

STERNE AGEE INVESTMENT ADVISORS, INC.
FORM ADV – PART 2A

Sterne Agee Investment Advisors, Inc.

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This brochure describes the investment advisory services provided by Sterne Agee Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 1.800.240.1438. 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. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Sterne Agee Investment Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

December 30, 2011

Item 2 – Material Changes

This section is currently not applicable. This brochure ("Brochure") is dated December 30, 2011.

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Item 4 – Advisory Business

Sterne Agee Investment Advisors, Inc.

This Brochure relates to Sterne Agee Investment Advisors, Inc. ("SAIA").

SAIA is a wholly owned subsidiary of Sterne Agee Group, Inc. ("SAGI"), a privately held financial holding company. Other affiliates of SAIA include, but are not limited to, Sterne, Agee & Leach, Inc. ("SALI") and Sterne Agee Financial Services, Inc. ("SAFS"), each a registered broker-dealer, and The Trust Company of Sterne Agee, Inc. ("The Trust Company"), an Alabama-chartered non-depository trust company.

SAIA is registered as an investment adviser with the Securities and Exchange Commission and has been providing financial services to investors since 2004. SAIA's advisory services are offered through a variety of investment products and arrangements, depending on the strategy. These include separately managed accounts provided through wrap fee programs. Depending on the strategy, investment advice to clients may be provided on a discretionary or non-discretionary basis. For certain of the investment strategies, SAIA may also provide model portfolios and access to third party asset managers to unaffiliated investment advisors that use such model portfolios and/or third party asset managers to assist in developing their own investment recommendations and managing their client accounts.

In this Brochure, SAGI, SAIA, SALI, SAFS, The Trust Company, and their respective affiliates, directors, partners, trustees, managers, members, officers and employees are referred to collectively as "Sterne Agee." The separately managed accounts that are sponsored, managed and/or advised by SAIA are referred to in this Brochure as "Advisory Accounts."

Investment Restrictions

Clients may impose reasonable restrictions on the management of their separate accounts, including by restricting particular securities or types of investments, provided that SAIA accepts such restrictions. Any such restrictions will be reflected in the investment guidelines or other documentation applicable to the Advisory Account.

Absent specific instructions to the contrary, certain types of account limitations requested by Wrap Program (as defined below) clients, for example prohibiting investments in particular industries or socially responsible categories, may be defined or identified by reference to information provided by a third-party service provider selected by SAIA. SAIA will apply such restrictions based on SAIA's internal policies and the policies and methodologies of the service provider. The methodology used by SAIA or these service providers to analyze companies may change without notice to Wrap Program clients.

Third-party managers selected by clients through the SAIA platform are responsible for making investment decisions consistent with the investment guidelines and restrictions developed by SAIA.

Institutional Consulting Services

Sterne Agee offers consulting services to its clients. Fees are determined and calculated under this program in multiple methods. They may include, but are not limited to a one-time consulting fee, an annual consulting fee based on the account value of the assets reviewed or an annual consulting fee based on the account value of the assets reviewed using directed commissions to offset a portion of the fees.

Financial Planning

Clients are offered various levels of financial planning services and are provided with information regarding the services and the fees charged in connection with the financial planning service they select.

Clients who use Sterne Agee to prepare a financial plan have no obligation to open an account, to transact business, or to implement any of the suggestions in the financial plan through or with Sterne Agee or any of its affiliates. Should a client decide to do so, the client will pay Sterne Agee additional compensation, including commissions on the sale of any assets separate from the fee charged for the financial plan, a portion of which will generally be paid to the client's financial advisor.

In connection with implementing a financial plan, but not as part of the financial plan service, a client's financial advisor may recommend the purchase or sale of various securities or the taking of other steps to implement the financial plan. All investment decisions or other actions required for implementing a financial plan are the client's responsibility. In suggesting possible investments or executing securities transactions for clients after a financial plan has been provided, Sterne Agee is acting in its capacity as a broker-dealer and not as an investment adviser unless it has otherwise agreed in writing to act in this capacity.

The information contained in the financial plan should not be construed as legal, tax or accounting advice, Sterne Agee does not provide such advice to clients.

Planning services may be provided at no cost to clients who participate in other advisory programs or products described herein provided certain minimum qualifications are met.

Wrap Fee Programs

SAIA's investment advisory services are available through various consulting or bundled "wrap fee" programs ("Wrap Programs") sponsored by SAIA ("Sponsor"). For a more detailed description of SAIA's Wrap Programs please see Appendix 1 – Fee Based Programs Brochure.

A client in a Wrap Program typically receives professional investment management of account assets through one or more investment managers (including SAIA) participating in the program. Except for execution charges for certain transactions as described below, clients pay a single, all-inclusive (or "wrap") fee charged by the Sponsor based on the value of the client's account assets for asset management, trade execution, custody, performance monitoring and reporting through the Sponsor. In certain Wrap Programs, as specified below in Appendix I – Fee Based Programs Brochure, a client may pay a transaction fee. The transaction fee will be paid to SALI as compensation for the clearing, settlement and safekeeping services it provides to related accounts.

The Sponsor typically assists the client in defining the client's investment objectives based on information provided by the client, aids the client in the selection of one or more investment managers to manage the client's account, and periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets. In a Wrap Program, the Sponsor is paid a fee based on the assets of clients invested in the applicable SAIA strategy in the Wrap Program.

A Wrap Program client may be able to obtain some or all of the services available through a particular Wrap Program on an "unbundled" basis through other firms. Depending on the circumstances, the aggregate of any separately-paid fees may be lower (or higher) than the wrap fee charged in the Wrap Program. Payment of bundled asset-based wrap fee may or may not produce accounting, bookkeeping, or income tax results different from those resulting from the separate payment of (a) securities commissions and other execution costs on a trade-by-trade basis and (b) advisory fees.

The following describes some of the differences between Wrap Program Advisory Accounts and other Advisory Accounts.

Management of Wrap Accounts

Clients should expect the holdings of Wrap Program Advisory Accounts to differ from one another and from that of the model portfolio for the relevant strategy. Deviations between

holdings in a Wrap Program Advisory Account and a model portfolio generally are not considered errors. Deviations in holdings from the model portfolio for the strategy will contribute to performance differences between Wrap Program Accounts and institutional Advisory Accounts.

Trading Considerations and Best Execution

Where SAIA is retained as investment manager under a Wrap Program, SAIA generally does not negotiate on the client's behalf brokerage commissions and charges for the execution of transactions in the Wrap Program client's Advisory Account for transactions executed through SALI or First Clearing Corporation ("FCC"). These commissions and charges are generally included in the "wrap" fee charged by the Sponsor, although certain execution costs are typically not included in this fee and may be charged to the client (including, but not limited to, broker-dealer spreads, certain broker-dealer mark-ups or mark-downs on principal transactions, auction fees, fees charged by exchanges on a per transaction basis, fees on NASDAQ transactions, other charges mandated by law, and certain other transaction costs).

Wrap Program clients should also be aware that SAIA offers a variety of strategies through wrap platforms that may, at various times, result in a higher or lower "turnover" of investment securities. Wrap Program clients investing in a strategy or time period with lower investment turnover may pay a disproportionately high fee for execution services, relative to payment on a per transaction basis.

Any securities or other assets used to establish a Wrap Program Advisory Account may be sold, and the client will be responsible for payment of any taxes due. Clients should consult their tax advisor or accountant regarding the tax treatment of their account under a Wrap Program.

Assets Under Management

As of November 30, 2011, SAIA had advisory assets under management of \$1,566,200,000, of which \$955,300,000 was managed on a discretionary basis and \$610,900,000 was managed on a non-discretionary basis.

Item 5 – Fees and Compensation

Separately Managed Accounts

Clients generally pay advisory fees for separate account management based on a percentage of assets (generally net of any margin debt balance) in their Advisory Account(s). SAIA's actual fees, minimum fees and minimum account sizes may be negotiated, and a client may pay more or less than the fees set forth in Appendix I or than similar clients depending on the particular circumstances of the client, the size and scope of the overall client relationship, additional or differing levels of servicing or as otherwise agreed with specific clients. Servicing arrangements such as reporting may also vary among clients. SAIA may, in its discretion, offer certain clients lower fees, waive minimums on fees or provide lowest available fee arrangements. Clients that negotiate fees with differing breakpoints, including flat fees, may end up paying a higher fee than as set forth in the standard fee schedule set forth in Appendix 1 as a result of fluctuations in the amount of the client's assets under management and account performance. For SAIA's standard Wrap Program fee schedules, please see Appendix I.

Calculation and Deduction of Advisory Fees

Fees for Advisory Accounts generally are calculated and billed quarterly in advance, and payable within thirty (30) days after the end of each quarter. Subject to negotiation, fees will be prorated through the date of liquidation or termination. Where an affiliate of SAIA is the custodian, fees and other expenses will be automatically deducted from the client's Advisory Account, unless other arrangements have been made. Where the custodian is a third party, clients generally will arrange to have such fees debited directly from the client's account for credit to SAIA, subject to applicable law.

Other Fees and Expenses

In addition to the advisory fees described above, clients will be subject to other fees and expenses in connection with SAIA's advisory services.

Transaction Charges

As described further in Appendix I – Fee Based Programs Brochure, for Wrap Program clients, commissions and other transaction charges are generally included in the "wrap" fee charged by the Sponsor, although certain execution costs are typically not included in this fee and may be

charged to the client. If transactions are effected through a broker-dealer other than SALI or FCC those transactions charges would be charged to the client.

To the extent that transactions are affected through Sterne Agee, Sterne Agee, like any other broker-dealer executing a transaction, may have commercial interests in transactions that are adverse to Advisory Accounts, such as obtaining favorable commission rates, mark-ups and mark-downs, other commission equivalents and lending rates and arrangements. As described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, personnel of Sterne Agee ("Personnel") may receive referral or brokerage compensation in connection with transactions effected for Advisory Accounts, and Sterne Agee and Personnel have financial interests in clients instructing SAIA to direct all transactions to Sterne Agee. In such circumstances, no accounting to Advisory Accounts will be required, Sterne Agee will be entitled to retain all such fees and other amounts and no fees or other compensation will be reduced thereby.

Compensation for the Sale of Securities

Generally, except as described below, SAIA Personnel do not receive formulaic compensation based on the sale of securities or other investment products. Compensation is based on a variety of factors, including, but not limited to: an individual's contribution to net revenues for the past year which in part are derived from advisory fees, and for certain Advisory Accounts, individual performance; contributions to overall performance; the performance of SAIA and Sterne Agee; and depending on the individual's role, delivery of investment performance. Certain SAIA Personnel involved in the marketing, promotion and/or sale of investment products are eligible to receive formulaic compensation that is related to the sale of such products. These supervised persons are generally acting in a broker-dealer capacity. Certain of SAIA's affiliates may receive compensation based on the sale of securities or other investment products held directly or indirectly by SAIA. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Item 6 – Performance Based Fees

SAIA does not charge performance-based fees.

Item 7 – Types of Clients

Types of Clients

The advisory services offered in this Brochure are available to individuals, corporations, institutions, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable organizations, other business and government entities, educational institutions, and banks or thrift institutions.

Account Requirements

To open or maintain an Advisory Account with SAIA, clients are required to sign an investment advisory agreement that, among other things, details the nature of the investment advisory authority given to SAIA.

Please refer to the Wrap Programs descriptions for other requirements, such as minimum account size, for opening or maintaining an account.

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

Methods of Analysis and Investment Strategies

Clients should refer to each program and portfolio description in Appendix I for a detailed discussion of the investment strategies and methods of analysis used in connection with such portfolio or program.

Advisory Account clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Advisory Accounts, which clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Advisory Accounts will be subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

Material Risks for Significant Investment Strategies and Particular Types of Securities

Following is a summary of the material risks for each of SAIA's significant investment strategies, security types and the investment techniques employed by the SAIA investment teams in their significant investment strategies. SAIA offers advisory services across a broad range of

strategies and investment types and does not primarily recommend any particular type of security to its clients.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular Advisory Account. Rather, it is a general description of the nature and risks of the strategies and securities and other instruments that may be included in a client's Advisory Account. Clients should be satisfied that such financial instruments are suitable for their Advisory Account in light of their circumstances, their investment objectives and their financial situation.

General Risks

All of SAIA's strategies may be subject to the following general portfolio risks:

- **Concentration Risk**—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, to the extent an Advisory Account invests a larger percentage of its assets in a relatively small number of issuers or concentrates its assets in investments in the same asset class, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments.
- **Counterparty Risk**—An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions.
- **Emerging Markets and Growth Markets Risk**—In addition to the risks described in "—Non-U.S. Securities Risk" below, investing in the securities of governments in emerging markets involves certain considerations not usually associated with investing in securities of developed market companies or countries including, without limitation, political and economic considerations, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments, the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility, and certain government

policies that may restrict an Advisory Account's investment opportunities. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S.

- **Frequent Trading and Portfolio Turnover Rate Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Investment Style Risk**—Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. SAIA may modify or adjust its investment strategies from time to time.
- **Leverage Risk**—If an Advisory Account utilizes leverage, the Advisory Account will be subject to heightened risk. Leverage may take the form of trading on margin. Any leverage may result in the Advisory Account's market value exposure being in excess of the net asset value of the Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which will increase the losses incurred by the Advisory Account.
- **Liquidity Risk**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions. Additionally, an Advisory Account may invest in private funds and generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the private fund's consent, which may be granted or withheld in its sole discretion.

- Management Risk—The risk that a strategy used by SAIA may fail to produce the intended results for an Advisory Account.
- Market Risk—The value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions.
- Non-U.S. Securities Risk—Non-U.S. securities may be subject to risk of loss because of less government regulation, less public information and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of the non-U.S. sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay the principal or interest when due. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets.
- Volatility Risk—The prices of an Advisory Account's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Advisory Accounts may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for Advisory Accounts, could prevent Advisory Accounts from successfully meeting their investment objectives or could require Advisory Accounts to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, Advisory Accounts will also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

All of SAIA's strategies may be subject to the following other general risks:

- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of Sterne Agee. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of SAIA to effectively implement the investment programs of the Advisory Accounts.
- **Legal, Tax and Regulatory Risks**—SAIA and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight. There have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of SAIA and managers to which SAIA allocates client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Any rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

Item 9 – Disciplinary Information

This Item requests information relating to SAIA. There are no reportable material legal or disciplinary events related to SAIA. In the ordinary course of their business, SAIA and its employees may in the future be subject to formal and informal regulatory inquiries, subpoenas, investigations, and legal or regulatory proceedings, involving the SEC, other regulatory authorities, or private parties. In the past ten years, SAIA has not had an order or sanction issued against it by a regulatory body. Additional information about SAIA's investment advisory affiliates is contained in Part 1 of SAIA's Form ADV.

For information relating to other Sterne Agee affiliates, please visit www.sterneagee.com and refer to the public filings of Sterne Agee Group, Inc.

Item 10 – Other Financial Industry Activities or Affiliations

Broker-Dealer Registration

Certain of SAIA's management persons may be registered representatives of SALI or SAFS, each a registered broker-dealer, if necessary or appropriate to perform their responsibilities.

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

SALI is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO"). In addition, certain of SALI's management persons may be registered as associated persons to the extent necessary or appropriate to perform their responsibilities.

Other Material Relationships with Affiliated Entities

SAIA may use, suggest or recommend its own services or those of affiliated Sterne Agee entities. The particular services involved will depend on the types of services offered by the affiliate. The arrangements may involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law. Particular relationships may include, but are not limited to, those discussed below. Sterne Agee's affiliates will retain any compensation when providing investment services to, or in connection with investment activities of, Advisory Accounts. Compensation may take the form of commissions, markups, markdowns, service fees or other commission equivalents. Advisory Accounts will not be entitled to any such compensation retained by Sterne Agee's affiliates.

Broker-Dealer

Subject to client consent, SAIA may use, or suggest or recommend that advisory clients use, the securities, custody or other services offered by SAIA's broker-dealer and other affiliates. These may include (but are not limited to) SALI and SAFS. Clients may pay a transactional fee for broker-dealer or other services performed by SAIA's affiliates in addition to the advisory fee paid to SAIA.

SAIA may receive record keeping, administrative and support services from its broker-dealer affiliates. SAIA may also obtain research ideas, analyses, reports and other services from broker-dealer affiliates.

Subject to client consent, SAIA may enter into principal transactions for clients with its affiliates. SAIA's affiliates will earn mark-ups, mark-downs, spreads, financing fees and other charges. Clients will pay these charges in addition to the advisory fee paid to SAIA. For additional information about principal trading, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Other Investment Advisers

SAIA has one SEC registered investment advisory affiliate, Sterne Agee Asset Management, Inc. ("SAAM").

SAIA may, in its discretion, accept responsibility for all or a portion of advisory or other functions (including placing trades on behalf of Advisory Accounts) for any affiliate that is registered with the SEC as an investment adviser. Clients that want more information about any affiliate should contact SAIA.

In addition, SAIA may participate in sub-advisory, co-advisory or other joint projects related to pooled investment vehicles with institutions not a part of Sterne Agee.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser

SAIA has an affiliate, SALI, registered with the CFTC as a CPO.

Bank or Thrift Institution

The Trust Company, and its affiliates, may provide custody services to SAIA's clients at the request of the clients and may receive compensation directly from SAIA's clients or from SAIA.

Sponsor or Syndicator of Limited Partnerships

Sterne Agee and its affiliates may create and/or distribute unregistered privately-placed vehicles and may receive fees.

Insurance Company or Agency

Personnel may be licensed, and function, as agents for various insurance companies. As such, these Personnel will receive compensation for conducting insurance product transactions on behalf of Accounts. The commissions flow through SALI, as with other financial products. SALI or an affiliated agency (as required by state insurance statutes and regulations) is licensed where required in each state as an agency producer.

Receipt of Compensation from Investment Advisers

SAIA may allocate Advisory Account assets to one or more third-party managers, directly or

indirectly, through, among other means, discretionary managed accounts or investment funds. The interests and business relationships of Sterne Agee (including SAIA) and its Personnel may create potential conflicts in the selection of managers for, or the determination to increase allocations of assets to or withdraw assets from third-party managers on behalf of, Advisory Accounts. SAIA makes determinations regarding which third-party managers to make available to clients consistent with their fiduciary duties and the investment processes described in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. Sterne Agee may derive ancillary benefits from certain decisions made in respect of managers.

In addition, the fee structure of certain Advisory Accounts (pursuant to which SAIA may be required to compensate managers out of the fee it receives from the client) may incentivize SAIA to select managers with lower compensation levels (including managers that discount their fees based on aggregate account size or other relationships) than other managers which might also be appropriate for the Advisory Accounts.

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

Code of Ethics and Personal Trading

SAIA has adopted a Code of Ethics (the “Code”) under Rule 204A-1 of the Advisers Act designed to provide that SAIA Personnel, and certain additional Personnel who support SAIA, comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid conflicts of interest. Subject to the limitations of the Code, covered persons may buy and sell securities or other investments for their personal accounts, and may also take positions that are the same as, different from, or made at different times than, positions taken for Advisory Accounts. SAIA will provide a copy of the Code to clients or prospective clients upon request.

Additionally, Personnel, including SAIA Personnel, are subject to firmwide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading.

Participation or Interest in Client Transactions

SAIA acts as investment adviser under the Advisers Act in accordance with fiduciary standards. Sterne Agee is a full-service investment banking, broker-dealer, asset management and financial services organization. As such, Sterne Agee provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Sterne Agee acts as an investment banker, research provider, investment manager, financier, advisor, market maker, prime broker, lender, counterparty, agent and principal. In those and other capacities, Sterne Agee advises clients in many markets and transactions and purchases, sells, holds and recommends a broad array of investments, including securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own accounts and for the accounts of clients and of its Personnel, through client accounts and the relationships and products it sponsors, manages and advises (such as Sterne Agee or other client accounts, relationships and products collectively, the "Accounts"). Sterne Agee has direct and indirect interests in the fixed income, currency, commodity, equities, bank loan and other markets, and the securities and issuers, in which the Advisory Accounts may directly and indirectly invest. As a result, Sterne Agee's activities and dealings may affect Advisory Accounts in ways that may disadvantage or restrict Advisory Accounts and/or benefit Sterne Agee or other Accounts. The following are descriptions of some of the conflicts and potential conflicts that may be associated with the financial or other interests that SAIA and Sterne Agee may have in transactions effected by, with, and on behalf of Advisory Accounts.

Principal Trading and Cross/Agency Cross Transactions with Advisory Accounts

When permitted by applicable law and SAIA policy, SAIA, acting on behalf of its Advisory Accounts, may enter into transactions in securities and other instruments with or through Sterne Agee or in Affiliated Products (as defined below), and may cause Advisory Accounts to engage in cross transactions. There may be potential conflicts of interest relating to these transactions which could influence SAIA's decision to engage in these transactions for Advisory Accounts. Principal transactions occur if SAIA, on behalf of Advisory Accounts, engages in a transaction in securities or other instruments with Sterne Agee or in Affiliated Products acting as principal. Sterne Agee may earn compensation (such as a spread or mark-up) in connection with these transactions. Cross transactions occur if SAIA causes an Advisory Account to buy securities or other instruments from, or sell securities or other instruments to, another Advisory Account of SAIA or its investment advisory affiliates. An agency cross transaction occurs if Sterne Agee acts as broker for, and receives a commission from, an Advisory Account on one side of the transaction and a brokerage account on the other side of the transaction in

connection with the purchase or sale of securities by the Advisory Account. Sterne Agee may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions, and has developed policies and procedures in relation to such transactions and conflicts. It will effect these transactions in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

Effects of Sterne Agee's Activities on Advisory Accounts

Sterne Agee may make loans or enter into asset-based or other credit facilities or similar transactions that are secured by a client's assets or interests, including interests in an Advisory Account. In connection with its rights as lender, Sterne Agee may take actions that adversely affect an Advisory Account, including by causing an Advisory Account to default, liquidate its assets or redeem positions more rapidly (and at significantly lower prices) than might otherwise be desirable. Unless provided otherwise by agreement to the contrary, Sterne Agee may redeem its interests in these Advisory Accounts at any time without notice to investors or regard to the effect on the portfolios of such Advisory Accounts, which may be adverse.

Sterne Agee and its Personnel, when acting as an investment banker, market maker, investor, broker, advisor or research provider, may make recommendations, provide differing investment views or have views with respect to research or valuations that are inconsistent with, or adverse to, the interests and activities of Advisory Accounts. Moreover, research, analyses or viewpoints may be available to clients or potential clients at different times. Sterne Agee, on behalf of one or more Accounts (including Accounts advised by other areas of Sterne Agee), may implement a portfolio decision or strategy ahead of, or contemporaneously with, or behind similar portfolio decisions or strategies made for Advisory Accounts (whether or not the portfolio decisions emanate from the same research analysis or other information). The relative timing for the implementation of portfolio decisions or strategies among Accounts and Advisory Accounts may work to the disadvantage of Advisory Accounts. Certain factors, for example, market impact, liquidity constraints, or other circumstances, could result in Advisory Accounts receiving less favorable trading results or incurring increased costs associated with implementing such portfolio decisions or strategies, or being otherwise disadvantaged.

Sterne Agee has established certain information barriers and other policies to address the sharing of information between different businesses within Sterne Agee. As a result of information barriers, SAIA generally will not have access, or will have limited access, to information and Personnel in other areas of Sterne Agee, and generally will not be able to manage the Advisory Accounts with the benefit of information held by these other areas. In addition, Sterne Agee will not have any obligation to make available any information regarding

its trading activities, strategies or views, or the activities, strategies or views used for other accounts managed by it, for the benefit of Advisory Accounts.

Financial Incentives in Managing Advisory Accounts

Sterne Agee and its Personnel, including SAIA Personnel, may receive benefits and earn fees and compensation for services provided to Advisory Accounts and in connection with its use of separately managed accounts managed by SAIA ("Affiliated Products"). SAIA may have a financial incentive to allocate Advisory Account assets to Affiliated Products rather than to accounts or funds managed by third parties. Any differentials in compensation may create a financial incentive for SAIA and its Personnel to recommend or select advisory products or investment strategies that will result in greater compensation and profit to SAIA and, indirectly, to Personnel of SAIA involved in decision-making for Advisory Accounts.

Item 12 – Brokerage Practices

Depending on the program, the client is required to either designate SALI or FCC as the primary broker-dealer for the execution of securities transactions to be directed by the portfolio manager for the account. Not all advisers require their clients to direct brokerage. When clients direct brokerage, it may be impossible to achieve most favorable execution for the Advisory Account, resulting in higher costs to the client.

The significant majority of the transactions will be directed to SALI or FCC for execution; however, circumstances may arise where it is determined to be necessary to use a broker-dealer other than SALI or FCC to execute transactions. In instances where transactions are executed through a broker-dealer other than SALI or FCC, the expense of the transaction-related services provided by such other broker-dealer, such as brokerage commissions, mark-ups, mark-downs and/or other costs, will be an additional expense to you that is not covered by fees for advisory services.

Item 13 – Review of Accounts

General Description

Advisory Accounts are periodically reviewed by either senior members of SAIA's portfolio management team or by financial advisors. Reviews are conducted either individually or in a group, depending upon account needs and market conditions. These reviews include a review

of the account's performance, investment objectives, security positions and other investment opportunities. In addition, the supervisors of Advisory Personnel monitor the performance of Advisory Accounts. Additional reviews may be undertaken at the discretion of SAIA.

Factors Triggering a Review

In addition to periodic reviews, SAIA performs reviews of separately managed accounts as it deems appropriate or as otherwise required. Additional reviews may be undertaken because of changes in market conditions, changes in security positions or changes in a client's investment objective or policies.

Client Reports

SAIA provides advisory clients who have discretionary Advisory Accounts with written reports on a quarterly basis or more frequently upon agreement between SAIA and the client. These reports generally include, among other things, a summary of holdings including a portfolio valuation, and the change in value of the account during the reporting period.

Item 14 – Client Referrals and Other Compensation

From time to time, Sterne Agee may make cash payments for client referrals to persons other than employees of Sterne Agee and its affiliates pursuant to applicable laws, including to 206(4)-(3) under the Advisers Act, when applicable. As a result, such solicitors may have an incentive to refer Clients to Sterne Agee over other firms. We have policies and procedures to ensure that proper disclosures are provided to Clients at the time of solicitation and that all Clients sign appropriate disclosure delivery receipts. In addition, from time to time, SAIA may also compensate employees of SAIA and its affiliates for client referrals pursuant to applicable laws.

Sterne Agee, including SAIA, and its Personnel may make charitable contributions to institutions, including those that have relationships with clients or personnel of clients and Personnel may have board relationships with charitable institutions. Personnel may also make political contributions, to the extent permitted by law. The individuals and entities with which SAIA and its Personnel have these relationships may have or recommend Advisory Accounts.

SAIA receives payments known as revenue sharing from asset managers participating in separately managed account programs. SAIA's receipt of revenue sharing payments creates a potential conflict of interest in the form of an additional financial incentive and financial benefit

to the firm and its equity owners in connection with the sale of products from these product partners. Specifically, SAIA may enter strategic partnerships with third-party money managers, whereby SAIA receives a payment in return for granting third-party money managers greater access to our financial advisors to provide training and other educational presentations.

Item 15 – Custody

SAIA does not hold client assets. Client funds and securities are held by a qualified custodian appointed by clients pursuant to a separate custody agreement. However, under the Advisers Act, SAIA may be “deemed” to have custody of client assets under certain circumstances, including where clients maintain assets at a bank, broker-dealer or other qualified custodian affiliated with SAIA where SAIA debits its fees directly from the Advisory Account.

Clients will receive account statements directly from their custodian and should carefully review those statements. In addition, clients are urged to compare the account statements that they receive from their qualified custodian with any that they may receive from SAIA.

Item 16 – Investment Discretion

SAIA accepts discretionary authority to manage securities accounts on behalf of clients. Clients are required to sign an investment advisory agreement that authorizes SAIA to supervise and direct the investment and reinvestment of assets in the Advisory Account, with discretion on client’s behalf and at client’s risk. SAIA’s discretionary authority is limited by the terms of its investment advisory agreements and the investment guidelines agreed between SAIA and each client. The investment guidelines or other account documents generally include any limitations a client may place on SAIA’s discretionary authority, including any reasonable restrictions of the securities and other financial instruments in which SAIA is authorized to invest.

Item 17 – Voting Client Securities

SAIA has not been delegated proxy voting authority on behalf of its Advisory Accounts. Clients should work with their custodian to ensure they receive their proxies and other solicitations for securities held in their account.

For Clients with Sterne Select Managers accounts, the third-party money manager will direct proxies for those securities over which such third-party money manager has been granted

investment discretion. Sterne Select Managers Clients may revoke delegation of proxy voting authority to third-party money managers at any time by written notice to SAIA. Sterne Select Managers Clients retain authority to direct proxies with respect to securities over which SAIA, as opposed to a third-party money manager, exercises investment discretion.

Clients may contact their financial advisor if they have a question on particular proxy voting matters or solicitations.

Item 18 – Financial Information

This item is not applicable.

Appendix I — Fee Based Programs Brochure

General Wrap Fee Information

SAIA's investment advisory services are available through various consulting or bundled "wrap fee" programs ("Wrap Programs") sponsored by SAIA.

A client in a Wrap Program typically receives professional investment management of account assets through one or more investment managers (including SAIA) participating in the program. Except for execution charges for certain transactions as described below, clients pay a single, all-inclusive (or "wrap") fee charged by the Sponsor based on the value of the client's account assets for asset management, trade execution, custody, performance monitoring and reporting through the Sponsor. In certain Wrap Programs, as specified below in "Specific Programs", a client may pay a transaction fee. The transaction fee will be paid to SALI as compensation for the clearing, settlement and safekeeping services it provides to related accounts.

The Sponsor typically assists the client in defining the client's investment objectives based on information provided by the client, aids the client in the selection of one or more investment managers to manage the client's account, and periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets. In a Wrap Program, the Sponsor is paid a fee based on the assets of clients invested in the applicable SAIA strategy in the Wrap Program.

A Wrap Program client may be able to obtain some or all of the services available through a particular Wrap Program on an "unbundled" basis through other firms. Depending on the circumstances, the aggregate of any separately-paid fees may be lower (or higher) than the wrap fee charged in the Wrap Program. Payment of bundled asset-based wrap fee may or may not produce accounting, bookkeeping, or income tax results different from those resulting from the separate payment of (a) securities commissions and other execution costs on a trade-by-trade basis and (b) advisory fees.

Trading Considerations and Best Execution

Where SAIA is retained as investment manager under a Wrap Program, SAIA generally does not negotiate on the client's behalf brokerage commissions and charges for the execution of transactions in the Wrap Program client's Advisory Account for transactions executed through SALI or FCC. These commissions and charges are generally included in the "wrap" fee charged by the Sponsor, although certain execution costs are typically not included in this fee and may be charged to the client (including, but not limited to, broker-dealer spreads, certain broker-dealer mark-ups or mark-downs on principal transactions, auction fees, fees charged by exchanges on a per transaction basis, fees on NASDAQ transactions, other charges mandated by law, and certain other transaction costs).

Wrap Program clients should also be aware that SAIA offers a variety of strategies through wrap platforms that may, at various times, result in a higher or lower "turnover" of investment securities. Wrap Program clients investing in a strategy or time period with lower investment turnover may pay a disproportionately high fee for execution services, relative to payment on a per transaction basis.

Any securities or other assets used to establish a Wrap Program Advisory Account may be sold, and the client will be responsible for payment of any taxes due. Clients should consult their tax advisor or accountant regarding the tax treatment of their account under a Wrap Program.

Summary of Services

Each of the wrap fee programs generally offers the following services: determination of investment goals and objectives; confirmation of each transaction; and monthly account statements sent from the custodian.

Specific Programs

Sterne Select Funds: SAIA serves as the portfolio manager for Sterne Select Funds, which is a discretionary investment platform that primarily utilizes mutual funds and ETFs to construct a variety of diversified portfolios designed to meet various client objectives. Although portfolios vary by objective, they typically provide exposure to fixed income as well as equity across a range of capitalizations and styles. Allocations can also include exposure to other asset classes such as real estate and typically provide exposure to domestic as well as international markets.

Generally, the minimum initial investment is \$25,000, although some models may require a larger initial investment. The minimum initial investment is subject to exception in SAIA's sole discretion. Clients pay a transaction fee of \$9.00 for each securities transaction. Listed directly below is the standard fee schedule, which is negotiable and may vary depending on circumstances.

Breakpoint	Maximum Fee
First \$250,000	2.0%
Next \$250,000	1.75%
Next \$500,000	1.25%
Over \$1,000,000	1.00%

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Sterne Select Managers: Sterne Select Managers is a discretionary investment platform that utilizes third-party managers to manage client assets. Third-party managers may be used individually or in combination with other third-party managers, mutual funds and/or ETFs to build portfolios designed to meet client objectives. Third party managers can be used to provide exposure to a variety of asset classes and styles including taxable and tax-free fixed income, domestic equity across styles and capitalizations, and international equity.

The minimum initial investment is \$100,000, although investing with some managers may require a larger initial investment. The minimum initial investment is subject to exception in SAIA's sole discretion. Clients pay a transaction fee of \$7.00 for each securities transaction. Listed directly below is the standard fee schedule, which is negotiable and may vary depending on circumstances.

Breakpoint	Maximum Fee
First \$1,000,000	2.25%
Next \$1,000,000	2.00%
Next \$3,000,000	1.75%
Over \$5,000,000	1.50%

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Sterne Select APM: Sterne Select APM is a discretionary investment platform that provides flexibility to enable advisors to develop portfolio solutions that meet their clients' objectives.

APM portfolios under the oversight of SAIA can include individual securities such as stocks and bonds, as well as mutual funds and ETFs.

The maximum advisory fee is 3.0%, unless in certain instances a higher rate is negotiated when circumstances dictate. The minimum initial investment is \$25,000, subject to exception in SAIA's sole discretion. Clients pay a transaction fee of \$7.00 for each securities transaction.

Accounts are billed quarterly in advance and for the remainder of the current quarter.

Sterne Select Advisors: Sterne Select Advisors is a non-discretionary investment platform through which clients are provided continuous and on-going investment advice by the client's investment advisor. The minimum initial investment is \$50,000, subject to exception in SAIA's sole discretion. Clients pay a transaction fee of \$12.95 for each securities transaction. The maximum advisory fee is 2.5%, unless in certain instances a higher rate is negotiated when circumstances dictate. Accounts are billed quarterly in advance and for the remainder of the current quarter.

Custom Portfolio Management Program: Discretionary and non-discretionary portfolio management is available through the Custom Portfolio Management Program. This program provides flexibility to enable advisors to develop portfolio solutions that meet their clients' objectives. Custom Portfolio Management Program portfolios under the oversight of SAIA can include individual securities such as stocks and bonds, as well as mutual funds and ETFs. Each custom portfolio is invested in a group of asset classes in a manner consistent with the client's investment profile. The minimum initial investment is \$50,000, subject to exception in SAIA's sole discretion. Listed directly below is the standard fee schedule, which is negotiable and may vary depending on circumstances.

Breakpoint	Equity and Balanced Maximum Fee	Fixed Income Maximum Fee
Less than \$500,000	2.00%	1.25%
Less than \$3,000,000	1.50%	1.00%
Less than \$5,000,000	1.00%	0.75%
Over \$5,000,000	Negotiable	Negotiable

Accounts are billed quarterly in advance and for the remainder of the current quarter.

MAP: MAP is a discretionary investment platform that provides flexibility to enable advisors to develop portfolio solutions that meet their clients' objectives. MAP portfolios under the oversight of SAIA can include individual securities such as stocks and bonds, as well as mutual funds and ETFs. The minimum initial investment is \$50,000, subject to exception in SAIA's sole discretion. Listed directly below is the standard fee schedule, which is negotiable and may vary depending on circumstances.

Breakpoint	Maximum Fee
Less than \$100,000	1.75%
Less than \$250,000	1.50%
Less than \$1,000,000	1.25%
Over \$1,000,000	1.00%

In addition to the above, new strategies and products may be developed as markets and businesses change.