

***Cravens & Company Advisors, LLC
DBA Cravens & Company Wealth
Management***

***1080 Interstate Drive
Cookeville, TN
38501
931.528.6865***

www.cravensco.com

Disclosure Brochure

February 27, 2012

This brochure provides information about the qualifications and business practices of Cravens & Company Wealth Management. If you have any questions about the contents of this brochure, please contact us at 931.528.6865. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Cravens & Company Wealth Management is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Cravens & Company Wealth Management also is available on the SEC's website at www.adviserinfo.sec.gov

Material Changes

On August 12, 2010, the SEC published “Amendments to Form ADV” which requires registered investment advisers like Cravens & Company Wealth Management (“CCA, we, us, our, ours”) to provide clients and prospective clients (“you, your, yours”) with a brochure and brochure supplements written in plain English. This brochure dated February 27, 2012 is prepared according to the SEC’s new requirements and rules. As a result, we are providing you with a brochure that not only looks different, but contains more information than our earlier disclosure documents.

In the past we have offered or delivered information about our qualifications and business practices to clients on an annual basis. Going forward, we will ensure that you receive a summary of any material changes to our brochures by April 29th of each year. We may also provide updated disclosure information about material changes on a more frequent basis. Any

summaries of changes will include the date of our last annual update of our brochure.

Our brochure may be requested by contacting Amanda Clark, Chief Compliance Officer, by phone at 931.752.2265 or by e-mail at aclark@cravensco.com.

Our brochure is also available on our website www.cravensco.com. We will provide you with a current brochure at any time without charge.

Additional information about us and about persons affiliated with us who are registered as our investment adviser representatives (“your advisory representative”) is also available via the SEC’s website, at www.adviserinfo.sec.gov.

Information regarding your advisory representative can also be found in the supplement to this brochure on the page shown in the table of contents to the right of this column.

Table of Contents

Advisory Business.....	1
Fees and Compensation.....	5
Performance Based Fees.....	10
Types of Clients.....	11
Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Disciplinary Information.....	12
Other Financial Industry Activities and Affiliations.....	12
Code of Ethics; Participation or Interest in Client Transactions and Personal Trading.....	14
Brokerage Practices.....	15
Review of Accounts.....	18
Client Referrals and Other Compensation.....	19
Custody.....	19
Investment Discretion.....	19
Voting Client Securities.....	20
Financial Information.....	20
Brochure Supplement.....	21

SEC File Number: 801-70364

SEC File Number: 801-70364

CRD Number 130071

Advisory Business

Cravens & Company Advisors, LLC (“CCA”), which is located in Cookeville, Tennessee and does business under the name of Cravens & Company Wealth Management, is a limited liability company organized under the laws of the State of Tennessee. Wayne Cravens founded CCA in 2003 and it is now a wholly-owned operating subsidiary of Progressive Savings Bank (“Progressive”), which is a state-chartered commercial bank. CCA is registered as an investment advisory firm with the SEC.

We principally provide private wealth management to business professionals, the owners and family members of closely-held businesses, and retirees. We also provide a variety of consulting services to the sponsors of retirement plans. Our services are provided on a fee-only basis, as described in detail below.

We provide financial planning and asset management services to our clients. While there is benefit in developing a financial or estate plan, we believe that successful management of the wealth of an individual or a family is rarely accomplished by developing a financial plan alone. This led us to develop our *Private Wealth Management* program, which combines the development of an all-encompassing financial plan with the implementation of on-going asset management. At the request of our clients, we will provide financial planning or asset management services individually or will combine them

through our *Private Wealth Management* program.

Financial Planning Services

Through a series of face-to-face meetings, we clarify your present circumstances by collecting and assessing all relevant personal and financial data. Using the information gathered in these meetings and through an analysis of the documents and information you provide, we identify your financial goals, challenges, concerns and planning assumptions. This includes a review of your current investment choices as well as new investment opportunities or other asset management solutions.

Based on the results of your financial plan, we can provide customized and specific recommendations regarding a variety of areas including, but not limited to, asset protection, estate planning, business management, income tax planning and risk management.

Your comprehensive financial plan does not include recommendations on specific individual investments, preparation of any kind of income tax, gift or estate tax returns, or preparation of any legal documents, including wills or trusts. Implementation of the plan is at your discretion.

Investment Advisory Services

We manage the investment of specific assets that you identify and specifically direct us to manage. In those instances in which you do not also ask us to

prepare a financial plan, we will gather information from you sufficient to help us understand your investment objectives and risk tolerances and will manage your investment assets in accordance with those guidelines. We regularly monitor the performance of your investment assets and recommend changes that we believe are most consistent with investment objectives and risk tolerances.

Private Wealth Management

Our *Private Wealth Management* services encompass both financial planning and investment advice. We believe that combining these two services into one provides you with an integrated program that monitors all aspects of your wealth.

We use the information gathered during the financial planning process to identify your financial goals, challenges, concerns and planning assumptions to create a strategic investment policy. Your investment policy details asset allocation strategies using your current investments as well as new investment opportunities. Recommendations within the investment policy address specific investment recommendations and are customized to your personal circumstances.

The ongoing monitoring of your investments includes all assets under our management, private assets such as closely-held business interests and property, and assets held with other advisers, in self-directed accounts, or in employment retirement plans. We

provide you with regular financial reports that include all of your investment assets and the performance of those assets under our management. We will meet regularly with you to review and update your information, suggest changes as circumstances indicate, and discuss new concerns and/or opportunities.

Specific investments are selected in accordance with your attitudes about risk and your investment objectives. We incorporate the tax considerations of all transactions we recommend.

You should notify us promptly if there are any changes in your financial situation, investment objectives, or risk tolerance. You may impose any reasonable restrictions upon the manner in which we manage your account.

As a *Private Wealth Management* client, we provide you with access to the *Comprehensive Wealth Management System*, a proprietary, web-based planning and aggregation tool which allows you constant access to information about your account. This website, which is updated each evening, displays a snapshot of your overall financial holdings, including real estate and retirement assets. The website can also be used to store important documents in a secure on-line vault for quick retrieval when needed.

You will also be provided with regular financial reports that include all of your investment assets and the performance of those assets.

As of December 31, 2011, we managed approximately \$33 million in client assets on a discretionary basis (where we made all of the investment decisions). Approximately \$13 million in client assets were managed on a non-discretionary basis (where our clients made the investment decisions based upon our recommendations).

Fixed Income Management

You may appoint us to manage a fixed income portfolio on a non-discretionary basis. We manage your portfolio subject to your objectives and restrictions. In addition to fixed income securities, we will recommend various cash and cash equivalents (i.e., bank deposits, certificates of deposit, banker's acceptances, and similar bank instruments) that may be held at one or more qualified custodians.

Vision2020 Wealth Management Platform-Advisor Managed Portfolios Program

The Wealth Management Platform – Advisor Managed Portfolios Program (“Advisor Managed Portfolios”) provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC (“Pershing”).

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and

performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire (“Questionnaire”) and discussions that we have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

For further Advisor Managed Portfolios details, please see the Advisor Managed Portfolios Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in Advisor Managed Portfolios. Please read it thoroughly before investing.

Qualified Plan Fiduciary Services

We provide a variety of services to the sponsors of employee retirement and benefit plans (the “Plan”). These services are designed to assist the

sponsor in meeting its management and fiduciary obligations to the Plan as required under the Employee Retirement Income Securities Act (“ERISA”). Our *Qualified Plan Fiduciary Services* (“QPFSS”) may consist of general or specific advice and may include any one or all of the following services:

1. Strategic Planning and Investment Policy Development/Review. We meet with the sponsor and its representatives and assist in developing an investment policy statement (“IPS”) for the Plan. Alternatively, if the Plan has an existing IPS, we review it and assist the sponsor in evaluating the adequacy of it and whether the Plan’s investments have performed in a manner consistent with it. Where appropriate, we recommend changes to the IPS and/or to the investment allocations under the Plan.

2. Plan Review. We conduct a review of the design of the Plan and advise the sponsor as to whether the Plan is operating in accordance with Plan documents and applicable provisions of ERISA. We also review the sponsor’s compliance with its fiduciary responsibilities, including compliance with requirements for self-directed plans (if applicable) under ERISA Section 404(c).

3. Plan Fee and Cost Review. We conduct an annual review of fees and costs charged to Plan by other service providers to assist the sponsor in determining the reasonableness of fees

and expenses paid by Plan.

4. Third-Party Service Provider

Liaison. We act as a liaison for the Plan and the sponsor when dealing with the trustee, custodian, plan actuary and other third-party service providers to Plan.

5. Assessment of Investments. We conduct a periodic review of investment expenses, investment performance, and style drift for mutual funds offered by the Plan to participants. This includes comparing the mutual funds in the Plan with other mutual funds in the same asset categories using independent resources such as Morningstar. We also provide suggestions to the sponsor from time to time (as deemed appropriate) for alternative mutual fund options for the Plan to make available to its participants. Any changes in mutual fund options in the Plan are the sole and exclusive decision of the sponsor.

6. Participant Education and Communication. We coordinate and/or conduct investment education and enrollment meetings for Plan participants as determined by the sponsor.

The sponsor may also engage us to provide the following additional services, for separate compensation:

1. Executive Benefits. We will review, design and implement non-qualified executive benefits such as deferred compensation.

2. Plan Conversion. We assist with the transition to alternate vendors and service providers, including preparation of Requests for Proposal (“RFPs”) from prospective new vendors, and review and comparison of responses to RFPs.

3. Merger and Acquisition Assistance. We review pension plan documents and investments in conjunction with the proposed mergers or terminations of duplicate plans.

4. Compliance Correction. We assist with corrective actions as necessary to comply with applicable laws and regulations.

5. Coordination with Other Advisers. We interact with outside advisors, or tax, legal and accounting counsel as necessary.

We work with you to determine in advance the method of engaging in *QPFS*, the scope of services to be performed, and the fees for all requested services.

We do not provide legal, tax, or actuarial advice, and we will not be responsible for ensuring that the Plan’s IPS and asset allocation choices comply with any legal, actuarial or other requirements that apply to the Plan.

Fees and Compensation

Fees for Financial Planning

At your discretion and based on the nature and scope of the planning work to be performed, you may pay for the planning services that we provide in one of two ways:

Project Fees. Fees are fixed at the beginning of our engagement and are based on an estimate of the time required to complete your financial plan. The project fee is based on the scope, complexity, and anticipated time involved in the project and generally ranges from \$500 to \$ 2,500. The amount of the fee may be negotiated.

One half of the fee is required up-front with the remaining half due at completion. The initial deposit compensates us for administrative time spent in the initial phase of the planning activity.

Hourly Fees. Hourly fees are generally recommended for shorter term consulting requests and for limited financial planning and analysis. Our current hourly rates are:

Senior Advisors - \$200+/hour
Lead Advisors- \$100-\$200
Professional and Administrative Staff - \$50-\$100/hour

Hourly clients are billed for time incurred at the completion of each key planning

task. While hourly rates are not negotiable, we may agree to limit the number of hours dedicated to a particular task at your request.

If you choose to become part of the *Private Wealth Management* program after completing the financial planning process, you may receive a credit towards the *Private Wealth Management* fee based on the amount of the financial planning fee you paid.

Depending on the scope of the assignment and the complexity of the planning to be performed, the analysis, development of the recommendations, plan write-up, and plan presentation can take from approximately 60 days to nearly one year. For most clients, the initial planning is generally accomplished within three to six months from the date you provide all requested information. You may terminate the agreement in writing during the planning process. You will be billed at an hourly rate of \$200/hour for services rendered up to that point.

Fees for Investment Advisory Services

We offer our investment advisory services on a fee-only basis. Our fee is calculated based upon the market value of the assets in your account on the last day of the previous quarter.

Broker-dealers and other financial institutions that hold client accounts are

referred to as custodians (hereinafter referred to as “custodian/broker-dealer”). Your custodian/broker-dealer determines the values of the assets in your account.

Fees for the initial quarter are based on the value of your cash and securities on the date the custodian/broker-dealer receives them and are prorated based upon the number of calendar days in the calendar quarter since you contracted to engage our services. Our fees schedules are as follows:

1.00% per year on the first \$1,000,000
0.75% of the next \$2,000,000
0.50% of the next \$2,000,000
0.30% on all amounts above \$5,000,000

1.25% per year on the first \$1,000,000
0.75% of the next \$2,000,000
0.50% of the next \$2,000,000
0.30% on all amounts above \$5,000,000

We generally require that your account contain a minimum of \$50,000 in investment assets. We may waive that requirement based on various factors, including, for example, the value of the accounts we manage for your family members.

Our minimum annual fee is \$500. We may agree to waive that minimum and/or negotiate lower fees at our discretion.

You may choose to have us send you an invoice for our fees so that you can remit payment to us or you may authorize us

to withdraw our fees directly from your investment account. You must authorize us in writing to have the custodian/broker-dealer that holds your account pay our fees to us directly by charging your account.

One-fourth of the annual fee is charged each calendar quarter. Your custodian/broker-dealer will provide you with statements that show the amount of the fees paid directly to us. You should review the custodian/broker-dealer's statements and verify the calculation of our fees. The custodian/broker-dealer does not verify the accuracy of fee calculations.

We send you quarterly statements that include the value of your investments and our advisory fees, including how they were calculated. Your custodian/broker-dealer also provides you with statements that show the amount paid directly to us. You should compare the statements we send you to the statements you receive from your custodian/broker-dealer to verify the calculation of our fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations.

Generally, you must pay our advisory fees in advance of receiving our services. Should you terminate the advisory agreement we have entered into within five (5) business days from the date the agreement is executed, you will receive a full refund of any fees paid.

Should either one of us terminate the

advisory agreement we have entered into before the end of a billing period, any unearned fees that were deducted from your account will be returned to you by us. The amount refunded to you is calculated by dividing the most recent advisory fee you paid by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial quarter, is subtracted from the total fee you paid in advance to determine your refund.

Fees for Private Wealth Management

The fees we charge you for our *Private Wealth Management* services will be quoted to you after a preliminary assessment of your current financial condition and investment needs has been completed. The amount of those fees varies and in many cases may be higher in the early stages of our relationship because we spend more time during the initial stages of our relationship structuring your financial plan and our investment recommendations. On an annual basis we review and, where appropriate, reset the fees we charge.

The *Private Wealth Management* services fee is comprised of two parts – a fixed fee to cover financial planning services and a variable fee to cover investment advisory services. The fixed fee begins at \$5,000 and is determined by a number of factors including the number of different types

of assets subject to review, the number of different accounts, investment objectives (for example, value accumulation vs. income distribution), and the types and amounts of marketable and non-marketable assets that you hold.

The variable fee is based upon a percentage of assets actually under our management and pursuant to the particular investment management strategy to be implemented. The variable fee schedules are as follows:

1.00% per year on the first \$1,000,000
0.75% of the next \$2,000,000
0.50% of the next \$2,000,000
0.30% on all amounts above \$5,000,000

1.25% per year on the first \$1,000,000
0.75% of the next \$2,000,000
0.50% of the next \$2,000,000
0.30% on all amounts above \$5,000,000

We may agree to negotiate fees at our discretion.

Variable fees are calculated and charged in the same manner as described under the section titled “*Fees for Investment Advisory Services*” above.

Fees for Fixed Income Management

Fixed Income Management fees will be set at the beginning of the engagement and will be determined by the value of the assets in the portfolio being managed and the complexities (i.e. total fixed income accounts held with all custodians,

number of fixed income instruments being managed, etc.) of the portfolio management at the time of the agreement. These fees are subject to change as your portfolio will be evaluated annually to review the appropriateness of the fees in light of any changes in the assets being managed. It is possible that you may enter into multiple fee arrangements, if necessary, as new portfolios become available for management prior to the annual evaluation and determination of fees on existing agreements.

You will be billed at the beginning of the engagement and then annually thereafter until the fee agreement(s) are terminated. The typical Fixed Income fee begins at 0.20%. We may negotiate these fees at our discretion.

Fees for Vision2020 Wealth Management Platform- Advisor Portfolios Program

We offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions (“Wrap Account”).

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business

days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the Advisor Managed Portfolios Wrap Fee Program Brochure for further details.

Our Advisor Managed Portfolios account fee schedules range from 0.40% to 2.50% depending on the investment strategy of the portfolio. Please see the Statement of Investment Selection for details of the fee schedule.

Fees for Qualified Plan Fiduciary Services

Fees for the *QPFS* may be charged either as a fixed fee, at a pre-determined hourly rate, or based upon a percentage of the Plan assets. The exact fee will be negotiated in advance of services rendered. We may require the payment of an initial retainer prior to services being rendered. Thereafter, fees will be billed quarterly in advance, as selected by the Plan sponsor. In special circumstances other fee paying arrangements may be negotiated.

All fees shall be paid by the Company or the Plan within 30 days of delivery of invoice. Bills that are not paid within 30-days may be subject to a 1% penalty.

The fee schedules for *QPFS* are as follows:

Fixed Fee: \$5,000 to \$10,000, based on the scope and complexity of the services provided

Hourly Fee: \$50 to \$300 per hour based on an estimate of hours needed to provide the services to be performed.

Basis Points: Our fee may be based on the amount of assets in the Plan as of a specified date or dates. The fee will be charged in “basis points” (one basis point equals .01%; 100 basis points equals 1%), as follows:

<u>Plan Assets</u>	<u>Fee (Basis Points)</u>
\$0 to \$20 million	10-100 bp
\$20 million to \$40 million	5-50 bp
\$40 million and above	3-25 bp

Commission-Based Relationship:

If the Plan sponsor chooses not to enter into a fee-based relationship with us, but instead chooses to engage our services through the association our advisory representatives maintain with FSC, we will provide our services for the Plan on a commission basis.

In no instance will a plan sponsor be charged an advisory fee for *QPFS* for the plan at the same time the plan is being charged commissions that will be made payable to the advisory representative through the broker/dealer.

Other Fees and Charges

In addition to our fees, you may be required to pay other charges such as:

- custodial fees,
- brokerage commissions,
- transaction fees,
- internal fees and expenses charged by mutual funds or ETFs, and
- other fees and taxes on brokerage accounts and securities transactions.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectus for each investment. You are strongly encouraged to read these explanations before making or authorizing any investments. We are available to answer any questions you have about fees and expenses.

If you purchase mutual funds through the custodian/broker-dealer, you may pay a transaction fee that would not be charged if the transactions were made directly through the mutual fund company. Also, mutual funds held in accounts at custodian/broker-dealers may pay internal fees that are different from mutual funds held at the mutual fund company.

While you may purchase shares of mutual funds directly from a mutual fund

company without a transaction fee, those investments will not be part of our advisory relationship with you. This means that they will not be included in our investment strategies, investment performance monitoring, or portfolio reallocations.

Please be sure to read the section entitled “Brokerage Practices,” which follows later in this brochure.

Your advisory representative is also a registered representative of FSC. Because he/she is also a registered representative of a broker-dealer, he/she may receive compensation (such as 12b-1 fees) from the sale of mutual fund products to you. Payment of these fees is included in the expense ratios of the mutual funds. This presents a conflict of interest because it creates an incentive to recommend certain funds or fund families with 12b-1 fees or funds with higher 12b-1 fees over other funds or fund families with no or lower 12b-1 fees.

We recommend no-load and load-waived mutual funds to further reduce conflicts of interest. However, you have the option to purchase investment products through other brokers or agents who are not affiliated with us.

Performance-Based Fees

Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The

fee is generally a percentage of the profits made on the investments. We do not charge performance-based fees on any of our client accounts.

Types of Clients

We provide advisory services primarily to individuals, including their trusts, estates and retirement accounts. We also provide services to corporations or business entities including their pension and profit sharing plans.

As noted above, we generally require that you have an investment portfolio worth at least \$50,000 if you wish to engage us to provide investment advisory services. We, at our sole discretion, may accept clients with smaller investment portfolios based upon various factors, including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing relationships with family members, co-workers, etc. We may consider the investment portfolios of your family members to determine if your portfolio meets the minimum size requirement.

You will generally be subject to a \$500 per year minimum annual fee, although we may negotiate at our sole discretion.

We generally require that you have an investment portfolio worth at least \$50,000 to participate in the *V2A* program on both a wrap and non-wrap fee basis.

Methods of Analysis, Investment Strategies and Risk of Loss

We select specific investments for your portfolios through the use of charting, fundamental and technical analysis. Charting involves identifying patterns in the movements of prices of particular investments that can suggest potential future price movements. Chartists use these patterns to identify current trends and trend reversals to trigger buy and sell signals.

Fundamental analysis is a method of evaluating a company that has issued securities by attempting to measure the value of its underlying assets. This entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the company's securities to determine whether to purchase, sell or hold those securities.

Technical analysis is a method of evaluating securities by analyzing statistics associated with market activity, such as past prices and trading volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future performance.

Our investment strategies may include long-term and short-term purchases and sales, and the use of options, margin, and short sales. You may place reasonable restrictions on the strategies to be employed in your account as well as the types of investments to be held in your account.

Although we manage your account in a manner consistent with your specific risk tolerances, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or a particular company, and any number of other factors can affect investment performance.

You should be prepared to bear the risk of loss and remember that all investments bear the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings.

Disciplinary Information

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

Other Financial Industry Activities and Affiliations

As noted above, CCA is a wholly-owned operating subsidiary of Progressive Savings Bank. Progressive is a state-chartered commercial bank located in Jamestown, Tennessee. Your advisory representative is also an employee of Progressive.

Other employees of Progressive may refer bank customers to us for advisory services. While CCA does not compensate anyone for these referrals, Progressive does. The business generated by these referrals results in greater overall compensation to CCA and its parent company, and thus creates a conflict of interest. Persons referring you to CCA may be doing so based upon their compensation rather than your best interest. CCA does not accept any referrals which would not be suitable. Rains Agency, Inc. (“Rains”) is an insurance agency wholly-owned by Progressive. Your advisory representatives may also be licensed as an independent insurance agent through Rains. In this capacity, your advisory representative may facilitate the purchase and/or sale of insurance products for you. You are under no obligation to purchase insurance products through your advisory representative or through Rains.

Your advisory representative is a registered representative of FSC. In this capacity, your advisory representative may purchase and/or sell of investment products for you, whether or not you have an advisory relationship with us. Any transactions effected through your

advisory representative in conjunction with his/her association with FSC may result in the payment of commissions or other similar compensation to your advisory representative. You are under no obligation to purchase investment products through your advisory representative in conjunction with his/her association with FSC.

Your advisory representative is also an investment advisory representative of FSC. Your advisory representative may recommend the purchase of securities offered by FSC. If you purchase these products through them, they will receive normal commissions which may be in addition to customary advisory fees. As such, advisory representatives may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable.

Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we

have to sell certain securities products and are encouraged to ask us about any conflict presented. You are under no obligation to use the advisory services available through your advisory representative in conjunction with his/her association with FSC.

FSC is owned by The Advisor Group, which is a subsidiary of SunAmerica. Your advisory representative may, from time to time, recommend to you certain investment products, including mutual funds, variable and fixed annuities, and other insurance products sponsored by SunAmerica. In addition, in certain advisory programs, SunAmerica Trust Company or another SunAmerica affiliate, may be selected to serve as your custodian/broker-dealer.

Because of the relationships noted above, your advisory representative may have a conflict of interest when assisting you in selecting investment products, insurance products, or custodians affiliated with SunAmerica.

FSC participates in the FundVest program sponsored by Pershing, LLC ("Pershing") whereby your advisory representative can offer you no-load mutual funds without incurring transaction costs subject to a minimum purchase amount. If a mutual fund purchased through FundVest is sold within three months of purchase, you may be charged a \$52.00 redemption fee. This charge will be in addition to other fees, charges, and restrictions imposed by the mutual fund company for short-term trading and redemptions.

Because your advisory representative is compensated for transactions effected through the FundVest program, your advisory representative may have a conflict of interest in recommending that you effect transactions through the program. FSC may also receive a re-allowance of a portion of the FundVest fees.

A list of the mutual funds available through FundVest is available from your advisory representative upon request. FSC sponsors the *Focus Elite Partners Program* under which selected vendors of investment products (e.g., mutual funds, variable annuities, and alternative investments) make payments to FSC to assist FSC and its registered representatives in their sales and marketing activities. In return for that compensation, vendors are, at no charge, invited to participate in FSC's educational and sales seminars for its registered representatives, may include articles in FSC's internal publication (called "The Source"), and are granted access to communicate directly with FSC's registered representatives.

FSC's registered representatives (including our advisory representatives who are registered representatives of FSC) are not paid any portion of this compensation. They may benefit indirectly, however, because in that transaction fees associated with purchases of the products of these vendors may be reduced or waived.

A list of the vendors in FSC's *Focus Elite Partners Program* are available on FSC's website (<http://www.joinfsc.com/disclosures>) or may be obtained from your advisory representative upon request.

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

We have adopted a *Code of Ethics* ("Code") to address the securities-related conduct of our advisory representatives and employees. The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- that all personal securities transactions of your advisory representative (and our other investment advisory representatives and employees) be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of interest, or any abuse of your advisory representative's position of trust and responsibility;
- that your advisory representative may not take inappropriate advantage of his/her position;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is

paramount.

We will provide a copy of the *Code* to you or any prospective client upon request.

We do not buy or sell securities for our own account that we also recommend to you. Your advisory representative is, however, permitted to buy or sell the same securities for his/her personal and family accounts that are bought or sold for your account. This may raise potential conflicts of interest when your advisory representative purchases or sells a security that is:

- owned by you, or
- is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended address these conflicts of interest. These policies and procedures:

- require your advisory representative to act in your best interest,
- prohibit favoring one client over another, and
- provide for the review of transactions to discover and correct any same-day trades that result in your advisory representative (or any of our other advisory representatives or employees) receiving a better price than a client.
- Your advisory representative must follow our procedures when purchasing or selling the same

securities purchased or sold for your account.

Brokerage Practices

We generally recommend that the broker-dealer/custodian for your account be Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”). If we recommend that your account be managed through our relationship with FSC, we recommend that your broker-dealer/custodian be Pershing, LLC (“Pershing”). Schwab and/or Pershing will assist us in servicing your account. We are independently owned and operated and not affiliated with Schwab or Pershing. Our use of Schwab and/or Pershing is, however, a beneficial business arrangement for us and for Schwab and/or Pershing. Information regarding the benefits of this relationship is described below.

In recommending Schwab or Pershing as your custodian/broker-dealer, we consider, at a minimum, their:

- existing relationship with us,
- financial strength,
- reputation,
- reporting capabilities,
- execution capabilities,
- pricing, and
- types and quality of research.

The determining factor in the selection of Schwab or Pershing to execute transactions for your account is not the

lowest possible transaction cost, but whether Schwab or Pershing can provide what is in our view the best qualitative execution for transactions in your account.

Schwab and Pershing provide us with access to its institutional trading and custody services, which includes:

- brokerage,
- custody,
- research, and
- access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

We are not required to effect a minimum volume of transactions or maintain a minimum dollar amount of client assets to receive these services.

Schwab and Pershing do not charge separately for holding and servicing your account, but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account.

Schwab and Pershing also make available to us other products and services that benefit us but may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that:

- provide access to account data such as:
 - duplicate trade confirmations,
 - bundled duplicate account statements, and
 - access to an electronic communication network for client order entry and account information;
- facilitate trade execution, including:
 - access to a trading desk serving advisory participants exclusively and
 - access to block trading which provides the ability to combine securities transactions and then allocate the appropriate number of shares to each individual account;
- provide research, pricing information and other market data;
- facilitate payment of our fees from client accounts; and
- assist with back-office functions, record keeping and client reporting; and
- receipt of compliance publications.

Schwab and Pershing also make available to us other services intended to help us manage and further develop our business. These services may include:

- consulting,
- publications and conferences on practice management,
- information technology,
- business succession,
- regulatory compliance, and marketing.

Schwab and/or Pershing may discount or waive the fees it would otherwise charge for some or all of these services. They may also arrange for certain of these services to be provided to us by independent third-parties. In that regard, Schwab and/or Pershing may pay all or a part of the fees of the third-party providing those services to us. Thus, we receive economic benefits as a result of our relationships with Schwab and Pershing because we do not have to produce or purchase the products and services listed above.

Because the amount of compensation and the products or services we receive may vary depending on the custodian/broker-dealer we recommend to be used by our clients, we may have a conflict of interest in making that recommendation. Our recommendation of Schwab and/or Pershing may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. We nonetheless strive to act in your best interests at all times.

Commissions and other fees for transactions executed through Schwab and/or Pershing may be higher than commissions and other fees available if you use another custodian/broker-dealer to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to you and our other clients by Schwab and/or Pershing outweighs the benefit of possibly lower

transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our clients, including clients whose accounts are not maintained through Schwab or Pershing. We do not attempt to allocate these benefits to specific clients.

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or adequately evaluate the quality of the execution of transactions effected through that broker-dealer. In addition, under these circumstances a difference may exist between the commissions charged to you and other clients who do not direct us to use a particular broker-dealer.

We may execute certain transactions for your account through the use of “bunched trades” (the purchase or sale of a security for the accounts of multiple clients in a single transaction). If a bunched trade is executed, you and each other participating client will receive a price that represents the average of the prices at which all of the transactions in a given bunch were executed. Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all of the participating clients. If

the order is not completely filled, the securities purchased or sold are distributed among you and other participating clients on a pro rata basis or in some other equitable manner.

Bunched trades are placed only when we reasonably believe that the combination of the transactions provides better prices for you and other clients than had individual transactions been placed for your accounts. If your account is managed on a non-discretionary basis, transactions for your account will not be bunched with transactions for client accounts managed on a discretionary basis.

Transactions for the account of your advisory representative (as well as the accounts of our other investment advisory representatives and employees) may be included in bunched trades. They will receive the same average price and pay the same commissions and other transaction costs, as you will. Transactions for the accounts of your advisory representative (as well as our other advisory representatives and employees) will not be favored over transactions for your account.

We are not obligated to include your account or the accounts of any other client account in a bunched trade. Bunched trades will not be effected for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

Review of Accounts

Periodically, no less than annually, your advisory representative will conduct a review of your account. Some review sessions may also be conducted by a committee including other advisory representatives and support advisory representatives. A quarterly account activity review is also conducted by Amanda Clark, Director of Compliance and Operations.

Our reviews of your account include the review of various reports offered through the *Comprehensive Wealth Management* system.

Your account will also be reviewed upon a variety of specific triggering events such as:

- Receipt of new money to be invested,
- The request to liquidate and disburse a significant portion of the account,
- A significant change in your financial circumstances, and
- A significant change in the status of the financial markets.

Reviews also consider investment restrictions that you request, your investment time horizons, your liquidity needs, tax considerations and other circumstances unique to you.

You will receive statements from Schwab or Pershing at least quarterly. These

statements identify your current investment holdings, the cost of each of those investments, and their current market values. If you choose to be a Private Wealth Management client, you will also be provided with regular financial reports that include all of your investment assets and the performance of those assets.

Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals who is not one of our advisory representatives or employees.

We receive certain economic benefits as a result of our participation in the institutional programs of Schwab and Pershing. Those benefits are described in detail in the preceding section entitled “Brokerage Practices.”

Custody

You will receive statements from your broker-dealer/custodian regarding your account on at least a quarterly basis. We urge you to carefully review these statements. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact Amanda Clark, our Chief Compliance Officer, should you have any questions or concerns regarding your account.

Investment Discretion

As previously noted, we offer certain advisory services on a discretionary basis, meaning that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your account. We may only exercise discretion if you have provided that authority to us in writing. This authorization is typically included in the investment advisory agreement you enter into with us.

The discretionary authority you grant to us does not provide us the ability to choose the broker-dealer through which transactions will be executed.

Additionally, our discretionary authority does not provide us the ability to withdraw funds from your account (other than to withdraw our advisory fees which, may only be done with your prior written authorization). We will exercise discretion in a manner consistent with the stated investment objectives for your account.

We also offer our advisory services on a non-discretionary basis, meaning that we need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts.

Voting Client Securities

We do not take any action or give any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which your accounts may

be invested. In addition, we do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. We will, however, forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your accounts.

Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding.