

Disclosure Brochure

March 30, 2012

Payne Capital Management, LLC

a Registered Investment Adviser

250 Fifth Avenue, Suite 501
New York, New York 10001

(646) 461-7670

www.paynecm.com

This brochure provides information about the qualifications and business practices of Payne Capital Management, LLC (hereinafter "Payne CM" or the "firm"). If you have any questions about the contents of this brochure, please contact Ryan M. Payne at (646) 461-7670. 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 Payne Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Payne Capital Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Payne CM's last annual update dated April 6, 2011. Payne CM does not have any material changes to disclose in this Item.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1.	Cover Page	i
Item 2.	Material Changes	ii
Item 3.	Table of Contents	iii
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	7
Item 6.	Performance-Based Fees and Side-by-Side Management	10
Item 7.	Types of Clients.....	11
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9.	Disciplinary Information.....	15
Item 10.	Other Financial Industry Activities and Affiliations	16
Item 11.	Code of Ethics	17
Item 12.	Brokerage Practices	18
Item 13.	Review of Accounts.....	21
Item 14.	Client Referrals and Other Compensation	22
Item 15.	Custody	23
Item 16.	Investment Discretion.....	24
Item 17.	Voting Client Securities	25
Item 18.	Financial Information	26

Item 4. Advisory Business

Payne CM has been in business as an independent SEC registered investment adviser since June 2008. Payne CM offers clients a range of comprehensive wealth management solutions, which include financial planning, consulting and portfolio management. Each of these service offerings encompasses the three pillars of the firm's core philosophy: goal-oriented planning, risk limitation and highly personalized service.

Prior to engaging Payne CM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Payne CM setting forth the terms and conditions under which Payne CM renders its services (collectively the "*Agreement*").

As of December 31, 2011, Payne CM had \$255,317,473 in assets under management, all of which was managed on a non-discretionary basis. The current principal owners of the firm are Ryan M. Payne and Robert J. Payne.

This Disclosure Brochure describes the business of Payne CM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Payne CM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Payne CM's behalf and is subject to Payne CM's supervision or control.

Financial Planning and Consulting Services

Payne CM provides clients with a broad range of comprehensive financial planning and consulting services, addressing a variety matters in relation to the following:

- Personal accounts;
- Trust accounts;
- 401(k) plans;
- SEP plans;
- Non-profit organizations;
- Individual retirement accounts;
- Profit sharing plans;
- SIMPLE plans;
- Corporate cash management; and
- Education account

While certain of the above referenced services may be provided to existing clients under an investment management engagement, Payne CM also offers these services on a standalone basis. The firm also offers standalone financial coaching services to individual and institutional clients. Financial coaching services are provided pursuant to a specialized engagement and are customized to accommodate the specific needs and objectives a particular client. These services may address debt reduction, household income management and savings strategies, amongst a range of other financial matters.

In performing its services, Payne CM is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely

on such information. Payne CM may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Payne CM recommends its own services. The client is under no obligation to act upon any of the recommendations made by Payne CM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Payne CM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Payne CM's recommendations. Clients are advised that it remains their responsibility to promptly notify Payne CM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Payne CM's previous recommendations and/or services.

Investment Management Services

Payne CM manages clients' investment portfolios on a non-discretionary basis.

Payne CM primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds and exchange-traded funds ("ETFs") in accordance with the investment objectives of the client. Payne CM also provides advice about any legacy positions or investments otherwise held in clients' portfolios.

Payne CM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Payne CM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Payne CM tailors its advisory services to the individual needs of clients. Payne CM consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Payne CM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Payne CM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Payne CM's management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in Payne CM's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, Payne CM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and

Payne Capital Management, LLC Disclosure Brochure

conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Payne CM or the client and the designated *Independent Managers*. Payne CM renders services to the client relative to the non-discretionary recommendation of *Independent Managers*. Payne CM also monitors and reviews the account performance and the client's investment objectives. Payne CM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending an *Independent Manager* for a client, Payne CM reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Payne CM considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Payne CM's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Payne CM, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Payne CM's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Payne CM. In such instances, Payne CM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 5. Fees and Compensation

Payne CM offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

Payne CM charges a fixed fee and/or hourly fee to provide its standalone financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis and/or \$75 to \$250 on an hourly basis. These fees are largely determined by the level and scope of the services and the financial professional engaged to render them. If the client engages Payne CM for additional investment advisory services, Payne CM may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Payne CM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Payne CM setting forth the terms and conditions of the engagement. Generally, Payne CM requires one-half of the financial planning or consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

Payne CM provides investment management services for an annual fee based upon a percentage of assets under management. The annual fee varies between 50 and 150 basis points (i.e., 0.50% to 1.50%) of the assets being managed by Payne CM. This fee is largely determined by the size of a client's portfolio and the type of investment management services to be rendered. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

Payne CM's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Payne CM does not, however, receive any portion of these commissions, fees, and costs.

Payne CM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Payne CM generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*").

Payne Capital Management, LLC Disclosure Brochure

Payne CM may only implement its investment management recommendations after the client has arranged for and furnished Payne CM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by Payne CM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Payne CM’s fee.

Fee Debit

Payne CM’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize Payne CM or *Independent Managers* to debit the client’s account for the amount of Payne CM’s fee and to directly remit that management fee to Payne CM or the *Independent Managers*. Any *Financial Institutions* recommended by Payne CM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Payne CM. Alternatively, clients may elect to have Payne CM send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Payne CM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Payne CM’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Payne CM’s right to terminate an account. Additions may be in cash or securities provided that Payne CM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to Payne CM, subject to the usual and customary securities settlement procedures. However, Payne CM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. Payne CM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Payne Capital Management, LLC Disclosure Brochure

In the event assets in excess of \$100,000 are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets is prorated based on the number of days remaining in the quarter. For partial withdrawals in excess of \$100,000 during a billing period, the firm credits the unearned portion of its fee toward the following quarter's management fee.

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

Payne CM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Payne CM provides its services to individuals, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

Payne CM does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Payne CM. In such instances, Payne CM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

Payne CM employs a range of analytical methodologies which can generally be described as derivatives of Modern Portfolio Theory ("MPT").

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, Payne CM's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

Investment Strategies

Payne CM's investment strategies are customized to account for its clients' individual circumstances and facilities. The firm seeks to address what it deems to be the "four great financial goals in life":

1. *Creating income that cannot be outlived;*
2. *Preserving wealth by minimizing volatility and risk;*
3. *Transferring wealth to family and cherished institutions; and*
4. *Accomplishing these goals with the least amount of government partnership.*

Payne CM strives to establish and maintain highly personalized relationships with each of its clients in an effort to keep apprised of any personal or financial changes and ensure that its recommended allocations remain consistent with their investment objectives. The firm employs a highly disciplined, largely proactive approach, which includes monthly client calls, quarterly plan reviews, and annual "financial physicals."

With its clients' goals, risk tolerance, time horizon and cash flow needs in mind, Payne CM constructs and maintains portfolios comprised of both equity and fixed income components. The firm allocates client's assets into individual bonds with two purposes in mind: "permanence" and "definition." "Permanence" refers to an instrument having a known fixed rate of return; whereas, "definition" refers to an instrument having a fixed maturity date. Payne CM generally purchases these individual bonds on behalf of its clients at the wholesaler or institutional rate.

For the firm's equity allocations, Payne CM carefully reviews and selects what is deems to be the best equity fund managers in each of the core equity segments, based on returns and style consistency

relative to the market. In other words, Payne CM seeks to invest the equity portion of its clients' portfolios among those managers with proven track records of outperformance.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Payne Capital Management, LLC Disclosure Brochure

Market Risks

The profitability of a significant portion of Payne CM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Payne CM will be able to predict those price movements accurately.

Use of Independent Managers

Payne CM may recommend the use of *Independent Managers* for certain clients. Payne CM will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Payne CM does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Management Through Similarly Managed Accounts

For certain clients, Payne CM may manage portfolios by allocating portfolio assets among various mutual funds and securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, Payne CM buys, sells, exchanges and/or transfers shares of mutual funds and securities based upon the *investment strategy*.

Payne CM's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Payne CM's clients may be limited. As further discussed in response to Item 12B (below), Payne CM allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Payne CM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Payne CM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Payne CM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Payne CM does not have any required disclosures to this Item.

Item 11. Code of Ethics

Payne CM and persons associated with Payne CM (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Payne CM’s policies and procedures.

Payne CM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Payne CM or any of its associated persons. The *Code of Ethics* also requires that certain of Payne CM’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Payne CM’s *Code of Ethics*, none of Payne CM’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Payne CM’s clients.

When Payne CM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Payne CM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Payne CM to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Payne CM generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which Payne CM considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables Payne CM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Payne CM's clients comply with Payne CM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Payne CM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Payne CM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Payne CM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Payne CM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Payne CM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Payne CM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Payne CM may decline a client's request to direct brokerage if, in Payne CM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Payne CM decides to purchase or sell the same securities for several clients at approximately the same time. Payne CM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Payne CM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Payne CM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Payne CM determines to aggregate client orders for the purchase or sale of

securities, including securities in which Payne CM's *Supervised Persons* may invest, Payne CM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Payne CM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Payne CM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Payne CM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Payne CM in its investment decision-making process. Such research generally will be used to service all of Payne CM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Payne CM does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Payne CM may receive from *Fidelity*, without cost to Payne CM, computer software and related systems support, which allow Payne CM to better monitor client accounts maintained at *Fidelity*. Payne CM may receive the software and related support without cost because Payne CM renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit Payne CM, but not its clients directly. In fulfilling its duties to its clients, Payne CM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Payne CM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Payne CM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Payne Capital Management, LLC Disclosure Brochure

Additionally, Payne CM may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

Account Reviews

For those clients to whom Payne CM provides investment management services, Payne CM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Payne CM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by the Principal of Payne CM, Ryan M. Payne. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Payne CM and to keep Payne CM informed of any changes thereto. Payne CM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Account Statements and General Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Payne CM provides investment advisory services also receive a report from Payne CM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Clients should compare the account statements they receive from their custodian with those they receive from Payne CM.

Financial Planning and Consulting Reports

Those clients to whom Payne CM provides financial planning and/or consulting services will receive reports from Payne CM summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Payne CM.

Item 14. Client Referrals and Other Compensation

Economic Benefit

Payne CM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Payne CM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Client Referrals

In addition, Payne CM is required to disclose any direct or indirect compensation that it provides for client referrals. In the event a client is introduced to Payne CM by either an unaffiliated or an affiliated solicitor, Payne CM may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Payne CM's investment management fee, and does not result in any additional charge to the client. If the client is introduced to Payne CM by an unaffiliated solicitor, the solicitor provides the client with a copy of Payne CM's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Payne CM discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Payne CM's written disclosure brochure at the time of the solicitation.

Item 15. Custody

Payne CM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Payne CM through such *Financial Institution* to debit the client's account for the amount of Payne CM's fee and to directly remit that management fee to Payne CM in accordance with applicable custody rules.

The *Financial Institutions* recommended by Payne CM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Payne CM. In addition, as discussed in Item 13, Payne CM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Payne CM.

Item 16. Investment Discretion

Payne CM is required to disclose if it accepts discretionary authority to manage securities accounts on behalf of clients. Payne CM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Payne CM does not exercise discretion on behalf of clients.

Item 17. Voting Client Securities

Payne CM is required to disclose if it accepts authority to vote client securities. Payne CM does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

Payne CM does not have any disclosures pursuant to this Item for the following reasons:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance,
- The firm does not take discretionary authority or custody of client funds or securities; and
- The firm has not been subject of a bankruptcy petition at any time during the past ten years.

Payne Capital Management, LLC

a Registered Investment Adviser

250 Fifth Avenue, Suite 501
New York, New York 10001

(646) 461-7670

www.paynecm.com

Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®