

## **III to I Financial Management Research, L.P.**

6900 North Dallas Parkway, Ste 500  
Plano, TX 75024

Phone (972) 233-3323  
Fax (972) 239-0906  
[www.3to1fmr.com](http://www.3to1fmr.com)

**February 24, 2012**

### **Form ADV Part 2A Brochure**

III to I Financial Management Research, LP (hereinafter "FMR") is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of III to I Financial Management Research, LP. If you have any questions about the contents of this brochure, please contact us at (972) 340-2522. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about III to I Financial Management Research, LP is available on the public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On February 24, 2012, we filed an amendment to our Form ADV Brochure to reflect the following changes:

- Our principal office address was changed to 6900 North Dallas Parkway, Ste 500, Plano, TX 75024.
- Michael T. Watters is no longer an owner of the firm.

## Table of Contents

### Contents

|   |    |
|---|----|
| Advisory Business - Item 4 .....  | 4  |
| Fees and Compensation - Item 5 .....  | 6  |
| Performance-Based Fees and Side-By-Side Management - Item 6 .....                                     | 9  |
| Types of Clients - Item 7 .....   | 9  |
| Methods of Analysis, Investment Strategies and Risk of Loss - Item 8 .....                            | 9  |
| Disciplinary Information - Item 9 .....   | 12 |
| Other Financial Industry Activities and Affiliations - Item 10 .....                                  | 12 |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11 ..... | 16 |
| Brokerage Practices - Item 12 .....   | 17 |
| Review of Accounts - Item 13 .....  | 18 |
| Client Referrals and Other Compensation - Item 14 .....   | 18 |
| Custody - Item 15 .....   | 18 |
| Investment Discretion - Item 16 .....   | 18 |
| Voting Client Securities - Item 17 .....  | 19 |
| Financial Information - Item 18 .....   | 19 |
| Requirements for State-Registered Advisors - Item 19 .....  | 19 |

**Advisory Business - Item 4**

III to I Financial Management Research, LP ("FMR") is a registered investment advisor based in Plano, Texas. We are a limited partnership formed under the laws of the State of Texas. We have been providing investment advisory services since 2006.

Darrell Ward Cain is FMR's principal owner, and Gary V. Moore is our Chief Compliance Officer. FMR is engaged in three types of advisory services.

1. Research and due diligence provider to our affiliate, Cain Watters and Associates, P.L.L.C. ("CWA") related to certain investment programs CWA recommends to its clients. Currently this is a Pooled Investment Program (collective and common trust funds), Separately Managed Account Program (SMA), the Multi-Manager Account Program (MMA) and the Unified Managed Account Program (UMA).

These services include the following:

- a. Asset allocation analysis;
  - b. Research on investments and securities including alternative forms of investments (i.e. commodities or real estate, etc.);
  - c. Due diligence research on investment, securities and asset management companies and managers;
  - d. Periodic monitoring of investment, securities and asset management companies and managers;
  - e. Assistance in selection of investment, securities and asset management companies and managers;
  - f. Research on specific investments and securities in whatever form they may take;
  - g. General research about investment, securities and asset allocation;
  - h. Global investment services;
2. Investment advisory services for a national, publicly traded bank, T Bank, N.A. (T Bank) for their collective investment funds. These funds are used for qualified plans (i.e. 401K, etc.) and common trust funds for personal assets (i.e. individual, joint, etc). Investors in the T Bank funds are generally clients of CWA. The funds may also include investors who are not clients of CWA.

FMR's responsibilities include:

- a. Recommendation of certain fund allocations among different managers;
- b. Verification and oversight of service provider's due diligence processes;
- c. Additional research on investment managers' performance;
- d. Recommendations regarding changes in managers for the funds. This requires approval from T Bank's trust committee prior to any change in the management of the funds. If approved, FMR can facilitate the removal of an investment manager;
- e. Recommendations regarding the use of outside investment management providers. Currently, the two providers are Envestnet Asset Management, Inc. and Altegris

Investments, Inc. Each performs various functions which may include any of the following:

- Providing an investment platform for the funds;
  - Recommendations on the initial selection of money managers;
  - Ongoing due diligence on money managers, when required;
  - Hire third party money managers to make investment decisions;
  - Proxy voting.
- f. Research, due diligence and recommendation regarding the use of money managers that are not available through the service providers mentioned above.

FMR does not:

- Exercise direct discretionary authority over the investments of the Funds.
- Provide account statements to clients of CWA, T Bank and Placemark Investments;
- Vote proxies;
- Custody assets.

3. As of 9/29/2011 FMR entered into an agreement with Placemark Investments, Inc as a Model Portfolio Adviser in their UMA Marketplace Manager program offered by Placemark to investment advisers other than CWA. FMR is engaged as a nondiscretionary investment advisor to assist Placemark in its management of assets of the program which are held in Placemark's client's accounts from time to time.

FMR's responsibilities include:

- a. provide various investment models made up of various mutual funds and ETF's
- b. buy/sell recommendations and nondiscretionary investment advice with respect to individual securities, as well as recommended portfolio composed of those securities with specific weights by individual security
- c. Model updating

FMR does not:

- a. Have authority to place orders for the execution of transactions involving assets of the client accounts
- b. Vote proxies
- c. Custody assets

Placemark's responsibilities include:

- a. Implementing FMR's model portfolios
- b. Coordinating trading recommendations among FMR's strategies in the client account
- c. Exercising discretion with respect to whether, how and when to implement the recommendations provided by FMR
- d. Arranging the execution of trades in clients accounts

- e. Receiving and voting issuer and issuer-related communications (such as proxies, certain prospectuses and annual reports) with respect to securities in client accounts
- f. Provide FMR, on a quarterly basis, a report of assets in the Program under its Investment Strategy/ies, including summary of all assets held in all client accounts for FMR's Investment Strategy/ies.

FMR's clients are Cain, Watters and Associates, P.L.L.C. (CWA), T Bank, N.A. (T Bank) and Placemark Investments, Inc. Additional information about FMR's clients can be found under Item 7 of this brochure.

FMR does not sponsor nor act as a portfolio manager to wrap fee programs.

#### **Assets Under Management**

FMR does not provide continuous and regular supervisory or management services to securities portfolios on either a discretionary or non-discretionary basis.

#### **Fees and Compensation - Item 5**

Based on agreements we have with CWA, T Bank and Placemark, FMR derives its fees from a portion of the fees collected from different account programs. The fees FMR collects are described below in terms of basis points for each of the account types. Basis points are simply a unit that is equal to 1/100th of 1%. Therefore 0.01% = 1 basis point.

##### **1. Annual Fees Related to the CWA Multi-Manager Account ("MMA") Program.**

The MMA program charges a base fee of 41 basis points, or 0.41%. Of this fee, 20 basis points are paid to Envestnet Asset Management, Inc. ("Envestnet"), the trade execution and platform provider for the MMA program. Fidelity Institutional Wealth Services ("Fidelity") receives 6 basis points of the base fee for custodial services. CWA is paid the remaining 15 basis points as an advisory fee.

In addition to the 41 basis points, there are additional fees deducted from the account depending on the allocation model chosen. These fees range from 2-20 basis points and are fees paid to money managers for direct management of a portion of the account. Envestnet collects the fees from the client's account and pays the managers. Total fees assessed to the client MMA account will range from 41-60 basis points. All fees are deducted from the individual client accounts.

Based on FMR's agreements with CWA, CWA pays FMR a fixed fee for due diligence services provided on the SMA, MMA and UMA programs. The advisory fees charged to these accounts represent a portion of the fixed fee for due diligence services.

In addition, there may be additional fund fees for mutual funds and ETFs, depending on the allocation model chosen. These fees are deducted at the mutual fund level or ETF level and are not directly invoiced to client accounts. They do, however, represent an additional cost to

performance of the account. Detailed information on acquired fund's fees in each model is available to the client so that they can assess their true economic expense for CWA MMA accounts.

2. Annual Fees Related to the CWA Unified Managed Account Program ("UMA") Program.

With respect to the UMA Platform, clients will be charged the following fees: an overlay management fee payable to Placemark Investments, Inc., an advisory fee payable to CWA, and an asset-based fee (not based on the number of transactions in the client's account) payable to TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") for custody and execution services.

CWA receives a fee of .38 basis points, or 0.38% from the UMA accounts. CWA then forwards .18 basis points, or 0.18% to a third party sub-advisor (Pacific Pointe). The custodian holding the client's account deducts this fee at the instruction of Placemark Investments, Inc., which then forwards it to CWA. Additional fees will be deducted by other entities involved in servicing of the account. Such fees include a fee of 10 basis points to TD Ameritrade, a fee of 11 to 21 basis points to Placemark Investments, Inc., (negotiated in accordance to the management style of the account) and additional fees charged by Model Portfolio Advisors. If the client elects the Tax overlay management services offered by Placemark Investments, Inc., there will be an additional fee of 10 basis points. The cumulative fee deducted from the client's account will not exceed 1.00% of the client's assets under management in the account. Based on FMR's agreements with CWA, CWA pays FMR a fixed fee for due diligence services provided on the SMA, MMA and UMA programs. The advisory fees charged to these accounts represent a portion of the fixed fee for due diligence services. FMR's fee is paid quarterly in advance. The exact fee paid by the client will be clearly set forth in the New Account Enrollment Form and the Managed Account Agreement signed by CWA, the client and Placemark Investments, Inc.

There may be additional fund fees for mutual funds and ETFs, depending on the model chosen. These fees are deducted at the mutual fund level or ETF level and are not directly invoiced to client accounts. They do, however, represent an additional cost to the performance of the account. Detailed information on acquired funds fees in each model is available to the client so that they can assess their true economic expense for CWA UMA accounts.

3. Annual Fees Related to the CWA Separately Managed Account ("SMA") Program:

The SMA program charges a base fee of 41 basis points, or 0.41%. Of this fee, 20 basis points are paid to Envestnet, the trade execution and platform provider for the MMA program. Fidelity receives 6 basis points of the base fee for custodial services. CWA is paid the remaining 15 basis points as an advisory fee.

In addition to the 41 basis points, there are additional fees deducted from the accounts that are paid directly to the money managers for management of the account. These fees range from 35-50 basis points, depending on the manager and/or asset class chosen. Total fees for an SMA will range from 66-91 basis points, depending on the manager chosen. All fees are deducted from the individual client accounts.

Based on FMR's agreements with CWA, CWA pays FMR a fixed fee for due diligence services provided on the SMA, MMA and UMA programs. The advisory fees charged to these accounts represent a portion of the fixed fee for due diligence services.

In the event that a mutual fund is chosen from a list of approved funds, the client will be billed the initial 41 basis points only. Mutual funds will have their own internal expenses that are separate from the fees charged by CWA. These fees are deducted at the mutual fund level and are not directly invoiced to client accounts. They do, however, represent an additional cost to performance of the account. Detailed information on acquired fund's fees in each mutual fund is available to the client so that they can assess their true economic expense for CWA MMA accounts.

4. Annual Fees Related to the T Bank Collective Investment Funds ("Pooled Funds"):

All CWA clients invested in the Pooled Funds are charged a trust fee by T Bank of 100 basis points, or 1.0%. Of this fee, the bank is paid between 8 and 25 basis points for custodial and trustee expenses. The total fee charged by T Bank will vary and is based on asset levels (both overall and among the various Pooled Funds). Trust agreements and/or Engagement letters executed between clients and CWA will specify the total fees paid.

Generally, T Bank will pay investment advisory fees related to the management of the Pooled Funds from the 1% trust fee collected from CWA client accounts. The investment advisory fees include the fees paid to FMR and to other third party money managers. FMR serves as lead investment advisor to T Bank for the Pooled Funds. FMR will receive between 40-50 basis points for investment advisory services. Each Pooled Fund is sub-advised by one or more third party money managers under terms of their agreements made with T Bank, who receive, collectively, between 35-45 basis points. Based on FMR's agreements with CWA to provide investment advisory services, FMR will also receive from CWA a portion of the Global Services fee charged to pension accounts.

In addition, there may be additional fund fees indirectly incurred for mutual funds and ETFs, depending on the allocation model and/or Pooled Fund chosen. These fees are deducted at the mutual fund level or ETF level and are not directly invoiced to client accounts. They do, however, represent an additional cost to performance of the account. Detailed information on acquired fund's fees in each model is available to the client so that they can assess their true economic expense for Pooled Fund accounts.

In total, FMR receives between 40-55 basis points on assets invested in the Pooled Funds. The fees paid to FMR represent a portion of the 1% trust fee collected by T Bank on behalf of the Pooled Funds and are not additional fees. FMR's fee is paid monthly in arrears.

In situations where a CWA client is acting as a trustee under ERISA definitions for their pension plan and is an investor in Dental Community Financial Holdings, Ltd. ("DCFH"), the fees generated by those ERISA investment assets will not be retained by FMR for services rendered to CWA. A more detailed description of DCFH and the potential conflicts of interests are discussed in Item 10 – Other Financial Industry Activities and Affiliations of this disclosure brochure.



5. Annual Fees Related to the Placemark Investments, Inc Model Portfolio Adviser and UMA Marketplace Manager

As of 9/29/2011 FMR entered into an agreement with Placemark Investments, Inc as a Model Portfolio Adviser in their UMA Marketplace Manager program offered by Placemark to investment advisers other than CWA. FMR is engaged as a nondiscretionary investment advisor to Placemark to assist in its management of such assets of the program which are held in the Placemark client accounts from time to time. FMR will provide various models. FMR is responsible for buy/sell recommendations and nondiscretionary investment advice with respect to individual securities, as well as a recommended portfolio composed of those securities with specific weights by individual security. This information will be used by Placemark to manage their client accounts. FMR receives a fee of 20 basis points, or 0.20% from UMAM accounts. FMR's fee is paid quarterly in advance. The value is based as of the last business day of the previous calendar quarter.

**Performance-Based Fees and Side-By-Side Management - Item 6**

FMR does not charge performance-based fees. FMR does not provide nor charge for side-by-side management. Side-by-side management entails additional advisory services for which separate fees are charged.

**Types of Clients - Item 7**

FMR's clients are Cain, Watters and Associates, P.L.L.C. (CWA), T Bank, N.A. (T Bank) and Placemark Investments, Inc. FMR does not market its services to individual clients and does not provide investment advice to individuals or other types of clients other than the above referenced institutions. FMR does not provide investment advice to individual clients of CWA, T Bank, and Placemark Investments.

Based on agreements with CWA and T Bank, FMR has agreed to perform certain investment advisory services which do not require account minimums.

**Methods of Analysis, Investment Strategies and Risk of Loss - Item 8**

FMR provides investment advice to CWA and T Bank by recommending, monitoring and performing due diligence on investment managers. In its role of providing research services to CWA and T Bank, FMR may perform research on any and all of the security and investment types utilized by the recommended investment managers.

Investment Manager, Exchange Traded Funds and Mutual Fund Selection and Screening:

Investment managers, Exchanged Traded Funds ("ETFs") and mutual funds included on FMR's approved lists ("Approved Funds" and "Approved Managers") are recommended based on certain quantitative criteria. The criteria will include length of track record, performance levels, amounts invested or under management ("quantitative criteria"), and certain qualitative criteria. Qualitative criteria may include the consistency of investment style, employee turn-over, efficiency and capacity. Efficiency and capacity is gathered and evaluated by FMR concerning various aspects of the fund's or manager's business. FMR also conducts on site examinations of investment managers and evaluates the results. Investment managers and mutual funds included in databases utilized by FMR are reviewed periodically against FMR's initial quantitative criteria to determine whether a manager or fund is eligible for consideration as an additional Approved Fund or Approved Manager.

Approved Managers and Approved Funds are reviewed periodically to determine whether they continue to meet quantitative maintenance criteria adopted by FMR or when market conditions or specific issues to a Manager or Fund warrant. Any Approved Fund or Approved Manager that fails to meet the Provider's and FMR's maintenance criteria is first placed on a watch list then potentially recommended for removal.

FMR, in its role as investment adviser to the Pooled Funds of T Bank provides due diligence, research, performance analysis, and researches and reviews all the managers and mutual funds utilized in the Pooled Funds. Accordingly, there are certain managers and mutual funds utilized in the Pooled Funds that are separate from Envestnet or Altegris investment management services provided to the Pooled Funds. FMR conducts research and due diligence on these managers and mutual funds. FMR will recommend to T Bank investment managers and mutual funds for approval for use in the Pooled Funds. FMR will also provide information, reports and analysis about current Pooled Funds investment program providers to CWA consultants to be used to communicate to clients.

In providing investment advisory services to CWA and T Bank, the following risks apply to the investment strategies and funds utilized in the programs and pooled funds:

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk. Clients should familiarize themselves with the risks involved in the particular market instruments they intend to invest in.

**Funds May Lose Value:** There can be no assurance that a Fund will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested in a Fund. An investment in a Fund may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** A Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** A Fund that invests in bonds and other fixed income securities is subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk and Hedging:** Due to a Fund's assets and liabilities denominated in currencies different to its base currency, the Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates between the base currency and other currencies. Changes in currency exchange rates may influence the value of a Fund's shares, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the base currency, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. A Fund may engage in foreign currency transactions in order to hedge against currency exchange risk; however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Fund from benefiting from the performance of a Fund's securities if the currency in which the securities held by the Fund are denominated rises against the base currency.

**Futures and Options in Funds:** Funds may invest in options and futures on securities, indices and interest rates for the purpose of efficient portfolio management. Also, Funds may invest in futures, options or forward foreign exchange contracts to hedge market and currency risks. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Sector Risk:** Funds which concentrate their portfolio in a specific sector may carry a higher degree of risk due to lower diversification and sector-specific risks. Because these investments are limited to a relatively narrow segment of the economy, the Funds' investments are not as diversified as most funds. This means that these Funds tend to be more volatile than other funds and their portfolio values can increase or decrease more rapidly. The performance of each Fund may differ in direction and degree from that of the overall stock market.

**Small Capitalization:** Funds which include smaller capitalization companies, may involve greater risk than Funds investing in larger, more established companies. For example, small capitalization companies may have limited product lines, markets and financial or managerial resources. As a result, price

movements in securities of smaller capitalization companies may be more volatile. Transaction costs in securities of smaller capitalization companies can be higher than those of larger capitalization companies and there may be less liquidity.

**Non-Investment Grade Debt:** Credit risk is more pronounced for investments in fixed-income securities that are rated below Investment Grade or which are of comparable quality. The risk of default may be greater and the market for these securities may be less active, making it more difficult to sell the securities at reasonable prices, and also making valuation of the securities more difficult. A Fund may incur additional expenses if an issuer defaults and the Fund tries to recover some of its losses in bankruptcy or other similar proceedings.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of legal or disciplinary events by our Firm, our principals or advisory representatives.

#### **Other Financial Industry Activities and Affiliations - Item 10**

Darrell Cain, the principal of FMR, and Michael Watters, an associated person, were organizers and/or investors in T Bank, N.A., a national bank, ("T Bank") located in Dallas, Texas. The capital for the bank was raised through a public offering of common stock. Messrs. Cain and Watters, and other persons employed by or who are owners of FMR are or have been investors in the Bank. Mr. Cain and Mr. Watters are not on the Board of Directors of T Bank.

FMR, their affiliates, officers, directors and employees may own stock in T Bank, a publicly traded company. Although CWA believes T Bank to be an appropriate and suitable provider of trust services, please be advised that recommendations by CWA, their affiliates, officers, directors and employees to clients concerning T Bank and the pooled investment program may be regarded as a conflict of interest, by virtue of their stock ownership in T Bank. CWA has performed appropriate due diligence of T Bank Trust services, including comparison pricing and has concluded that T Bank will provide quality services and competitive pricing.

FMR is contracted by T Bank to provide certain investment advisory services to T Bank. Specifically, FMR provides advisory services related to the pooled funds. Implicit in a CWA recommendation of T Bank is a recommendation of FMR. This represents a potential conflict in that a recommendation of T Bank may be regarded as being influenced by the affiliate relationship between FMR and CWA, and the contractual relationship between T Bank and FMR.

The following is a list of entities that either or both Messrs. Cain and Watters, other managing members, FMR, its related persons or clients of its affiliate CWA have an economic, management or other beneficial interest. Mr. Darrell Cain and Mr. Michael Watters, other managing members, FMR, its employees and/or related parties, may, at times participate in real estate or other ventures, in which certain clients of its affiliate CWA are investors or in which certain CWA clients may be solicited to invest. Messrs. Cain and Watters and other managing members, employees, or other parties related to FMR may act in one or more of the following capacities, (i) managing members (ii) general partners, (iii) limited partners, (iv) service providers, or (v) investors of these investment vehicles. In addition, FMR's affiliate, CWA or its

related persons may provide accounting, tax and other consulting services to such investment entities and may be compensated for providing such services to these entities, either by management fees, investment returns or by an alternate method of compensation.

**Cain, Watters & Associates, P.L.L.C.** – Cain, Watters & Associates provides fee-only personal financial counseling and investment advisory services to individuals, professional entities and trustees/plan sponsors of pension and profit sharing plans, all involved either directly or indirectly with the healthcare profession. Cain, Watters & Associates, P.L.L.C. (“CWA”) is a company formed under the laws of the State of Texas, and is registered with the Securities and Exchange Commission as an investment adviser. Cain, Watters is also a Certified Public Accounting firm.

**Intranet Dental Community** – Intranet Dental Community-Provider of consulting, web-site and internet services primarily to affiliated companies. FMR pays a fee to this entity for these services. Messrs. Cain and Watters are managing members and investors in this company and have an economic interest in the company.

**III to I Foundation, Inc.** – Charitable foundation offering seminars and financial education; Annual and lifetime membership fees of individual donations, registrations fees and silent auctions; approximately 20% of CWA clients are subscribers or donors.

**III to I Emerging Market Partners, LLC** – Limited Liability Company formed for real estate development; provides real estate management services to the III to I Emerging Market Partners Real Estate Investment Fund I, LP. Mr. Cain is an investor in this company and has an economic interest in the company. There is no CWA client investment in this entity.

**III to I Property Management, LLC** – General Partner of III to I Emerging Market Partners Real Estate Investment Fund I, LP; there is no CWA client investment in III to I Property Management, LLC. There is a conflict in that CWA and its related persons solicited client investment in the III to I Emerging Market Partners Real Estate Investment Fund I, LP partnership. Mr. Cain is a managing member and investor in this company and has an economic interest in the company.

**III to I Emerging Market Partners Real Estate Investment Fund I, LP** – is a limited partnership organized under the laws of Texas for the primary purpose of investing in commercial real estate properties. The Partnership activities may include the purchase, management, leasing, improvement and sale of commercial real estate. The Partnership is also authorized to engage in other activities if the General Partner believes such activities will benefit the Partnership’s core business of real estate investment, including lending Partnership funds to affiliates of the General Partner, who also may be affiliates of CWA. This partnership was presented to clients through a confidential private offering memorandum with related risk disclosures. Investors in this partnership should understand that this investment is not liquid and liquidation cannot occur. Approximately 20% of CWA clients are investors. An independent annual audit is performed on III to I Emerging Market Partners Real Estate Investment Fund I, LP.

**SMD Investments, LLC** – Limited Liability Company formed for investment in real estate property; Mr. Cain is an investor in this company, and this company holds Class B interest in III to I Emerging Market Partners Real Estate Investment Fund I, LP and has an economic interest in the company. There is no CWA client investment in this company.

**Dental Community Financial Holdings, Ltd (DCFH)** – Partnership formed to loan funds to or acquire equity or other financial interests in entities that will provide services to CWA clients. Special disclosure for advisory clients of CWA solicited to invest in this partnership: the above purpose was fulfilled and loans were made by DCFH to FMR for its operations. It is important to understand that the ability of FMR to meet its investment return objectives, including repayment of the loans from DCFH, and further for DCFH to provide a return to its investors, is conditioned upon sufficient assets being supervised by CWA. The ability to retain such a base of assets will be dependent upon the ongoing efficacy of CWA's investment advisory services platform, the ability of the investment managers, mutual funds, and exchange traded funds to generate adequate returns to keep clients assets from transferring elsewhere and the ability of CWA to attract and retain clientele. Clients should understand that in addition to the normal market risk associated with a securities investment in the pooled investment platform; those clients who invested in DCFH also depend upon client and third party assets staying with CWA. Thus, such clients' losses can be compounded in an environment where investment losses cause net outflows from the CWA investment advisory services platform. In a situation where a CWA client is acting as a trustee under ERISA definitions for their pension plan and is an investor in this partnership the investment fees generated by those ERISA investment assets will not be retained by FMR for services rendered. This investment opportunity was presented to clients through a confidential private offering memorandum which included risk disclosures, and approximately 18.77% of clients are investors. Investors in this partnership should understand that this investment is not liquid and liquidation cannot occur except at times specified in offering memorandum. An independent annual audit is performed on Dental Community Financial Holdings, Ltd.

Moreover, there is an inherent conflict in that the clients' ability to receive and sustain investment returns in DCFH may require the client to leave assets in the platform where there may be better investment alternatives available. In other words, if the client withdraws assets from the investment platform then it is possible that returns from an investment in DCFH may be negatively impacted. This conflict does not occur where a CWA client is defined as ERISA trustee for their firm's pension plan and is an investor in this partnership as the ERISA investment assets and related fees will not be retained by FMR for services rendered.

**III to I FMR, Inc.** – General Partner of III to I Financial Management Research LP; There is no client investment in this entity. However, there is a conflict in that CWA and its related persons solicited client investment in the DCFH partnership which loans money to III to I Financial Management Research LP and are investors and managing members of each of the aforementioned entities for which the General Partner (III to I FMR, Inc.) receives pro rata profit and loss of this entity.

**III to I Maritime Partners Cayman I, LP** – is a limited partnership organized under the laws of the Cayman Islands for the primary purpose of acquiring, managing and operating vessels, including anchor handling tug supply vessels, tankers and other niche market specialty vessels, through an investment in I-A Suresh Capital Maritime Partners Limited (I-A SCMP), its wholly owned subsidiary. This partnership has been presented to clients through a confidential private offering memorandum with risk disclosures. Investors in this partnership should understand that this investment is not liquid and liquidation cannot occur. The Class A units in the Fund were registered with the Securities and Exchange Commission (SEC) on April 30, 2009, which registration became effective 60 calendar days thereafter, at which point the Fund began filing quarterly and annual reports, and other necessary disclosures, with the SEC. Approximately 39.77% of clients are investors. An independent audit is performed on III to I Maritime Partners Cayman I, LP.

**III to I International Maritime Solutions Cayman, Inc.** – General Partner of III to I Maritime Partners Cayman I, LP; there is no CWA client investment in this entity. This entity is wholly owned by III to I IMS Holding, LLC. There is a conflict in that this company is the General Partner of the III to I Maritime Partners Cayman I, LP and CWA clients may be advised to invest in this partnership. Gary V. Moore is on the Board of Directors of the General Partner of the partnership, III to I International Maritime Solutions Cayman, Inc., and serves on its audit committee. Mr. Moore is also General Manager and Chief Compliance Officer of CWA. Messrs. Cain and Watters are on the Board of Directors as well, and Mr. Watters serves on the audit committee, but does not receive board fees for his services.

**III to I IMS Holdings, LLC** – Limited Liability Company formed to manage investment partnerships. Currently manages III to I Maritime Partners Cayman I, LP. Messrs. Cain and Watters are managing members and/or investors in this company and have an economic interest in the company. There is conflict in that this company is the owner of the General Partner of III to I Maritime Partners Cayman I, LP and CWA clients may have been advised to invest in this partnership.

**Dental Community Holdings, Inc.** – General Partner of Dental Community Financial Holdings, Ltd. Messrs. Cain and Watters do not receive an economic benefit from this entity. There is no CWA client investment in this entity.

**National Dental Placement, Inc.** – Company formed to provide placement service for dentists. Revenue is earned from placement fees. Messrs. Cain and Watters are investors in this company and receive an economic benefit from this entity and have an economic interest in the company. There is no CWA client investment in this company.

**Shrooms, LLC** - Limited Liability Company formed by certain managing members to invest in real estate, shipping and other opportunities. There is no CWA client investment in this entity.

**Best New Patients, LLC** – Steve Cain owns 40% interest in this company that is in the business of assisting dentists in the marketing of dental services of their practice. Messrs. Cain and Watters each own 10% and 40% is owned by Productive Dentist academy. Productive Dentist Academy is not affiliated with CWA but is affiliated with a client of CWA. Best New Patients may market its services to clients of CWA.

**Family Legacy Trust Company** – organized as an association in the state of Texas, and a wholly owned subsidiary of Dental Community Financial Holdings, Ltd (DCFH), a limited partnership organized under the laws of Texas. DCFH was created for the purpose of acquiring equity in or making loans to organizations that will provide services to clients of CWA, an affiliate of DCFH. The general partner of DCFH is Dental Community Holdings, Inc., a Texas corporation which is owned equally by Messrs. Cain and Watters. FLTC has an agreement with CWA to provide services to CWA's clients (fees to be paid by CWA on a per client basis) and will also provide such services to other customers. The company is a Texas State Chartered Trust Company and provides traditional fiduciary services, estate and gift tax planning services, transfer tax consultation and compliance services, and sponsors an investment fund. Messrs. Cain and Watters do not receive an economic benefit from this entity, but Mr. Cain serves as a board member and as the Chief Investment Officer.



**FLTC Fund I** – Family Legacy Trust Company has established this fund to invest in alternative investment asset classes for qualified pension assets such as shipping, real estate, energy and other industries through a private offering memorandum. CWA clients should completely read and understand the private offering memorandum and related risk of investment. CWA and its advisors cannot due to regulatory restrictions recommend or advise a CWA client to invest in this Fund. CWA clients should seek the advice of an independent advisor to evaluate this investment opportunity if considered necessary. Investors in this fund should understand that this investment is not liquid and liquidation cannot occur except at times specified in offering memorandum.

The referral arrangements we have with affiliated entities do present a conflict of interest. We are separately compensated if clients use our affiliates' services. While we believe that the compensation charged by our affiliates is competitive, the fees charged may be higher than other firms that provide similar services. Clients are not required to use our affiliates' services and may contract with other providers.

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11**

##### **Description of Our Code of Ethics**

FMR has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes FMR's policies and procedures developed to protect client's interests in relation to the following topics:

- FMR emphasizes the unrestricted rights of CWA clients to specify investment objectives, guidelines, restrictions and/or conditions on the overall management of their Investment portfolio
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the Firm shall prefer his or her own interest to that of the CWA advisory client.
- FMR and its associated persons generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's Chief Compliance Officer.
- The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. A qualified representative of the Firm will Review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination. The full text of the FMR Code of Ethics is available to you upon request.

A copy of FMR's Code of Ethics is available upon request to the Chief Compliance Officer at FMR's principal office address on the cover of this brochure.



### **Participation or Interest in Client Transactions**

Clients of FMR's affiliate CWA, may be solicited to invest in real estate or other ventures in which FMR's affiliate CWA, its related entities, related persons, and Messrs. Cain and Watters may act in one or more of the following capacities, (i) managing members, (ii) general partners, (iii) limited partners, (iv) service providers, or (v) investors of these investment vehicles. In addition, FMR's affiliate CWA, or its related persons may provide accounting, tax and other consulting services to such investment entities and may be compensated for providing such services to these entities. However, CWA clients and prospective CWA clients should understand there is an inherent conflict of interest in that Messrs. Cain and Watters, FMR and its related persons may have an ownership, controlling, beneficial, or managerial interest in the aforementioned entities, and may provide services to these entities for which they may be compensated. In addition, CWA clients should understand there may be other investment alternatives available free of this conflict of interest. As such, careful consideration should be applied as to how such an investment compares against other investments of similar composition and risk, how such an investment fits with your overall investment strategy, investment policy statement, and asset allocation.

### **Brokerage Practices - Item 12**

FMR has been engaged by a national, publicly traded bank ("T Bank") to act as their lead investment advisor for eight collective investment funds used for qualified plan assets and eight common trust funds maintained for their personal trust assets (the "Funds").

Each fund is managed by one or more independent, third party money managers or invested in mutual funds. FMR does not exercise any discretionary authority over the investments of the Funds. Decisions related to the purchase and sale of securities are made by the individual money managers or mutual funds.

FMR has also been engaged to act as a research and due diligence provider to its affiliate, CWA. In neither situation does FMR select or recommend broker-dealers for client transactions. Currently, CWA recommends the services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") for the UMA and SMA programs and the services of Fidelity Brokerage Services, LLC ("Fidelity") for the MMA Program. Fidelity and TD Ameritrade are members of the Financial Industry Regulatory Authority ("FINRA"), the Securities Investor Protection Corporation ("SIPC") and the National Futures Association ("NFA").

### **Research and Other Soft Dollar Benefits**

FMR does not receive research or soft dollar benefits from a broker-dealer or a third party in connection with client securities transactions.

### **Brokerage for Client Referrals**

FMR does not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

### **Directed Brokerage**

FMR does not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. The third party investment advisors recommended by FMR to manage the Pooled Funds of T Bank may direct brokerage to a specific broker-dealer. Please refer to the specific disclosure brochures applicable to the funds for further information on directed brokerage practices.

### **Review of Accounts - Item 13**

FMR does not manage individual client funds or securities portfolios. Accordingly, FMR does not review client accounts. However, FMR does conduct ongoing due diligence and performance reviews of the investment managers and mutual funds selected for the Funds.

### **Client Referrals and Other Compensation - Item 14**

FMR does not receive economic benefits from unaffiliated third parties for providing investment advice or other advisory services to clients. FMR, through CWA and its related persons and entities, does indirectly participate in client referral arrangements. The conflicts of interest and specifics of these arrangements are fully described in Item 11, Participation or Interest in Client Transactions.

FMR does not directly or indirectly compensate any person or entity for client referrals.

### **Custody - Item 15**

FMR does not have custody of client funds or securities. All of the custodians of assets held in the investment programs are third party custodians independent of CWA and FMR.

Fund assets are held in custody with the following T Bank approved Custodians: Fidelity Group Company (National Financial Services, LLC), US Bank, MF Global, Inc. and TD Ameritrade.

As a condition of participating in the Envestnet's investment program, T Bank uses Fidelity Brokerage Services ("FBS"). As a condition of participating in Altegris' investment program, T Bank uses MF Global. As a condition of participating in the Unified Managed Account ("UMA") Platform, clients will be required to use TD Ameritrade for trade execution and custodial services. However, there is no guarantee that these custodians provide the best value or is the low cost solution.

Related persons to FMR act as General Partners to III to I Maritime Partners Cayman I, LP, III to I Emerging Market Partners Real Estate Investment Fund I, LP and Dental Community Financial Holdings, Ltd. FMR is deemed to have custody over these partnerships because of the relationship between FMR and the General Partners to the partnerships. Please refer to Item 10 - Other Financial Industry Activities and Affiliations for further information about these partnerships.

The General Partners provide each investor in the partnerships with audited financial statements on an annual basis. If investors in the partnerships have questions regarding the financial statements or if investors in the partnerships did not receive a copy of the financial statements, they should contact FMR at the contact information provided on the first page of this Disclosure Brochure.

### **Investment Discretion - Item 16**

FMR does not have discretionary authority over client accounts. Please see Item 4, Advisory Services for a full description of FMR's services.

#### **Voting Client Securities - Item 17**

##### **Proxy Voting**

FMR does not exercise the authority to vote proxies on behalf of client securities.

#### **Financial Information - Item 18**

FMR does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Additionally, FMR does not have discretionary authority or custody of client funds or securities. Therefore, FMR is not required to present a balance sheet.

Related persons to FMR act as General Partners to III to I Maritime Partners Cayman I, LP, III to I Emerging Market Partners Real Estate Investment Fund I, LP and Dental Community Financial Holdings, Ltd. FMR is deemed to have custody over these partnerships because of the relationship between FMR and the General Partners to the partnerships. Please refer to Item 10 - Other Financial Industry Activities and Affiliations for further information about these partnerships.

The General Partners to the partnerships provide each investor in the partnerships with audited financial statements on an annual basis. Therefore, FMR is not required to present a balance sheet.

FMR does not have reportable financial disclosures – disclosures in which FMR's financial condition would impair FMR's ability to meet contractual commitments to clients.

#### **Requirements for State-Registered Advisors - Item 19**

**This section is intentionally left blank- Our firm is SEC registered**