment strategy that is compatible with the client's risk tolerance and investment objectives. The client approves the selected account strategy. Janney also provides transaction execution, custody, periodic performance reporting, and other services under this program. Janney may, in its sole discretion, invest in any other type of security in the client account. Parker/Hunter acts as the investment manager to the ETF Advantage program. We may use our discretion to periodically rebalance client accounts and to make changes in the ETFs, ETNs and other exchange traded products in the account where appropriate.

Alternative Focus Account

Under the Alternative Focus Account program, the client authorizes Janney to invest account assets on a fully discretionary basis in a portfolio of no-load and load-waived mutual funds, ETFs and ETNs with a focus on investment strategies that are alternatives to traditional long only equity and fixed income strategies. These strategies typically have no or a low correlation to the traditional strategies. Janney assists the client in developing a risk tolerance and investment objective by using the Janney Risk

Tolerance Questionnaire. Janney will assist the client in determining if an alternative investment strategy is appropriate. Janney also provides transaction execution, custody, periodic performance reporting, and other services under this program. Janney may, in its sole discretion, invest in any other type of security in the client account. Parker/Hunter acts as the investment manager to the Alternative Focus Account program. We may use our discretion to periodically rebalance client accounts and to make changes in the securities in the account where appropriate.

Russell

Under the Russell Model Strategies program, the client authorizes Janney to act with full discretion to provide investment advice and actively manage the client's portfolio as the investment manager. Janney will assist the client in developing investment objectives and a risk tolerance through use of the Janney Risk Tolerance Questionnaire. Janney will advise the client on the selection of a model strategy that is consistent with the client's investment objectives and risk tolerance. Client's account will generally be invested in a suitable Russell model portfolio consisting of no-load and load-waived Russell mutual funds. The model portfolios and asset allocations are separately formulated by Russell Investments based on its research. Janney may, in its sole discretion, invest in any other type of security in the client's account. Clients will also receive transaction execution, custody, periodic performance reporting, and other services under the program.

Saratoga Asset Allocation

Janney also has a legacy asset allocation program that is no longer available to new clients but still serviced for existing clients. Under this asset allocation program, Janney will consult with the client to formulate investment objectives and criteria to establish an asset allocation among various mutual fund asset classes designed to achieve the client's stated objectives. Based on the responses given by the client on the Janney Risk Tolerance Questionnaire, Janney will develop an asset allocation strategy utilizing SHARP – Strategic Horizon Asset Reallocation Program ("SHARP"), a computer based asset allocation system developed by Saratoga Capital Management, as a tool in connection with its provision of the recommendation.

Janney will generally recommend an allocation among portfolios contained within the Saratoga Advantage Trust (the "Trust"). Janney may, from time to time, recommend portfolios outside the Trust. The Trust's investment adviser, Saratoga Capital Management, is responsible for the development of SHARP. Clients will also receive transaction execution, custody, periodic performance reporting, and other services under the program. SHARP may be different from other Janney asset allocation models

From time to time, Saratoga Capital Management may provide Janney with recommended changes in the allocation of program assets among the portfolios, based on revised information including but not limited to changes in market conditions. Janney may provide the client with its own recommended changes in the allocation of program assets among the portfolios. The client receives no recommendations directly from Saratoga. All recommendations made to the client will be those of the Janney Financial Advisor, and Janney's recommendations may not be identical to those generated by SHARP. Janney will implement its recommended allocation change only if (a) the client has selected the Discretionary Management Option in which case the change will be effected without first consulting client and (b) the client has notified Janney that client accepts the recommended allocation change.

Internal Money Management

Partners Advisory

Under the Partners Advisory program, Janney provides investment recommendations to the client regarding the investment of securities and cash in the client account. Services provided under the Partners Advisory Program are non-discretionary. Janney will not act with discretion and the client must approve all transactions in the Partners Advisory account. Janney will assist client in developing investment objectives and a risk tolerance through use of the Janney Risk Tolerance Questionnaire.

Clients will also receive transaction execution, custody, periodic performance reporting, and other services under the program. In very limited circumstances, the Partners Advisory Program may be offered to accounts custodied at a broker other than Janney. Those clients will not receive performance reporting services. If there is little or no trading activity in the account, it is possible that a client may pay more in advisory fees than commission charges if the account was a brokerage account. Janney may also offer these services on a non-wrap basis where the client pays a fee for investment advisory services only and also pays for transaction costs related to such investments.

Compass

Under the Compass Program, a Janney Financial Advisor will provide investment advice and manage the client account on a discretionary basis as the investment manager. Janney will execute recommended securities transactions on the client's behalf with full discretion. In other words, a Janney Financial Advisor, and not the client, has the discretion to decide what securities to buy and sell in client accounts. Janney will assist the client in developing investment objectives and a risk tolerance through use of the Janney Risk Tolerance Questionnaire. Clients will receive transaction execution, custody, periodic performance reporting, and other services under the program. Janney Financial Advisors must meet minimum qualifications for experience, education/training background, and assets under management in order to qualify to manage accounts under the Compass Program, and generally must also complete a special training course specific to the Compass Program. Janney has developed certain investment parameters which may limit the client's investment options under the Compass Program. These limitations were instituted in order to limit risk to the client. In very limited circumstances, the Compass Program may be offered to accounts custodied at a broker other than Janney. Those clients will not receive performance reporting services.

Certain legacy accounts operating under the Discretionary Account Program are now serviced under the Compass Program. The Discretionary Account Program no longer accepts new accounts.

Each Janney Financial Advisor may develop specific investment strategies that may include investing in multiple or single asset classes, model portfolios or some other distinct investment strategy. Other Financial Advisors may take a more customized approach to management of client accounts. A Janney Financial Advisor is primarily responsible for making and implementing investment management decisions for a Client account within the Compass Program's investment guidelines. The guidelines specify the number and types of securities eligible for investment in a Compass Program account (including percentage limitations on account holdings in certain types of investments). The guidelines also specify diversification requirements (across issuers, industry sectors and asset classes). At the Janney Wealth Management Group's discretion, certain Financial Advisors have greater latitude in selecting securities and diversification. Therefore, the availability of investment strategies and securities and the applicability of investment limitations vary depending on a Client's particular Janney Financial Advisor. The Compass Program's guidelines are subject to change without notice.

Depending on the investment strategy the Financial Advisor uses, investments may include equity and fixed income securities, eligible closed-end funds, mutual funds, alternative investments (where appropriate) and ETFs. All or a portion of a client's account may be held in cash or cash equivalents, including securities issued by money market mutual funds or deposited in interest-bearing bank accounts. Where approved, Financial Advisors may use certain option strategies, such as covered call writing and purchasing protective puts.

A Financial Advisor may make investment decisions that are contrary to research ratings issued by Janney's Research Group or that may differ from other Financial Advisors, PHAM or model allocations provided by the Consulting Group.

Clients should discuss with their respective Financial Advisor which investment strategy suits their investment goals. A Janney Financial Advisor can also provide more detailed information regarding the Compass Program.

Financial Institution Employee Discretionary Program

The Financial Institution Employee Discretionary ("FIED") program has been designed solely for the clients employed by another financial institution where that institution requires its employees' investment accounts held at institutions other than the employer be handled on a discretionary basis. Under the FIED program, a Janney Financial Advisor will provide investment advice and manage the client account on a discretionary basis as the investment manager. Janney will assist the client in developing investment objectives and a risk tolerance through use of the Janney Risk Tolerance Questionnaire. Janney will execute recommended securities transactions on the client's behalf with full discretion. Janney will assist the client in developing investment objectives and a risk tolerance through use of the Janney Risk Tolerance Questionnaire. Clients will receive transaction execution, custody, periodic performance reporting, and other services under the program. Janney Financial Advisors must meet minimum qualifications for experience, education/training background, and assets under management in order to qualify to manage accounts under the Compass program. Clients will also receive transaction execution, custody, periodic performance reporting, and other services under the program. Janney has developed certain investment parameters which may limit the client's investment options under the Compass program. These limitations were instituted in order to limit risk to the client.

B. Parker/Hunter Asset Management

Janney provides individualized and continuous investment advice and portfolio management services to individual and institutional clients through its Parker/Hunter Asset Management division. Through a discovery process with the client, during which financial goals and investment objectives are established based upon a client's particular circumstances, Parker/Hunter crafts a personalized investment policy, then designs and implements a portfolio based on that policy. Ongoing portfolio management and strategy will be guided by the stated objectives of the client. Parker/Hunter offers advice on a discretionary and non-discretionary basis to individuals, pension and profit sharing plans, legal accounts, eleemosynary and religious organizations, and corporations.

Asset management clients meet with their Financial Advisor to establish an investment program based on the client's financial needs, objectives and risk tolerance. After the program is established, a written Investment Policy is prepared. Parker/Hunter's portfolio managers then implement the investment strategy by making individual buy and sell transactions within the framework of the client's Investment Policy.

Investment portfolios are managed employing equity-only, balanced and fixed income-only strategies. When appropriate to the needs of the client, Parker/Hunter may recommend the use of short-term trading (securities sold within 30 days), short sales, margin transactions or options writing. Because these investment strategies involve certain degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

In addition to the asset allocation strategies discussed above, Parker/Hunter offers the Dynamic Asset Strategy and Dynamic Income Strategy (collectively, the "Dynamic Strategies"). The Dynamic Strategies seek competitive total returns compared to the overall capital markets and do not have a predetermined asset class mix. Accounts invested in the Dynamic Strategies may be invested actively across asset classes but may also be concentrated in specific asset classes that Parker/Hunter believes offers the best opportunity for capital growth. Such flexibility in portfolio construction has the risk of exposing client accounts to decreases in value due to concentration in certain securities or asset classes.

Cash Management Services

Parker/Hunter also offers cash management to corporations or institutions. The portfolio's return will be derived from interest and dividend income generated by high quality fixed income securities. Normally, the portfolio will be structured with a short average duration with the primary objectives being capital preservation and liquidity. Cash management services include rendering advice with respect to the investment of a corporate client's cash in interest-bearing accounts, cash equivalent investment

instruments, municipal securities, corporate bonds, US government obligations and other liquid investments. In rendering such advice, Parker/Hunter speaks with issuers, underwriters and broker/dealers about investments, evaluating appropriate securities and purchasing such securities for and on behalf of its corporate clients. In addition to evaluating possible investments sold through other broker-dealers, Parker/Hunter itself may sell investments to cash management clients.

C. Financial Planning Services

Janney develops and presents financial plans to clients through both its Financial Advisors and its Wealth Planning group. Financial plans developed through the Wealth Planning group include a list of the client's current financial assets related to the purpose of the plan, a recommended investment strategy and a list of investment recommendations.

Financial plans may also be developed by certain of our Financial Advisors for their clients. Such reviews consist of written reports delivered after the client has completed a questionnaire and discussed his or her assets, liabilities and financial requirements with the Financial Advisor. Following the delivery of the report, the investment advisory relationship terminates. The client may then opt to implement the financial plan, or a portion of it, with Janney. If implemented with Janney, the client may use Janney's brokerage and/or advisory services. If additional advisory services are opted for by the client, they will be covered under separate advisory agreement(s).

D. Retirement Plan Investment Advisory Services

Janney offers investment advisory and consulting services to employee retirement plans. Janney works with employers and plan administrators and may provide advice on employer-sponsored retirement plan investment menu selection of mutual funds or other investment options and fund replacement recommendations. Janney offers services related to: (1) investment selection and monitoring; (2) provider search and evaluation; (3) participant education and enrollment services; and (4) plan consulting. Plan clients may select a single project or may elect a complete service package. For example, Janney may assist in the maintenance of an investment policy statement, provide ongoing selection performance monitoring and due diligence, periodic performance reporting, employee education, or provide other services. Janney may also provide related ancillary assistance concerning the Plan's ongoing administration and operation. Janney tailors the services provided to the needs of each client.

The investment advisory-related and consulting services described above are non-discretionary in nature. Additionally, Janney will not accept discretion over plan assets or any participant's investments in conjunction with providing the services described above.

E. Consulting Services

Janney offers certain advisory services on a consulting basis through its Financial Advisors designed to assist clients in developing an investment strategy. Under the consulting agreement, we may perform, among other services, initial consulting needs assessments, investment profiles, on-going portfolio review, periodic performance measurements, adviser monitoring and other services agreed upon by the client and us. Janney will recommend investment managers, mutual funds and/or other investments for the client that we believe are appropriate given Janney's understanding of the client's risk tolerance and investment objective. The client then selects which investment manager strategies and mutual funds to utilize. The client may authorize Janney to act with discretion when selecting the investment managers and mutual funds.

We tailor our advisory services to the individual needs of our clients. We primarily utilize the information provided by clients in the Janney Risk Tolerance Questionnaire to understand a client's risk tolerance and investment objective. Janney then recommends investment products and services that we believe are consistent with the client's risk tolerance and investment objectives. Clients may impose investment restrictions under Janney's wrap programs by notifying us in writing of securities that may not be purchased in the client account. Under certain wrap programs, the client may also restrict certain

assets from being sold out of the client's account by notifying us in writing. In addition, under the Adviser's MSP Program, a client may restrict securities purchases in certain asset classes by notifying us in writing.

F. Cash Sweep Program

The following may be used for the investment of cash "sweep" balances in Program Accounts:

- (1) Money market mutual funds preselected by Janney that are managed and administered by unaffiliated money managers and fund sponsors; or
- (2) The Janney Advantage Insured Sweep Program (the "Sweep Program"), a FDIC-insured depository product provided in conjunction with unaffiliated banks and trust companies.

With respect to investments in money market mutual funds, account values will include the assets invested in these money market mutual funds to the extent permitted by law. A client's choice of investment of cash balances may be limited by the applicable program or by law, as applicable.

Janney also offers to clients the Janney Advantage Insured Sweep Program, a program through which cash balances in client accounts are automatically deposited or "swept" into interest-bearing deposit accounts with one or more unaffiliated banks selected by Janney. Accounts managed on a discretionary basis and any ERISA-related accounts are not eligible to participate in the Sweep Program.

In addition to the asset-based fee paid by the client on the funds invested in the Sweep Program, Janney receives a fee from each bank. The fee that a bank pays to Janney is typically calculated based upon the amounts Janney clients deposit at the bank, determined on a weighted average basis across the various interest rate tiers, and may be up to 1.0% annualized, of the daily deposit balances held in the Sweep Program. The compensation Janney receives in connection with the Sweep Program is not paid to Janney Financial Advisors. However, the compensation received gives Janney a financial incentive to recommend that clients invest cash balances in the particular sweep options included in the Sweep Program. Janney seeks to mitigate this conflict by recommending use of the Sweep Option in circumstances that are in the client's best interest, including, for examples, during periods of time in which the yields for this program exceed those of a money market mutual fund based on the return of short-term U.S. Treasuries.

Terms of the Sweep Program are further described in the Janney Advantage Insured Sweep Program Brochure, which is provided to client with their account opening materials. Clients participating in the Sweep Program should read this brochure carefully.

There are differing risks and protection between the money market mutual funds and the bank deposit sweep options. Money market mutual funds are not guarantees, they are not FDIC-insured and it is possible to lose your investment in a money market fund.

G. Additional Information Regarding Janney's Investment Advisory Services

Janney provides discretionary portfolio management services under the following wrap fee programs: (i) Compass; (ii) FIED; (iii) ETF Advantage; (iv) Keystone; (v) Alternative Focus Account; and (vi) Russell Strategies. Our Parker/Hunter division also provides discretionary portfolio management services directly to investment advisory clients or through one of the above-referenced wrap fee programs. We may provide portfolio management services under the Advisers MSP Program if one of our wrap programs is selected as an investment sleeve.

Client assets are managed differently depending upon the program selected. Under the Compass and FIED programs, our Financial Advisors manage the client account. Each Financial Advisor manages the client account based on the client's individual investment objective and risk tolerance. Investment management styles will vary depending upon the Financial Advisor.

Clients who select the ETF Advantage, Keystone, Alternative Focus Account, or PHAM program will have their account managed by Parker/Hunter according to the strategy selected by the client.

Janney trades mutual fund shares in the Russell Strategies program with the goal of adhering to the portfolio asset allocations selected by Russell Investments.

Certain Compass, FIED or Parker/Hunter program accounts may be managed on a commission basis. For these accounts, clients pay transaction commissions instead of a wrap fee. Janney does not manage commission-based investment advisory accounts differently from fee-based wrap accounts. Under programs where Janney acts as the investment manager, Janney will receive all fees or commissions associated with the account. Where an unrelated investment manager is selected, Janney will retain a portion of the fee. The unrelated investment manager receives the remainder of the fee.

Janney may also offer investment advisory services on a non-wrap basis where the client pays a fee for investment advisory services only and pays separately for transaction and custody costs related to such investments.

As of February 29, 2012, Janney manages \$5.3 billion on a discretionary basis. As of February 29, 2012, Janney manages \$5.6 billion on a non-discretionary basis.

Item 5: Fees and Compensation

Janney is typically compensated by charging an asset-based investment advisory fee on the assets under management in the client account. With respect to wrap fee programs, the asset-based investment advisory fee typically includes fees, charges and expenses associated with investment management, trading and execution and custodial services. Under limited instances, a wrap-fee client may maintain assets with a third party custodian. In that case, a client would pay the third-party custodian separately for custodial services.

With respect to each program, fees may be negotiated with the Janney Financial Advisor and may differ from the fee schedule outlined below based upon a number of factors, including, but not limited to, the size of the client's account, the extent of services to be provided by Janney to the client's account, and the projected nature of trading in the client's account.

A client account may be subject to a minimum quarterly fee that will be set forth in the client's investment agreement regardless of the value of the assets in the client's account. Janney may waive its minimum fee at its discretion. The minimum fee is subject to change upon notice to the client.

Parker/Hunter, Adviser's and Riverfront Programs

The fee schedule for the Parker/Hunter Asset Management and Adviser's (including Riverfront) programs are as follows:

EQUITY AND BALANCED ACCOUNTS

| Asset Value of the Equity and Balanced Portion of Client's Account | Annual Fee |
|--|------------|
| on the first \$ 500,000 | 3.00% |
| on the next \$ 500,000 | 2.50% |
| on the next \$ 1,000,000 | 2.00% |
| assets over \$ 2,000,000 | Negotiable |

FIXED INCOME ACCOUNTS

| Asset Value of the Fixed Income Portion of Client's Account | Annual Fee |
|---|------------|
| on the first \$ 500,000 | 2.00% |
| on the next \$ 500,000 | 1.50% |
| on the next \$ 1,000,000 | 1.00% |
| assets over \$ 2,000,000 | Negotiable |

Adviser's MSP, Compass and FIED Programs

The fee schedule for the Adviser's MSP, Compass, and Financial Institution Employee Discretion programs are as follows:

| Asset Value of Client's Account | Standard Fees |
|---------------------------------|---------------|
| first \$ 500,000 | 3.00% |
| on the next \$ 500,000 | 2.50% |
| on the next \$ 1,000,000 | 2.00% |
| assets over \$ 2,000,000 | Negotiable |

The minimum annual fee payable for Compass program account is \$500. If a client selects the asset-based fee for a FIED program account, the minimum annual fee payable for such account is \$250. The minimum annual fee may be applied pro-rata during each calendar quarter.

Clients under the Compass or FIED program may select to pay commissions on trades instead of an asset-based fee. The minimum fee requirement does not apply to Compass or FIED program accounts that select to pay commission on trades in lieu of an asset-based fee.

Partners Advisory, Keystone, ETF Advantage, Alternative Focus Account and Russell Programs

The fee schedule for the Partners Advisory, Keystone, ETF Advantage, Alternative Focus Account, and Russell Strategies programs are as follows:

| Asset Value of Client's Account | Standard Fees |
|---------------------------------|---------------|
| first \$ 500,000 | 2.00% |
| on the next \$ 500,000 | 1.75% |
| on the next \$ 1,000,000 | 1.50% |
| assets over \$ 2,000,000 | Negotiable |

Janney may offer the Partners Advisory program on a non-wrap fee basis where the fee reference above only covers investment advisory services and the client pays transactions costs related to any investments in the account.

The minimum annual fee payable for Keystone, ETF Advantage, Alternative Focus Account, and Russell program accounts is \$250. The minimum annual fee may be applied pro-rata during each calendar quarter.

Classic Account Program

The fee schedule for the Classic Account program is as follows:

EQUITY AND BALANCED ACCOUNTS

| Asset Value of Client's Account | Annual Fee |
|---------------------------------|------------|
| first \$ 500,000 | 2.00% |
| On the next \$ 500,000 | 1.75% |
| On the next \$ 1,000,000 | 1.50% |
| assets over \$ 2,000,000 | Negotiable |

FIXED INCOME ACCOUNTS

| Asset Value of Client's Account | Annual Fee |
|---------------------------------|------------|
| On the first \$ 500,000 | 1.50% |
| On the next \$ 500,000 | 1.25% |
| On the next \$ 1,000,000 | 1.00% |
| assets over \$ 2,000,000 | Negotiable |

Clients under the Classic Program may select to pay commissions on trades instead of an asset-based fee.

With respect to consulting, financial planning and retirement planning services, clients may elect to pay an annual asset-based fee or a fixed rate fee.

The fee schedules set forth above are the current fee schedules for new clients. Other fee schedules may go into effect from time to time, which may provide fees lower or higher, as the case may be, than those shown above. As new fee schedules are put into effect, they are made applicable only to new clients, and fee schedules applicable to existing clients are not affected. Therefore, some clients may pay different fees than those shown above.

Advisory Fees Are Negotiable

Fees for any of the above wrap-fee programs are negotiable. Fees for financial planning, retirement plan investment advisory services, investment advisory services, and consulting services are also negotiable.

As a registered broker-dealer, Janney generally maintains custody of investment advisory client assets and deducts client fees for wrap accounts directly from the client's account with the firm. For investment advisory accounts for which Janney is not the custodian, Janney deducts the client fees from the client's custodian account with such third-party custodian pursuant to authorization from the client. The client may authorize in writing an alternate account from which Janney may deduct the advisory fee. Janney bills its wrap fee clients on a quarterly basis, in advance. Where the client receives financial planning, retirement plan investment advisory, or consulting services, Janney may bill the client for services rendered or deduct such fees from the client's account. Clients may also elect to be billed directly for the services provided rather than to have their account debited for the fees owed.

With respect to the Partners Advisory Program, clients may hold certain assets or securities in those accounts as "non-billable". The advisory fee for these accounts do not cover commissions,

transaction fees and other charges associated with transactions in “non-billable” assets held in the client’s Partners Advisory account or with securities or other property held by the client outside of the Partners Advisory account. A client will pay all of Janney’s usual and customary commissions, transaction fees and other charges as in effect with respect to such transactions.

In addition to the investment advisory fees, a client may also incur other charges with respect to its advisory account including, for example, (i) transaction charges resulting from trades effected through or with a broker-dealer other than Janney in wrap program accounts, (ii) any dealer-markups and odd lot differentials; (iii) transfer taxes; Section 31 fees imposed by the Securities Exchange Act of 1934, as amended (“Exchange Act”), on securities exchanges and self-regulatory organizations (or other SEC fees, as applicable), which are paid by broker-dealers such as Janney, and which Janney in turn elects to pass on to its customers; and any other charges imposed by law with regard to any account transactions; (iv) margin interest and operational fees and charges; (v) offering discounts, and commissions and related fees in connection with underwritten public offerings of securities; (vi) IRA fees; (vii) any redemption fees, exchange fees, or similar fee imposed in connection with any fund transaction; and (viii) per trade transaction charges as described in the applicable investment advisory agreement .

New deposits in excess of \$15,000 placed in a client’s account during any period is subject to the fee schedule and applied *pro rata* for the remainder of the quarter.

Depending upon the investment advisory program that the client selects, clients may use margin (borrowing money to buy securities). Any margin fees incurred will be in addition to investment advisory fees charged to the client. Where margin credit is extended to the client, Janney receives additional compensation in connection with the margin account balance. While the Janney Financial Advisor generally does not receive compensation from margin interest charged, any margin balance is included in the calculation of the advisory fee. Therefore, a potential for conflict may exist between the client’s interest and the interests of Janney Financial Advisors when purchasing securities on margin. Janney has procedures in place to ensure that any recommendation to incur a margin balance with respect to an investment advisory program by Financial Advisor is in the best interest of clients.

For purposes of determining the asset-based fees imposed on open short sale positions, a client will be charged on the market value of the underlying securities sold short rather than on the difference between the price at which the underlying securities were sold and the current value of those securities. For purposes of determining the asset-based fee on options, the absolute value of the current market price of the option will be used.

Investment advisory accounts may include shares of mutual funds (including money market funds), closed-end funds, exchange-traded funds, unit investment trusts, hedge funds, private investment partnerships or other investment companies or investment pools (collectively, “funds”). The value of these assets is considered when calculating the applicable account fees. In addition to account fees and expenses, Client assets invested in funds are subject to other fees and expenses as described in the funds’ prospectuses or offering document, including the management fee and other fees and charges payable by the fund. As a result, clients are bearing indirectly a portion of any investment management and other fees (such as dealer concessions, administration, custody, transfer agency, legal, audit, transaction-related and distribution) paid by a fund in addition to any account fees. These may also include payments to Janney and its affiliates.

With respect to asset-based fees, Janney calculates the client fee at an annual rate based upon the value of the account as revalued quarterly on the last business day of each calendar quarter. The fee is payable quarterly in advance. Certain existing clients may be billed on a quarterly basis in arrears.

The initial fee will be for the partial calendar quarter beginning on the date of acceptance of the client agreement, computed on a pro-rata basis, for the number of days remaining in the quarter, based on a 90-day quarter.

Upon account termination, Janney will make a pro-rata refund of fees paid based on the number of days remaining in the quarter.

Janney and its Financial Advisors may receive compensation for the sale of securities or mutual funds, including “12b-1” fees, administrative, distribution, shareholder servicing and marketing support (revenue share) payments from mutual funds (or their sponsors) in which a client’s assets are invested, where permitted under applicable law. Any fund charging a 12b-1 fee will typically be held in the “non-billable” portion of a Client’s account so that the investment advisory fee charged to that Client will not include the value of the assets held with respect to such fund.

Janney’s Financial Advisors, consistent with the firm’s practices, may also receive non-cash compensation and other benefits from mutual fund companies or other managed product sponsors with whom Janney does business. Such non-cash compensation may include invitations to attend conferences or educational seminars sponsored by mutual fund companies or their advisers or distributors, payment of related travel, lodging and meal expenses, and receipt of gifts and entertainment. Acceptance of these benefits is in accordance with industry regulations and Janney’s policies. Clients should review all mutual fund prospectuses and other offering documents for further explanation. The Wealth Management Department, when reviewing and recommending allocations to mutual funds and other funds does not take into consideration whether the firm has a revenue sharing agreement with such fund or its manager or whether the firm receives other compensation from such funds.

This practice may present a conflict of interest and give us an incentive to recommend investment products based on the compensation received, rather than on a client’s needs. We address this conflict by maintaining policies limiting gifts and gratuities and disclosing this conflict to clients. The mutual funds that we recommend or that are included on our preferred provider list are generally not considered “no load” mutual fund families.

Under the Partners Advisory program, where a client has a pre-existing mutual fund position that will continue to be held in a Partners Advisory Program account, such position may not be assessed the asset-based fee where the position meets certain parameters. For example, the value of “B” class shares and “C” class shares of mutual funds will not be included when calculating the investment advisory fee while the asset is held in a Partners Advisory Program account. Where the mutual fund position consists of “A” class shares (*i.e.*, an up-front sales charge was paid at the time of purchase), Janney will not charge clients the investment advisory fee for such position(s) for the number of years from the purchase date equal to the percentage fee charged to the client for the purchase of the mutual fund position. For example, if a client purchased an “A” class share of a mutual fund three years ago and paid five percent (5%), this position would not be assessed the asset-based fee for a period of two (2) years.

Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.

Advisory accounts are generally not separately charged commissions or markups unless the client has elected such an arrangement. The investment advisory fee generally includes costs related to the investment advisory, brokerage and custody and reporting services provided.

In addition, certain funds in which client assets are invested trade securities through our firm’s institutional brokerage group, including both fixed and equities securities. As a result, the firm receives a benefit from such trades in either the commission paid for agency trades or the mark-up for principal trades. The firm’s policy is to not recommend or use discretion to place investment advisory client assets in these funds simply because the managers for such funds may execute trades through Janney. In addition, funds typically have their own policies prohibiting the fund’s manager from executing trades with a brokerage firm based on the amount of assets that firm’s clients have invested in such fund.

Under the Partners Advisory Program, Janney Financial Advisors may receive transaction-based compensation when the client engages in certain types of principal trades. A principal trade occurs when the client sells a security to or buys a security from Janney. This practice presents a conflict of interest

because the Janney Financial Advisor has an incentive to recommend a principal trade based on the transaction-based compensation, not the client's needs. Principal trades that generally present this conflict occur when Janney acts as a member of an underwriting syndicate. The client pays the public offering price from the underwriter, which can include compensation for the Janney Financial Advisor. Janney addresses this conflict in several ways. Where this price includes compensation for the Janney Financial Advisor, Janney marks the security as a non-billable asset for a period of one year from the purchase date. Janney requires one-time written authorization from the client to enter into principal trades. This written disclosure, typically in the client agreement, discloses the practice described above. Clients have the option of purchasing investment products recommended by Janney through other brokers that are not affiliated with Janney.

In the event Parker/Hunter is used, Janney or its affiliate will receive all fees; whereas Janney will not receive all fees where a third party investment adviser is used.

Janney may pay, out of its own resources, third parties for quantitative or fundamental research and other information that may be used in managing client accounts. There should be no increased costs to clients in connection with such payments.

Item 6: Performance-Based Fees and Side-by-Side Management

Janney does not accept performance-based fees.

Item 7: Types of Clients

Janney offers investment advisory services to a broad range of individual and institutional clients including, but not limited to, individuals, families, trusts, estates, corporate and non-corporate entities, retirement plans, pension plans, profit-sharing plans, and government entities. The wrap fee programs may have minimum investment requirements.

Janney requires a minimum investment of \$25,000 to participate in the following programs: Partners Advisory, ETF Advantage, Keystone, Alternative Focus Account, and Russell Strategies.

Janney requires a minimum \$50,000 investment to participate in the Compass program.

Janney requires a minimum \$100,000 investment to participate in the Adviser's, Classic, Riverfront, and Parker/Hunter programs. Clients investing under the Classic program will be additionally subject to the account investment minimum of the third party investment manager. Clients investing under the Classic program must sign a separate investment management agreement with a third party investment manager.

Janney does not require a minimum investment for the Financial Institution Employee Discretion program. Clients under this program must be employed by a financial services firm that requires handling of its employees' accounts on a discretionary basis.

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

Janney Financial Advisors consult with their clients and utilize the Janney Risk Tolerance Questionnaire to develop an investment strategy for the client. Given the number of Financial Advisors providing advice at Janney, the methods of analysis and investment strategies will vary based upon the individual Financial Advisor providing the advice. Once the client selects an appropriate product, on an on-going basis, Janney's Wealth Management Department is performing research and due diligence on investment managers in order to provide clients a selection of mutual funds and separate account products across the full spectrum of asset classes.

With respect to the Compass Program, a Financial Advisor may utilize fundamental research and/or quantitative research to assist in managing client accounts. Each individual Financial Advisor may develop specific investment strategies using a mix of these analytic methods and may also establish quality and concentration requirements.

Janney maintains investment committees that monitor and recommend mutual funds, third party investment managers and alternative investments. Each committee consists of senior Janney Wealth Management professionals. The committees review and vote on additions, deletions, or changes to the Janney Mutual Fund Monitor or the Highlighted List of managers. Janney's process for selecting and monitoring mutual funds and separate account products consists of four (4) steps: (1) Screening; (2) Quantitative Analysis; (3) Qualitative Review; and (4) Ongoing Review. During the Screening stage, Janney screens over 15,000 mutual funds and 6,000 managed account strategies. Generally, in order to be considered for a Janney wrap program the firm should have \$250 million or more in assets under management and a staff of three or more established investment professionals. In most cases, managers will have a five-year track record demonstrating consistency of style, philosophy, process, and risk-adjusted returns. In the Quantitative Analysis stage, absolute and relative performance is analyzed, versus both the style benchmark and peer universe. In the Qualitative Review stage, a firm's attributes such as size, assets under management, and service capabilities are analyzed. The professional background of those making investment decisions is examined. The underlying investment philosophy must be understandable in its statement of the manager's long term investment goals. Janney performs due diligence on mutual funds and managers on an ongoing basis.

Parker/Hunter

Parker/Hunter's approach to security analysis is based on fundamental research. This approach entails an examination of the operating, financial and industry conditions affecting each company whose security is under consideration, all from a long-term perspective. Parker/Hunter also strives to incorporate economic analysis into its overall market policy, employ certain relative valuation disciplines and make occasional, but limited, use of technical analysis. Parker/Hunter's investment professionals will take into account factors such as current yield, price attractiveness, earnings and dividend growth potential, and economic, political and sociological factors. In portfolio construction, the investment managers will seek a prudent level diversification to reduce risk.

While any or all of the sources of information may be used, Parker/Hunter's principal sources of information are: Issuer-prepared information (annual reports, proxy materials, press releases, etc.), SEC filings, management interviews and contacts, industry trade association statistics, government data and financial publications. Research is also obtained from equity research departments of other financial institutions and independent research services.

Asset allocation is primarily determined by analysis of the client's objectives and risk tolerance and secondarily by analysis of market and economic factors. Investment strategies recommended by Parker/Hunter Asset Management are generally long-term oriented.

All investments carry the risk of loss of principal.

Risks

Janney clients are managed independently and Janney is under no obligation or requirement to buy or sell the same investments for accounts, even when the investment strategy may be similar. Janney's investment strategies involve certain risks. There can be no assurance that any particular strategy will be successful in achieving the client's investment goals and objectives. The material risk for any strategy under Janney's advice is risk of loss. Each method of analysis Janney undertakes requires subjective assessments and decision-making by experienced investment professionals. However, there is a risk of an error in judgment. This is mitigated through an investment process and investment committees that provide thorough review of investment products and managers prior to their

recommendation. Additional risk exists in that each Janney Financial Advisor may utilize varying methods of analyses and investment strategies.

Janney does not primarily recommend any particular type of security.

In periods of market volatility, we may be unable to invest new money contributed to an account, or proceeds from the sale of securities, as quickly as it might have been able to do under normal market conditions. Similarly, we may be unable to sell securities to raise cash, or to accommodate a terminating client's request to sell securities, as quickly, or at favorable prices, as it might have been able to do under normal market conditions. During periods of market volatility, we will use reasonable efforts to manage accounts consistent with applicable account guidelines and will take efforts to restore the account to such guidelines in a prudent manner if market volatility causes us to deviate from such account guidelines.

The following are certain important risks that should be considered by clients before investing.

Risk of Loss. Investing in securities involves risk of loss, including the risk of loss of principal.

Issuer Risk. Securities may decline in value because of changes in the financial condition of the issuer. An individual security may perform differently than the market as a whole.

Equity Risk. Investments in equity securities (e.g., common stock, preferred stocks, convertible securities, rights, warrants and depository receipts) are generally subject to greater price volatility than fixed income securities. Investments in income-producing equities are subject to the risk that the issuer may reduce or discontinue the dividend.

Market Capitalization Risk. Risks vary depending upon an issuer's market capitalization. Strategies that primarily invest in either large, mid, or small cap stocks take on the risk that one category may be out of favor. The stocks of small and mid cap companies may carry more risk than those of large capitalization companies as their businesses may have less financial resources and their prices are often more volatile. Small and mid cap stocks may underperform larger capitalization companies and their shares may be less liquid and therefore harder to sell.

Interest Rate Risk. The markets prices of fixed income securities may decrease when interest rates rise. A rise in interest rates tends to have a greater impact on the prices of longer term or longer duration fixed income securities.

Credit Risk. If an issuer or guarantor of a security held by a client account defaults or is downgraded, or if the value of asset underlying the security declines, the value of the account's investment typically will decline.

ETPs (ETFs and ETNs) Risk. ETPs, including ETFs and ETNs, are subject to risks similar to those of stocks and may not be suitable for all investors. Shares can be bought and sold through a broker, and the selling shareholder may have to pay brokerage commissions in connection with the sale. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Shares may only be redeemed directly from the fund by Authorized Participants via Creation Units. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their NAV. Additionally, ETNs and some ETFs are not structured as investment companies and thus are not regulated under the Investment Company Act of 1940. An ETN's value generally depends on the performance of the underlying index and the credit rating of the issuer.

Closed-End Fund Risk. Shares of closed-end funds may trade at either a premium or discount to the fund's net asset value.

Foreign Investments Risk. Investments in securities of foreign issuers involve greater risk than investments in securities of U.S. issuers. Foreign countries in which an account may invest may

have markets that are less liquid and more volatile than U.S. markets and may suffer from political or economic instability. In some foreign countries, less information is available about issuers and markets because of less rigorous accounting and regulatory standards in the U.S. Currency fluctuations could erase investment gains or add to investment losses.

Risks of Investing in Alternative Strategies. Alternative investment strategies will be utilized in the Alternative Focus Account program and may be utilized in other programs. Generally, alternative investment strategies will occur in the client's account through the use of mutual funds and ETFs. Alternative investment strategies may carry potentially greater and substantially different risks than those of traditional equity and fixed income investments. Clients should consider the specific risks associated with alternative investments, including fee structures, tax issues, and investment strategies. Where the client has exposure to an alternative investment strategy through a mutual fund or ETF position, the investment strategies employed and associated risks are more fully disclosed in each fund's prospectus, which is available from your Financial Advisor. Alternative investments can be subject to one-time losses from rare events, and the value of the investment is not guaranteed – and the principal invested may not be returned. There are no guarantees that any investment will meet its objectives or that an investment can avoid losses.

Item 9: Disciplinary Information

Details of Janney's disciplinary information are described in more detail in Part 1 of its Form ADV, available on the SEC's website at www.adviserinfo.sec.gov. Consistent with the requirements of Form ADV Part 2A, please find information regarding the following disciplinary matters.

On July 21, 2005, Janney entered into an Acceptance, Waiver & Consent (AWC) with the Financial Industry Regulatory Authority (FINRA), the self-regulatory organization for the brokerage industry (then known as the NASD). Without admitting or denying any findings by FINRA, the firm agreed to a fine of \$1,200,000 and agreed to pay restitution of \$998,285.81 for improper market timing activity in connection with mutual fund transactions.

On May 6, 2009, Janney entered into an AWC with FINRA. Without admitting or denying any findings by FINRA, the firm agreed to a \$200,000 monetary sanction with respect to certain client transactions involving auction rate securities ("ARS"). The firm currently does not purchase ARS for client accounts and has taken steps beyond those required by regulators to ensure that clients were not harmed by the developments negatively impacting the ARS marketplace.

On November 3, 2010, Janney entered into an AWC with FINRA. Without admitting or denying any findings by FINRA, the firm agreed to a \$175,000 monetary sanction with respect to its failure to establish certain elements of an adequate anti-money laundering program, failure to follow procedures designed to prevent a supervisor or their subordinate from approving the supervisor's activities, failure to approve and maintain records of certain marketing and media activities, failure to document the review of certain discretionary option activity, and the failure to maintain certain records.

Item 10: Other Financial Industry Activities and Affiliations

Janney is registered with the U.S. Securities and Exchange Commission as a broker-dealer under the Exchange Act, as an investment adviser under the Advisers Act and as a municipal advisor under the Exchange Act. Janney Financial Advisors are both registered representatives for brokerage related services and investment advisory representatives for investment advisory related services. Janney may give advice and take action in the performance of its duties to clients that differ from advice given, or to the timing and nature of action taken, with respect to accounts under the various investment advisory services listed in this document. Janney also may not be free to divulge or act upon certain information in our possession on behalf of investment banking or other clients. Under certain investment

advisory programs, Janney may buy or sell securities of issuers that may also be investment banking or other clients. Any decisions to buy or sell such securities are made independent of any investment banking or other relationship and Janney Financial Advisors do not participate in the investment banking services provided to such clients. Additionally, many investment managers offered by Janney are also clients of Janney in its capacity as a broker-dealer.

Janney is a licensed insurance agency and certain Financial Advisors are also licensed insurance agents. In this role, Janney offers insurance products to its clients. In addition, as it relates to the financial planning services described above, Janney also provides advice from time to time with respect to insurance matters. Certain insurance products may be issued or sponsored by Janney's parent company, The Penn Mutual Life Insurance Company.

The firm does not receive compensation from investment advisers that are recommended or selected through one of the wrap fee programs that utilize third party investment managers. Some investment advisers, in their capacity as adviser to a mutual fund, closed-end, private fund or some other pooled investment, may share a percentage of the revenue they receive from such funds that relate to investments in such funds by Janney clients as further described in Item 5.

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

Janney has adopted an Investment Advisory Code of Ethics (the "Code") that provides firm employees detailed guidelines governing their conduct including, but not limited to, the conduct of business with firm clients, knowledge and enforcement of firm privacy policies, conflicts of interest, compliance with state and federal statutes, laws and regulations, personal trading activities and possession and actions with regard to "inside information". Janney will provide a copy of its investment advisory code of ethics to any client or prospective client upon request.

Janney may execute trades on a principal basis in client's Partners Advisory account under certain circumstances. A principal trade occurs when Janney purchases (or sells) a security directly from (or to) client accounts from Janney's inventory rather than a third party. In order to facilitate principal trades in client's Partners Advisory account, Janney will: (i) provide client with information about principal trades and obtain client's prior written consent; (ii) verbally confirm, at the time of each transaction, that the trade may be done on a principal basis; (iii) disclose on trade confirmations for each principal trade that Janney acted as principal in connection with the transaction; (iv) send client an annual report detailing each principal trade in client's account over the previous year; (v) continue to subject all transactions to Janney's duty of best execution and fiduciary responsibility; and (vi) comply with client's request for additional information at any time about principal trades. Client may revoke the authorization for Janney to engage in principal trades at any time by providing written notice to Janney. This process only applies with respect to eligible fixed income securities that are bought or sold on a principal basis and for other investments consistent with certain exemptive relief provided by the SEC.

Janney may also execute trades on a principal basis in investment advisory program accounts, other than Partners Advisory accounts, consistent with the requirements of Section 206(3) of the Advisers Act. This applies to all securities bought or sold on a principal basis through other investment advisory program accounts, as well as for equity securities, such as closed-end funds, initial public offerings and other primary offerings, in Partners Advisory account programs. Pursuant to Section 206(3) of the Advisers Act, we must provide applicable written disclosures to, and obtain the written consent of, clients prior to the execution of each principal trade.

A conflict of interest exists when Janney executes trades on a principal basis for client accounts. Janney has an interest in receiving a spread (the difference between the price Janney buys the security and the price at which Janney sells the security to the Client account). Janney may also receive other compensation by selling from its inventory to a Client account. For example, Janney may be compensated as an underwriter for selling securities on behalf of an issuer. Clients will pay the public offering price for securities purchased from Janney where Janney acts as an underwriter or dealer.

Janney may pay a portion of compensation received from such a transaction to the Client's Janney Financial Advisor.

Where a commission, concession, or mark-up is received by the Janney Financial Advisor engaging in a principal trade under the Partners Advisory Program, the security purchased on a principal basis will be made a non-billable asset for a period of one year from the date of purchase. The commission, concession, or mark-up may be greater or less than the asset-based fee the Janney Financial Advisor would otherwise receive.

Transactions for Classic Program or Adviser's Program clients are effected by Janney only on the instruction of the client's selected investment manager (or the client). Accordingly, for any and all transactions effected by or through Janney in an account under either the Classic or Adviser's Program at the direction of the investment manager or the client, Janney is not providing investment advice in the form of recommendations to buy or sell specific securities. Under these circumstances, Janney may act on an agency or principal basis in executing transactions on behalf of clients under either the Classic or Adviser's Program. When acting as principal, Janney will not take any mark up or mark down on the securities transaction. On occasion, principal trades will be affected from Janney's inventory, in which event Janney may realize a profit or a loss depending on its cost basis in the securities.

Employees of Janney will invest in the same securities that Janney recommends or buys or sells for clients. The conflict presented by this practice could lead to an employee purchasing or selling a security in advance of a client and receiving a better price. Personal securities transactions by Janney Financial Advisors are subject to the restrictions and procedures set forth in Code. Under the Code, when a client trade and a Janney Financial Advisor trade occurs on the same trade day and in the same security, the client receives an equal or better price. The Code provides for limited exceptions to this policy, which are subject to approval by the Compliance and/or Legal Department. Additionally, where a client account is under the direction of an investment manager other than the Financial Advisor, this policy will not apply. Where the Financial Advisor directs client account trading as the investment manager, the Financial Advisor is prohibited from the purchase or sale of individual securities in their account during the same business day as the solicited purchase or sale of the same security in the Financial Advisor's client accounts. Separately, Parker/Hunter personnel are subject to certain trading restrictions designed to mitigate conflicts of interest. These restrictions include holding periods for securities and a prohibition from purchasing initial public offerings.

Janney may effect "crossing" transactions (*i.e.*, transactions in which Janney acts as broker for the parties on both sides of the transactions) involving the Classic, Adviser's, or Riverfront programs or other clients only in accordance with applicable law. Janney will not effect "crossing" transactions for clients under the Compass, Discretionary, and FIED programs. When effecting such transactions, Janney would receive compensation (the amount of which may vary) from the other party to such transactions, which compensation from the other party would be in addition to the fees described herein. While all transactions involving the Classic, Riverfront, or Adviser's programs are directed by either the investment manager or the client, in the event that clients do not want orders to be executed in this manner, they may notify Janney in writing at any time.

Item 12: Brokerage Practices

With respect to services provided pursuant to the programs described herein, the clients generally authorize Janney to act as the broker for trades. A client may, however, authorize the use of another broker. Janney also has discretion to select another broker if it determines that better execution can be obtained through the other broker.

Research and Other Soft Dollar Benefits

In accordance with Section 28(e) of the Securities Exchange Act of 1934, Janney and/or its affiliates may pay higher commissions to brokerage firms that provide it with investment and research

information than to firms which do not provide such services if Janney and/or its affiliates determine that such commissions are reasonable in relation to the overall services provided. Such transactions may include both equity and fixed income transactions effected on an agency basis. A potential conflict of interest exists where Janney receives commission revenue from investment advisory firms that Janney also recommends to clients. When Janney uses client brokerage commissions (or markups or markdowns) to obtain research or other services, client benefits because Janney does not have to produce or pay for the research, products, or services. Janney may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research, products, or services, rather than the client's interest in receiving most favorable execution. Janney generally does not enter into soft dollar arrangements with respect to its investment advisory programs although the Parker/Hunter division may enter into soft dollars agreements in connection with its business. Research, products, or services obtained using soft dollars are used to service all Parker/Hunter clients. Janney does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. During the last year, Janney acquired investment research reports with client brokerage commissions.

Parker/Hunter conducts most trades through Janney, but has the right in most cases to execute through other brokers when appropriate. Considerations include cost, opportunities for best execution, and soft dollar research and services. Commissions paid to other brokers may or may not exceed commissions otherwise paid to Janney. Commissions paid when research or other services are involved may or may not exceed commissions paid when research or other services are not involved. Such research or services may benefit clients who did not incur the commission expense. Commission cost is primarily a factor for a-la-carte (fee plus commission) clients as opposed to wrap fee only clients, but may apply to wrap fee clients as well. Clients may incur transaction and execution costs for trades executed with another brokerage firm, including those for wrap fee client accounts. Soft dollar arrangements and procedures are individually reviewed and approved by the Investment Committee for Parker/Hunter.

Brokerage for Client Referrals

Clients generally authorize Janney to act as the broker for trades. Janney does not select or recommend other brokers.

Directed Brokerage

With respect to services provided pursuant to the programs described herein, the clients generally authorize Janney to act as the broker for trades. A client may, however, authorize the use of another broker. Janney is also given the authority to select another broker if it determines that better execution can be obtained through the other broker. Not all advisers require their clients to direct brokerage. By directing brokerage to Janney, Janney may be unable to achieve most favorable execution of client transactions. This practice may cost clients more money.

Under certain circumstances, a client may request that Janney use a particular broker-dealer to execute transactions for his or her account under such terms and arrangements as the client may negotiate with the particular broker-dealer. However, where a client has requested the use of a particular broker-dealer, Janney may not be in a position to freely negotiate commission rates or spreads, or to select broker-dealers on the basis of best price and execution. Additionally, transactions for a client that has requested that Janney use a particular broker-dealer may not be commingled or "batched" for purposes of execution with orders for the same securities for other accounts managed by Janney.

Accordingly, the request by a client of a particular broker-dealer to execute transactions for his or her account may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Janney were empowered to freely negotiate commission rates or spreads, or to select broker-dealers on the basis of best price and execution.

Janney, in its sole discretion, may combine or "batch" purchases or sales of securities and allocate the securities equitably among Janney's clients. Under this procedure, transactions will be averaged as to price and will be allocated among client accounts in proportion to the purchase and sale

orders actually placed for each client account on any given day. Janney may also “batch” clients’ orders in the event that the availability of, or market for, certain securities is limited. Under this procedure, transactions will be allocated *pro-rata* among all client Accounts. If pro rata allocation is impractical, orders may be allocated in a different manner such as based on available cash; provided, however, that the firm document its rationale.

Exchange Traded Funds

ETFs do not sell or redeem their individual shares (“ETF shares”) at net asset value (“NAV”) like a mutual fund does. Instead, financial institutions purchase and redeem ETF shares directly from the ETF, but only in large blocks called “creation units” (e.g., blocks of 25,000 or 50,000 shares). These financial institutions are generally required to enter into an agreement with the particular ETF, ETF sponsor or principal underwriter in order to effect transactions in creation units for the ETF shares (such a financial institution is referred to as an “Authorized Participant”). Consistent with firm policy regarding block or bunched orders, Janney, through Parker/Hunter, may from time to time effect transactions in ETF shares large enough to satisfy the creation unit criteria for an ETF. Since Janney is not an Authorized Participant, these transactions may not be executed directly with the ETF. Instead, these transactions are executed through a financial institution that is an Authorized Participant with respect to the particular ETF. In doing so, clients will generally not be able to purchase or sell ETF shares at NAV since there are additional costs associated with trading through the third party financial institution. These costs are borne by clients and are reflected as either a mark-up or mark-down (depending upon whether the transaction is a purchase or sale) in the price per ETF shares or in a separate commission or charge.

American Depositary Receipts

American Depositary Receipts (ADRs) are certificates issued by a U.S. bank representing a specific number of shares in a foreign stock. ADRs are traded on U.S. exchanges and denominated in U.S. dollars. The underlying security is held overseas. Parker/Hunter may purchase ADRs on a U.S. exchange, as it does for domestic equity securities. Consistent with firm policy regarding block or bunched orders, Janney, through Parker/Hunter may from time to time effect transactions in ADRs through an intermediary. The intermediary would purchase the equity shares locally (*i.e.*, on the foreign exchange) and then issue the ADR. Since Janney typically does not serve as an intermediary with respect to such trades, Janney is generally unable to execute the trade on the foreign exchange and issue the ADR itself. Instead, consistent with Janney’s obligation to seek best execution, Janney may select one or more financial institutions to execute trades in ADRs. Clients are generally unable to purchase ADR shares in this method. Any additional costs associated with the purchase or sale of ADRs through a third party financial institution will be borne by clients and are reflected as either a mark-up or mark-down (depending upon whether the transaction is a purchase or sale) in the price per ADR shares or in a separate commission or charge.

Trade Errors

In the event of a trade error attributable to Janney, Janney’s general policy is to place the client in the position it would have been in absent the error unless otherwise directed by the client. When an error is identified prior to settlement, Janney will normally move the trade to its error account. In such cases, the profit or loss resulting from the reversing transactions will be owned by Janney.

Tax Considerations

Clients are responsible for all tax liabilities arising from account transactions, including transactions resulting from client instructions regarding rebalancing, automatic withdrawal or automatic contribution instructions. Clients who are not residents of the United States may experience additional adverse tax consequences. Additionally, upon account opening, Janney may recommend that client sell, exchange, or redeem securities either initially or during the course of management of the client account. Client will be responsible for any tax or other liability resulting from the sale of such securities. Janney

does not provide tax, accounting or legal advice. Clients should seek the advice of their own tax advisor regarding the tax implications of investing in any of the programs described in this brochure.

Item 13: Review of Accounts

The firm reviews accounts on an ongoing basis for conformity with internal and client guidelines for the particular investment strategy or program. Janney Financial Advisors should periodically review accounts to assess whether the investment strategies and investments are consistent with client investment objectives and risk tolerance. The Financial Advisor's branch manager also provides supervision of the account activity.

We also communicate informally (by telephone or e-mail) and may meet with clients as per their request.

Clients receive quarterly portfolio performance appraisals for their investment advisory accounts and monthly brokerage/custodial statements if there is trading activity in their account. The statements contain holdings and net asset values, as well as gain/loss information and contribution and withdrawal activity.

Individual clients for whom the firm performs financial planning services receive one-time reports. Upon request and payment of an additional fee, they also may receive one-time "follow-up" reports. Reports are also provided to clients of programs identified in the wrap fee brochure.

Item 14: Client Referrals and Other Compensation

Pursuant to written agreement, Janney's Financial Advisors may occasionally refer clients to investment advisers. Janney receives a fee equal to a stated percentage of the annual advisory fee which a solicited client pays to the other investment adviser. The fees received by Janney are disclosed to clients at the time of engagement and solicitation arrangements are established in accordance with Rule 206(4)-3 under the Advisers Act. Janney and the advisers may each terminate a written solicitation agreement on thirty (30) days' notice. The agreement requires Janney to deliver to each solicited client a copy of the other adviser's disclosure brochure, as well as a separate disclosure statement complying with rule 206(4)-3.

Janney and its Financial Advisors may occasionally refer, recommend or maintain alliances with certain unaffiliated institutions that provide trust services, including arrangements with Bryn Mawr Trust Company, the Pennsylvania Trust Company, and RBC Trust Company. These unaffiliated institutions offer various types of trust services, including trust administration, custody, tax reporting and record keeping, to Janney clients. Depending upon the particular arrangement, Janney typically receives a fee from such unaffiliated institution based on a percentage of the assets under administration with the particular trust company from referred or recommended trust clients. In certain arrangements, the trust company may engage Janney to manage assets of a trust and/or provide custodial services for such trust, for which Janney typically receives an asset-based fee from the trust client.

For Parker/Hunter accounts (Parker/Hunter Direct, ETF Advantage and Keystone) opened prior to January 2010, Parker/Hunter receives 10 basis points ("bps") of the client fee with the remainder credited to the Janney Financial Advisors. (A "basis point" is one-hundredth of one percent.) For example, if a client using Parker/Hunter as the investment manager is paying a fee of 1.50%, then Parker/Hunter receives 0.10% and the Janney Financial Advisor is credited with 1.40% of the fee. Where an unaffiliated investment manager is selected, the manager receives a larger share of the client fee than if Parker/Hunter is selected. An incentive, therefore, exists for Janney Financial Advisors to recommend Parker/Hunter based on this disparity in compensation. For accounts opened after January 2010, Parker/Hunter receives 25 bps of the client fee, except for Keystone and Alternative Focus Account in which Parker/Hunter receives 15 bps of the client fee.

Janney may compensate unrelated third parties for client referrals pursuant to a written agreement between the parties. The agreement requires the solicitor to deliver to each solicited client a copy of Janney's adviser's disclosure brochure, as well as a separate disclosure statement complying with Rule 206(4)-3. The solicitor will generally be compensated a portion of the client fee received by Janney.

From time to time, Janney may initiate incentive programs for Janney Financial Advisors. These programs may compensate them for attracting new assets and clients and for promoting investment advisory services. Janney may also initiate programs that reward Financial Advisors who meet total production criteria, prepare financial plans, participate in advanced training, and improve the client experience.

Financial Advisors who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and/or our affiliates. Therefore, Financial Advisors and other associates may have a financial incentive to recommend the programs and services included in these incentive programs over other available services we offer. The firm has policies and procedures reasonably designed to ensure that the firm and its Financial Advisors act in the best interests of clients.

Janney has contracted with Broadridge Investor Communications Solutions, Inc. ("Broadridge"), an unaffiliated third party vendor, to distribute proxies, periodic reports, voting instruction information and offering documents for certain products to our clients. Pursuant to the agreement between Janney and Broadridge and in accordance with regulations, Broadridge charges the issuing company on behalf of Janney for these services. Janney may receive a portion of the fees paid by the issuing company from Broadridge.

Item 15: Custody

As a registered broker-dealer, Janney generally maintains custody of client securities and other assets, unless otherwise stated in the investment advisory agreement or the client and Janney otherwise mutually agree. If client's securities and assets are held by a custodian other than Janney, clients are urged to review all account statements provided by such custodian and compare those account statements to any account statement provided by Janney. Valuation differences of securities and assets shown on client's account statements provided by Janney may be due to the use of different valuation sources by the custodian and Janney. Generally, custody fees are included as part of the investment advisory fee paid.

Item 16: Investment Discretion

Janney accepts discretionary authority to manage securities accounts on behalf of its clients. Clients may place limitations on this authority including, for example, restrictions on investing in certain securities, industries, security types, issuers, securities with certain credit ratings or limitations on the percentage of cash held at any one time. In order for Janney to assume discretionary authority both the client and the firm must sign a contract that explains the discretionary authority and details the restrictions or limitations, if any.

Clients should be aware that some restrictions can limit our ability to act and as a result, the account's performance may differ from and be less successful than that of other accounts that have not limited our discretion. Client should also be aware that investment guidelines sometimes do not anticipate every investment scenario and can therefore sometimes be open to multiple interpretations. In such circumstances, Janney will use its best efforts to interpret the investment guidelines in a manner that is consistent with a client's investment goals and such interpretation will govern the management of the account.

In addition to the foregoing, Janney may provide its services on a non-discretionary and model portfolio basis.

Item 17: Voting Client Securities

Janney will deliver proxy materials for securities held in an account to the client unless the client delegates proxy voting authority to Janney or to another client agent. In accordance with Rule 206(4)-6 under the Advisers Act, Janney adopted and implemented written policies and procedures to govern proxy voting that are reasonably designed to ensure that it votes client securities in the best interests of clients. If client assets are managed by a manager unaffiliated with Janney and the client elects to have another party vote the proxies for the client, the unaffiliated manager, not Janney, will vote the proxies for the client. To assist in the proxy voting process, Janney retains an independent third-party proxy voting service that provides various services such as research, analysis, and recommendations regarding votes as well as vote execution, reporting, auditing and consulting assistance for the handling of proxy voting responsibility. While Janney relies upon its proxy voting service in setting proxy voting guidelines, Janney may deviate from these recommendations on either general policy issues or specific proxy proposals. A potential conflict of interest may occasionally arise between the nature of a proxy vote and relationship Janney has with the subject company. In that event, the client's best interest receives foremost consideration and such proxy votes would be provided by the independent third party utilized to assist in the proxy voting process.

Janney will furnish its proxy voting record regarding a client's securities if so requested by the client. Additionally, Janney will provide a copy of its current proxy voting policy, without cost, upon request by the client. Requests should be submitted in writing to:

Investment Advisory Chief Compliance Officer
Janney Montgomery Scott LLC
1717 Arch Street
Philadelphia, PA 19103

When neither Janney nor an investment manager unaffiliated with Janney has been given the right to vote proxies for the client, the client will be responsible for voting proxies and otherwise addressing all matters submitted for consideration by security holders, and Janney is under no obligation to take any action or render any advice regarding such matters.

Janney generally does not participate in securities class action claims or claims arising from bankruptcy. At a client's request, it will forward information about such claims to the client.

Item 18: Financial Information

Janney is a qualified custodian for purposes of Rule 206(4)-2 under the Advisers Act.

Janney does not require or solicit prepayment of more than \$1,200 in fees per client six (6) months or more in advance.

Janney has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Janney has not been the subject of a bankruptcy petition at any time during the past ten (10) years.

Item 19: Business Continuity Plan

Janney has a business continuity plan and is prepared to implement it if necessary. Janney conducts an annual test of its business continuity plan.

Privacy Policy

Janney collects and maintains information about our clients so that it can provide a broad range of appropriate financial services. Janney also understands the importance of safeguarding the information in order to protect its clients' privacy rights. Janney has established measures to protect client information that Janney has about our clients for business purposes only. All of the Janney employees that have access to client information are required to keep the information confidential and are subject to disciplinary action if they fail to comply with that requirement.

Janney collects client information from the following sources: (a) account applications and related forms (e.g., option agreements, margin agreements, online agreements and investment adviser contracts) and (b) transactions with Janney, its affiliates or others (e.g., investment companies, insurance companies and investment advisers). Janney does not disclose personal information about our clients to anyone, except as requested or authorized by our clients and as required by law.