



SignalPoint Asset Management, LLC
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September 30, 2012

This Brochure provides information about the qualifications and business practices of SignalPoint Asset Management, LLC (hereinafter "SignalPoint"). If you have any questions about the contents of this Brochure, please contact us at (417) 869-9980. 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.

SignalPoint is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SignalPoint is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This Brochure dated September 20, 2012 contains no material changes since our last Brochure dated July 31, 2012. The Brochure was edited to update a new affiliation with SignalPoint Capital Management which acts as an advisor to the SignalPoint Global Alpha Fund. The Fund is a separate series of the Mutual Fund Series Trust ("Trust"), an open-end management company, organized as an Ohio business trust and registered under the Investment Company Act of 1940.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael Orzel, Chief Compliance Officer at (417) 869-9980 or at morzel@signalpointinvest.com. Additional information about SignalPoint Asset Management, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with SignalPoint who are registered, or are required to be registered, as investment adviser representatives of SignalPoint.

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Advisory Business

SignalPoint Asset Management, LLC ("SignalPoint") was formed in August 2008. SignalPoint is incorporated under the laws of Missouri and registered with the Securities and Exchange Commission (SEC File Number 801-69394). The mission of SignalPoint is to provide investment management services to individual and institutional clients which generally include investing clients' assets into one of the SignalPoint strategies. SignalPoint also serves as a sponsor and portfolio manager for a wrap fee program. For more information on wrap fee program services, please see the SignalPoint's ADV Part 2A, Appendix 1, (the "wrap fee brochure").

At the outset of each direct client relationship, SignalPoint spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, SignalPoint helps to define with each direct client: 1) the client's risk tolerance, return needs and financial long-term goals (the client "Profile"); and 2) the client's investment objectives and guidelines (the "Investment Plan"). The client Profile is a reflection of the client's attitude toward risk and return, and the future goals of the client. The Investment Plan outlines the types of investments SignalPoint will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed periodically with each direct client, but are not necessarily written documents.

Each client has the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable or an Investment Advisor Representative believes that the instructions are inappropriate for the client, SignalPoint will notify the client that, unless the instructions are modified, it may cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund.

A large number of clients are referred to SignalPoint by an outside, unaffiliated person, such as registered representatives of broker-dealers, other investment advisor or a Solicitor, with whom the client has an established relationship. For more information on these dual advisory relationships, please see the section entitled "*Client Referrals and Other Compensation*".

While SignalPoint requests that clients complete our client Profile, many clients have chosen not to provide SignalPoint with this information. Often times, the registered representatives of broker-dealers, other investment advisor, or a Solicitor may use a questionnaire separate from SignalPoint's client Profile and has determined suitability based on the information contained therein. In such instances, SignalPoint relies upon this other questionnaire to determine the goals and objectives of the portfolio in question. In any case, it is the responsibility of the registered representatives of broker-dealers, other investment advisor and/or the client to promptly notify SignalPoint of any changes in financial condition of the client that would necessitate a change in the client's investment objective. Under these arrangements, while accounts may be monitored on a regular basis for performance and adherence to a client's stated objectives, the client's stated objectives for the account(s) under management may be formed without consideration of the client's other assets, investments, insurance and other obligations.

Generally, SignalPoint will recommend and use one of its ETF strategies to carry out the Investment Plan for its clients. These ETF strategies are used pursuant to a Wrap fee arrangement with the client. This means that the cost of SignalPoint's investment advisory services, the cost of executing brokerage transactions and custodial

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fees are “wrapped” into a single annual fee based on the value of the client’s portfolio. In order to participate, clients must establish a brokerage account with a qualified custodian. Although Advisor requires that clients establish an account at a qualified custodian to participate, it is the client’s decision to custody assets with such a custodian. For further information please see, SignalPoint Wrap Fee Brochure, Appendix 1. In a non-wrap fee program, SignalPoint’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to SignalPoint’s fee, and SignalPoint shall not receive any portion of these commissions, fees, and costs.

The Investment Plan will determine which strategy or combination of strategies best suit the client’s needs, as reflected in the client Profile. The Investment Plan will be updated from time to time when requested by the client or when determined to be necessary or advisable by SignalPoint based on updates to the client’s financial or other circumstances. To implement the client’s Investment Plan, SignalPoint will manage the client’s investment portfolio on a discretionary basis. As a discretionary investment adviser, SignalPoint will have the authority to supervise and direct the portfolio without prior consultation with the client.

Investment Consulting Services

SignalPoint may charge fees for Investment Consulting Services based on an hourly fee. SignalPoint’s hourly fee varies from \$100 to \$500 per hour and depends upon the nature and scope of the advice requested by the client, the amount and nature of the research required to complete the project and the nature and number of reports required by the client. The hourly fee may be calculated based upon each professional staff member’s time spent on a project.

Principal Owners

The principal owners of SignalPoint include: Michael J. Orzel and Thomas M. Veale are the principal owners of SignalPoint. Please see “Part 2B - Brochure Supplement(s)”, for more information on these principal owners and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

Type and Value of Assets Currently Managed

As of September 30, 2012, SignalPoint manages or advises on approximately \$250 Million of client assets. Of these assets, SignalPoint exercises investment discretion over approximately \$185 Million, and provided non-discretionary, continuous and regular supervisory services or management services to approximately \$65 Million of client assets.

Fees and Compensation

Non-Wrap Fee Schedule: SignalPoint may provide its investment advisory services through non-wrap arrangements in limited instances. In these instances, the client will pay for the costs of Signalpoint advisory services separately from the costs related to executing brokerage transactions and custodial fees which will be billed directly to the client by the custodian or clearing firm. This arrangement may be more appropriate depending upon the number of anticipated trades in a client’s account and the fees for such trade execution.

- 1.25% on the first \$500,000 of assets under management
- 1.00 % on assets between \$500,000 - \$2,000,000
- 0.75% on assets between \$2,000,000 - \$5,000,000

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0.50% on assets over \$5,000,000

Hourly Fees: Hourly fees typically are \$100-500 per hour for professional staff. Hourly fees may be negotiated or waived.

Fees – Generally:

The specific manner in which fees are charged by SignalPoint is established in a Client's written agreement with SignalPoint. Fees are negotiable and may be waived in certain circumstances. Higher negotiated fees may be charged to a Client depending on the complexity of the Client's financial situation. Fees may be higher or lower than those charged by other advisors and you may be able to obtain similar services elsewhere for a lower fee. Fees typically are billed quarterly, in advance, and calculated based on the market value of each Client account as of the last day of the prior quarter. If cash and/or securities are added or withdrawn from the Account between billing periods, a proportionate fee or refund will be calculated and will be made based upon the effective advisory fee rate at the time of the addition or withdrawal. Fees or refunds will be debited or credited if the net addition of value or net withdrawal of value would generate a fee or refund of at least \$40 for the quarter. No adjustments, however, will be made to the fee for appreciation or depreciation in the value of securities or other investments held in the Account during any quarterly period for which this Agreement is in effect. Except as described in SignalPoint's Wrap Fee Brochure, SignalPoint's advisory fees do not include brokerage commissions or securities transaction fees that may be charged by Client's custodian, which custodian must be a "qualified custodian" (as required by applicable regulatory requirements) and/or broker-dealer. Investment companies (mutual funds, ETFs, etc.) in which a Client's assets may be invested charge additional management fees and other expenses as described in the respective fund's prospectus. Any such charges, fees and commissions are exclusive of, and in addition to SignalPoint's fee, and SignalPoint shall not receive any portion of these commissions, fees, and costs, including 12b-1 fees.

Clients typically grant SignalPoint authority to deduct its advisory fees directly from Client's account. Client's custodian and/or broker-dealer will provide, at minimum, quarterly account statements directly to Client that reflect all transactions in Client's account(s), including the amount of any Advisory fee deducted. Client is responsible for verifying the accuracy of the advisory fee calculation, as Client's custodian will not determine whether or not the fee was properly calculated. Signalpoint will not accept physical custody of clients' securities or cash. Clients will retain ownership of all securities and cash in their accounts.

The client may terminate the contract without penalty within five business days after entering into the contract. This will not include any market losses which may have occurred. Thereafter, Clients may terminate Client's investment advisory agreement with SignalPoint upon 30 days written notice to SignalPoint. Clients will receive a pro-rata refund of any advisory fees paid, but not yet earned, as of the date of termination.

Upon written receipt of notice to liquidate and terminate the client agreement, SignalPoint and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's

account is subject to market risk. SignalPoint and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

Performance-Based Fees and Side-By-Side Management

SignalPoint does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

Types of Clients

SignalPoint provides portfolio management services to individuals, high net worth individuals, banking or thrift institutions, corporate pension and profit-sharing plans, and charitable institutions. SignalPoint has established a minimum initial account value for new accounts of \$500,000. SignalPoint may, in its sole discretion, accept such lesser amounts as it deems appropriate.

Methods of Analysis, Investment Strategies and Risk of Loss

SignalPoint uses primarily exchange traded funds (ETFs) and open-ended mutual funds in the management of assets on behalf of its Clients. Although SignalPoint seeks to reduce risk in its portfolios, investing in securities involves risk of loss of principal and Clients should be prepared to bear such loss if it does occur.

A. ETF Investment Strategy & Discipline

SignalPoint seeks to produce above-market performance while reducing normal market risk, providing clients with an "emotion free" investment model. SignalPoint seeks to achieve this goal by investing primarily in exchange traded funds ("ETFs"), rather than individual stocks. SignalPoint also may hold cash, money market instruments or high-quality, short-term debt instruments for liquidity purposes. SignalPoint also may hold derivatives (such as futures contracts) for defensive purposes. SignalPoint applies its strategy various portfolios in order to meet a variety of investment objectives.

SignalPoint believes its ETF strategy provides a widely diversified, emotionless portfolio and a procedure for assessing and managing risk in each style. SignalPoint's strategy is founded on the principles of discipline, structure, and transparency. SignalPoint's goal is to steadily and methodically capture profits when positions appreciate and to systematically add to positions during periods of weakness. SignalPoint generally does not emphasize investment in any particular investment sector or industry. However, due to their inherent characteristics, certain investments in particular sectors (i.e. technology or health care) or positions from time to time may represent a significant portion of its clients' portfolios.

SignalPoint's strategy is designed to harvest the volatility intrinsic to each ETF sector index, position and the market at large. SignalPoint attempts to limit exposure in rising sectors and to increase exposure in declining sectors without disturbing other portfolio positions. SignalPoint will typically add or subtract dollars from each position in increments of 5 percent in any given month, which results in dollar cost averaging in the affected position. SignalPoint maintains cash reserves for liquidity, portfolio cushioning and as a resource to invest back into the market.

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SignalPoint primarily uses a proprietary model or formula to determine the percentage of each portfolio holding. All portfolio holdings are coordinated with SignalPoint's proprietary model, allowing SignalPoint to manage diversified equity portfolios in a tax-efficient manner. SignalPoint's proprietary model maintains a risk value around a control level and apportions equity and cash allocations.

Risk Value – the total value of the equity at current market price.

Control Level – initially the starting cost of the equity holding plus a portion of subsequent additional purchases.

Trade Resistance – used to establish a hold zone beyond which adjustments are made to Risk Value. Trade Resistance is approximately +/- 10% of the Risk Value, but may be larger or narrower in certain sectors.

Should the risk value exceed the control level by more than the trade resistance, the amount at risk is reduced back to approximately the control level. SignalPoint generally stores cash generated by this adjustment in a highly liquid cash equivalent account (e.g., a money market account) within the portfolio. If the risk value should drop below the control level by more than the trade resistance, the model signals the SignalPoint to add (buy) more investment value to restore it to approximately the control level. SignalPoint takes cash required for this additional purchase from the cash equivalent account. This presents a potential risk, as the price of a security can move up or down along with the overall market.

The range between when the model prompts SignalPoint to utilize cash (i.e. buy) and when it prompts SignalPoint to reduce the invested value (i.e. sell) to the cash equivalent account is approximately +20%. A new control level is derived from the original control level plus a factor related to the amount of buying done during a decline. This helps the SignalPoint to achieve controlled risk with controlled growth within the portfolio.

In addition to the model, SignalPoint uses four individual measures of the equities market combined to provide a picture of the overall market risk (market risk assessment). SignalPoint uses its assessment of market risk to gauge ongoing cash reserve requirements and as a filter on any buy or sell decisions. If the accumulated money market reserve level for an individual sleeve is higher than the current recommended level, SignalPoint postpones further selling, until such time as either its measure of risk shows a sale is appropriate or a purchasing cycle has reduced the available reserve of money funds.

SignalPoint also uses its market risk assessment to guide re-balancing of the client account's Equity/Cash ratio after high market risk events. If the market risk moderates, SignalPoint will then shift the Equity/Cash ratio back to a level consistent with the new, lower risk level.

B. Mutual Fund Strategy & Discipline

SignalPoint seeks to produce above-market performance while reducing normal market risk by investing primarily in no load, non commissioned mutual funds and/or exchange traded funds (ETFs) ("funds"), rather than individual stocks. In some instances, the use of individual stocks and bonds can be used to reduce tax liabilities. SignalPoint also may hold cash, money market instruments or high-quality, short term debt instruments for liquidity purposes. SignalPoint applies its strategy to several different portfolio models in order to meet a variety of investment objectives.

SignalPoint believes its strategy provides a widely diversified portfolio and a procedure for assessing and managing risk in each model. SignalPoint's strategy is founded on the principles of the "efficient market theory." SignalPoint will invest in securities that it expects to capture risks that generate expected returns and to avoid risks that do not, such as holding too few securities, betting on countries or industries, following market predictions, and

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speculating on "information" from rating services. SignalPoint uses diversification as a means to reduce risk associated with individual securities and positions. From time to time the SignalPoint will rebalance the models to recommended weightings in each asset class. Rebalancing is primarily driven by economic cycles and will generally not be on a set calendar basis.

SignalPoint has constructed the models based upon historical asset allocation risk-return scenarios and utilizes the research of several third party research companies including but not limited to Dimensional Fund Advisors, Morningstar, Vanguard, Wall Street Journal, Fidelity Investments and Charles Schwab Institutional Services. This presents a potential risk, as the market can change directions at anytime and past performance is not a guarantee of future performance.

To the extent a model portfolio is allocated to equity, such models will have a bias towards funds that invest primarily in the securities of large capitalization value-oriented companies or small capitalization companies. SignalPoint may utilize a number of funds that apply core strategies that seek to buy the total US market in proportions that provide higher exposure to the risk premiums associated with size and value identified by FAMA. The total US market is defined as the aggregate capitalization of the NYSE, AMEX, and NASDAQ Global Market System companies. SignalPoint will manage fixed income portions of the model with a bias towards short term maturities in the interest rate cycle of low interest rates and favor longer term maturities in cycles of higher interest rates.

Model Portfolio Accounts: SignalPoint has been retained as a portfolio strategist ("Strategist") by unaffiliated companies ("Sponsors") that offer an open-architecture investment platform ("Program") to registered financial advisors and broker-dealers ("Financial Advisors"). As one of the selected Strategists, SignalPoint provides its SignalPoint Model Portfolios to the Program which is designed to satisfy a set of investment objectives established by the Sponsor. The list of Sponsors includes Envestnet Asset Management, Inc and Eqis Capital Management, among others. Under such a Strategist arrangement, the Financial Advisor or Sponsor may recommend that SignalPoint Model Portfolios be used for client accounts. When a SignalPoint Model Portfolio is utilized, the Sponsor will pay SignalPoint's Model Portfolio management fee on behalf of the Client, monitor and evaluate SignalPoint's Model Portfolio performance, execute the client's portfolio transactions and provide custodial and other services for the client's assets, most typically for a single fee paid by the client to the Financial Advisor or Sponsor.

The agreement between SignalPoint and Sponsors provides for SignalPoint to offer SignalPoint Model Portfolios that satisfy the investment objectives and limitations required by the Sponsor. SignalPoint provides noninvestment supervisory service, investment management, or other direct investment advice to the Client, the Financial Advisor, or the Sponsor.

The SignalPoint Model Portfolios are constructed using the investment process described herein. Changes to the SignalPoint Model Portfolios, including but not limited to, changes in the assets selected, and changes to the portfolio weights of the selected assets, are typically communicated to the Sponsor at least quarterly. The Sponsor or Financial Advisor makes the changes in the Client portfolio based upon the changes in the SignalPoint Model Portfolio. The fees paid to SignalPoint under these Program agreements will range from .15% to .50% of clients assets under management.

Risk of Loss: Exchange traded funds (ETFs) and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, which contains this and other information, can be obtained by calling your SignalPoint. Read it carefully before you invest.

Exchange traded funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SignalPoint or the integrity of SignalPoint's management. SignalPoint has no information responsive to this Item.

Other Financial Industry Activities and Affiliations

SignalPoint has agreements with the following firms that have engaged us to manage assets for select clients. We will invest these assets in accounts that are segregated at the designated custodians within the investment guidelines provided by these firms. The firms listed below are responsible for ongoing suitability and the appropriateness for the continuation of management by SignalPoint.

- **VSR Financial Services**, an unaffiliated investment advisor. VSR and SignalPoint charge separate fees for their respective services. These fees are collected from the clients' accounts separately by both SignalPoint and VSR.
- **Wells Fargo Advisors**, an unaffiliated investment advisor. Wells Fargo Advisors and SignalPoint charge separate fees for their respective services. These fees are collected from the clients' accounts separately by both SignalPoint and Wells Fargo Advisors.
- **Cutter & Co.**, an unaffiliated investment advisor. Cutter & Co. and SignalPoint charge separate fees for their respective services. These fees are collected from the clients' accounts separately by both SignalPoint and Cutter & Co.
- **Morgan Keegan & Company, Inc.**, an independent advisor. Morgan Keegan and SignalPoint charge separate fees for their respective services. These fees are collected from the clients' accounts separately by both SignalPoint and Morgan Keegan.
- **Benjamin F. Edwards & Company, Inc.**, an independent advisor. Benjamin F. Edwards & Company and SignalPoint charge separate fees for their respective services. These fees are collected from the clients' accounts separately by both SignalPoint and Benjamin F. Edwards & Company.

SignalPoint also has solicitor arrangements with individuals that refer clients to SignalPoint where a registered representative acting as a solicitor may receive compensation on an ongoing basis. For further information on Solicitor fees, see the section entitled, "Client Referrals and Other Compensation".

SignalPoint is affiliated with SignalPoint Capital Management, LLC which acts as an advisor to The SignalPoint Global Alpha Fund, (the "Fund"). The Fund is a separate diversified series of The Mutual Fund Series Trust (the "Trust"), an Ohio business trust, is registered with the Securities and Exchange Commission ("SEC") as an open-end management investment company (or mutual fund). The Trust was formed by an Agreement and Declaration of Trust on February 27, 2006. The Trust Agreement permits the Trustees to issue an unlimited number of shares of

beneficial interest of separate series without par value. The Fund is available for purchase by SignalPoint Asset Management clients. This may cause a conflict of interest because the SignalPoint advisor may also be registered with SignalPoint Capital Management and may earn a fee for both the client's assets under management and from the Fund itself for management of Fund assets. However, SignalPoint is constrained by fiduciary principles to act in its clients' best interests and will recommend the Fund to clients only when it is appropriate to do so. Clients are also free to purchase this mutual fund through another investment advisor or directly with the fund company.

Code of Ethics

SignalPoint has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SignalPoint must acknowledge the terms of the Code of Ethics annually, or as amended.

SignalPoint is affiliated with SignalPoint Capital Management, LLC which acts as an investment adviser to an investment company that we may recommend to clients. However, SignalPoint is constrained by fiduciary principles to act in its clients' best interests and will recommend the Fund to clients only when it is appropriate to do so.

SignalPoint effects transactions both on national securities exchanges and in over the counter, or OTC, transactions on an agency basis consistent with OTC requirements and SignalPoint's duty of best execution. OTC transactions may be placed directly with market makers who act as principals for their own account and include mark-ups in price charged for the securities or with broker-dealers who act as agents and charge brokerage commissions for effecting the transactions.

From time to time, SignalPoint's employees may purchase securities for their own personal accounts, which are also purchased on behalf of Clients. In such cases, SignalPoint's employees will not affect transactions for their personal accounts which will be contrary to recommendations being made to Clients. SignalPoint and its employees will not compete with Clients in connection with such transactions. Generally, SignalPoint employee accounts may be invested in similar SignalPoint investment strategies as a Client. In these instances, block trading is used and orders are allocated on a pro-rata basis so as to treat all clients similarly. SignalPoint has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act which is based on the principle that SignalPoint and its employee advisors have a fiduciary duty to its Clients. In complying with this duty, SignalPoint advisory personnel must avoid activities or interests that might interfere with making decisions in the best interests of clients. Under the Code of Ethics, SignalPoint's Advisory personnel are required to submit regular reports of their personal securities transactions to the Chief Compliance Officer for review. In addition, each person subject to the Code of Ethics is required to report all violations of which such person becomes aware to the Chief Compliance Officer. SignalPoint will provide a copy of its Code of Ethics, free of charge, upon the request of any Client.

SignalPoint receives periodic non-investment related business consulting from the principals of Walnut Capital Management, LLC. Principals of Walnut Capital Management may also be registered representatives of an unaffiliated broker dealer utilizing SignalPoint as a separate account manager.

Brokerage Practices

Investment or Brokerage Discretion & Recommendation of Brokers. SignalPoint is not a qualified custodian. As such it is our client's responsibility to appoint their own custodian to hold their assets. However, SignalPoint can assist the client in this decision. For discretionary accounts, SignalPoint prefers to select the broker-dealer that will provide best execution of portfolio transactions for Client's accounts and, generally, the Client leaves that selection to SignalPoint. Occasionally a Client may, in writing, direct SignalPoint to use a particular broker-dealer to execute portfolio transactions for its account or request that certain types of securities not be purchased for its account.

SignalPoint will execute securities transactions with or through broker-dealers whom SignalPoint believes provide the most favorable total cost or net proceeds reasonably obtainable under the circumstances. Accordingly, transactions will not always be executed at the lowest available commission rate. Negotiated commission rates will be based upon SignalPoint's judgment of execution requirements of the transaction as well as the quality of research services provided by the broker-dealer.

SignalPoint attempts to assess the reasonableness of commissions paid in light of the total brokerage and research services provided by each particular broker-dealer. The full range of brokerage services applicable to a particular transaction will be considered when making this judgment. Such brokerage services may include: capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers, administrative ability, underwriting and provision of information on the particular security or market in which the transaction is to occur.

The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is affected, and the extent to which it is possible to select from among multiple broker-dealers capable of effecting the transaction. When securities are purchased or sold in the over-the-counter market, SignalPoint may use a broker if, in its opinion, based upon market price data and other relevant information, SignalPoint is able to obtain the best available price and most favorable execution.

When SignalPoint reasonably determines that more than one broker can offer the brokerage services needed to obtain the best available priced and most favorable execution, SignalPoint:

- (1) may consider selecting those brokers that also supply research services or assistance to SignalPoint in fulfilling its investment management responsibilities; and
- (2) except with respect to ERISA accounts, may select a broker-dealer in recognition of the broker-dealers past referral of the particular client for whom the transaction is being executed, or of other clients, or in anticipation of possible future referrals from the broker-dealer. In doing so, unless otherwise specifically disclosed to the client, SignalPoint does not pay higher commissions, concessions, or mark-ups than would otherwise be obtainable from broker-dealers that do not provide client referrals to SignalPoint. Certain broker-dealers selected by SignalPoint provide SignalPoint with certain research and statistical services of the kind contemplated by Section 28(e) of the Securities Exchange Act of 1934 (the "1934 Act"), services which would otherwise be available to SignalPoint for a cash payment. To the extent that research services of value are provided by broker-dealers, SignalPoint may be relieved of expenses that it might otherwise bear.

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SignalPoint may benefit from this arrangement because it does not have to produce or pay for the research, products or services. As a result of receiving such research services in return for directing client brokerage ("soft dollar arrangements"), SignalPoint may have an incentive to continue to use such brokers and dealers to effect transactions for clients' accounts as long as such brokers and dealers continue to provide services to SignalPoint. Currently, SignalPoint does not have any soft dollar arrangements with any brokers or dealers. SignalPoint does not rely on or use any research provided by a brokers or dealers. To the extent any research is provided by a broker-dealer is available to SignalPoint, it is merely incidental to the relationship and not a factor in the selection which broker-dealer to use for execution.

Section 28(e) of the 1934 Act permits an investment adviser to cause a client account to pay commission rates in excess of those that another broker-dealer would have charged for effecting the same transaction, if the adviser determines, in good faith, that the commission paid is reasonable in relation to the value of the brokerage and research services provided. The determination may be viewed in terms of either the particular transaction involved or the overall responsibilities of SignalPoint with respect to the accounts over which it exercises investment discretion. If SignalPoint were to receive such research services in return for "soft dollars" and such research services are also used by SignalPoint for administrative purposes (such as preparation of client account valuations), a reasonable allocation is made by SignalPoint so that the value of the research service in making investment decisions would be borne by such accounts and the value attributable to such administrative functions would be borne by SignalPoint (and paid in cash by SignalPoint.) Currently, SignalPoint does not have any soft dollar arrangements with any brokers or dealers that would be applicable to this circumstance.

Additionally, research furnished by broker-dealers may be used to service any or all of SignalPoint's clients and may be used in connection with accounts other than those that pay commissions to the broker-dealer providing the research. Such research services may include information on the economy, industries, group of securities, individual companies, statistical information, accounting and tax law/interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. SignalPoint may allocate brokerage for research services that are also available for cash, where appropriate and permitted by law if such circumstances were to arise. However, currently, SignalPoint does not have any such soft dollar arrangements with any brokers or dealers.

If a client directs the use of particular broker-dealer, then SignalPoint will place all orders pursuant to its investment determinations on behalf of Client's portfolio through the broker-dealer selected by the Client, even though SignalPoint may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A Client who designates the use of a particular broker-dealer should understand that it will lose (i) the possible advantage that SignalPoint's other Clients derive from aggregation of orders for several Clients as a single transaction for the purchase or sale of a particular security, (ii) the ability of SignalPoint to effectively negotiate the commission rate, (iii) any research services provided by broker-dealers. In addition, under these circumstances a disparity in commission rates may exist between commissions charged to other Clients. Such a Client's trades may also be affected with or after the trades of Clients which have not designated a particular broker-dealer.

SignalPoint does not enter agreements with, or make commitments to, any broker-dealer that would bind SignalPoint to compensate that broker-dealer with Client commissions in return for Client referrals.

In selecting and/or recommending brokers to execute Client transactions, SignalPoint considers a number of factors, including price, the broker's reliability to effect securities transactions on SignalPoint's behalf, access to the broker, ease of trade supervision, and the broker's responsiveness to and communication with SignalPoint.

SignalPoint typically affects securities transactions that are executed on a national securities exchange and OTC transactions conducted on an agency basis, through various broker-dealers at negotiated commission rates.

Aggregation. As a matter of general policy and practice, SignalPoint will aggregate transactions for Clients when possible and advantageous for Advisory clients. Aggregating transactions allows the trading of aggregate blocks of securities of assets from multiple Client accounts. Generally, aggregating Client transactions allows advisers to execute transactions in a more timely, efficient and equitable manner and to seek best execution and/or to reduce commission charges for Clients.

When and where possible, SignalPoint will aggregate transactions for all Clients including directed and non-directed brokerage transactions for individual and institutional client portfolios. Client transactions may not be aggregated with other non-directed Client transactions where a Client has directed Adviser to use a particular firm for its portfolio transactions. However, SignalPoint will generally aggregate Client transactions in directed brokerage arrangements when clients have directed Adviser to use the same firm.

Review of Accounts

All client accounts are typically reconciled with their respective custodian valuations on a daily basis. If there are discrepancies noted, they will be discussed with the custodian. Portfolios are also reviewed at least annually by either Chief Compliance Officer Michael Orzel to ensure all portfolios are being managed in compliance with (a) Client's stated goals and objectives and (b) the SignalPoint's investment philosophy and strategy.

In addition to such annual reviews, Clients will receive regular reports from SignalPoint regarding their account. The nature and frequency of reports to Clients are determined primarily by the particular needs of each Client. Generally, Clients receive monthly reports of all transactions for that period and current portfolio holdings from their qualified custodian. In addition, Clients receive quarterly performance reports from SignalPoint noting account performance, portfolio holdings, and commentary on current market environment. SignalPoint may conduct a special review of any Client account upon request or in unusual market circumstances. Finally, through telephone calls and in-person meetings, SignalPoint portfolio managers will keep Clients informed of the investment policy and strategy being used to seek to achieve Clients' investment objectives.

SignalPoint will contact each Client at least annually to determine whether there have been any changes in the Client's financial situation or investment objectives, or whether the Client wishes to impose reasonable restrictions on the management of the account or modify an existing restriction. Clients will be notified quarterly in writing requesting SignalPoint be contacted if there have been any changes in the Client's financial situation, goals or objectives.

SignalPoint's portfolio management personnel, who are knowledgeable about the management of the Client's portfolio, will be available on a reasonable basis to meet with the Client at the Client's request.

Client Referrals and Other Compensation

SignalPoint, from time to time, enters into written agreements with certain individuals and entities who will act as solicitors of client accounts for SignalPoint in accordance with the requirements of Rule 206(4)-3 of the Advisers Act. The individual or entity who solicits the client account will receive a portion of the total fee paid to SignalPoint for managing the account. Unless the solicitor is an officer, director or employee of SignalPoint, he or she will

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provide each Client with certain disclosure documents including a “Solicitor’s Disclosure Statement” which, among other things, sets forth the amount of the fee paid by SignalPoint in connection with the client referral.

The referral agreements between SignalPoint and its solicitors are designed to comply with Rule 206(4)-3 of the Investment Advisers Act of 1940. Rule 206(4)-3 specifies certain standards that must be met by an investment adviser and any person who solicits any client for, or refers any client to, such adviser prior to the payment of a cash fee directly or indirectly, for client solicitation or referral. Currently, SignalPoint has solicitor arrangements with VSR Financial Services, First Independent Advisory Services, Kalos Management, John Swenson, Patrick Costello, and Gary Whitaker.

Custody

Generally, Clients receive monthly account statements and/or reports, including information related to all transactions for that period and current portfolio holdings, directly from their qualified custodian. SignalPoint urges all Clients to carefully review the official custodian reports, and compare such reports to the quarterly performance reports generated by SignalPoint, where applicable. If questions arise, the Client is encouraged to contact their custodian and SignalPoint. SignalPoint reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Because SignalPoint has authority to deduct Advisory fees directly from Client accounts, SignalPoint is deemed to have constructive custody within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) but is permitted to check “no” to Item 9 on Form ADV I. SignalPoint does not accept physical custody of Client funds or securities. Physical custody of Client funds and securities is maintained by an independent qualified custodian. Clients will retain ownership of all securities and cash in their accounts.

Investment Discretion

SignalPoint usually receives discretionary authority from the Client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account.

When selecting securities and determining amounts, SignalPoint observes the investment policies, limitations and restrictions of the Clients for which it advises. For registered investment companies, SignalPoint’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to SignalPoint in writing.

Voting Client Securities & Class Action Lawsuits

As a matter of firm policy and practice, SignalPoint does not have any authority to and does not vote proxies on behalf of advisory Clients. The custodian of the account will normally provide proxy materials directly to the client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. SignalPoint may provide advice to clients regarding the clients’ voting of proxies; however, it is in the Client’s sole discretion and at the Client’s sole expense to decide how to vote such proxies.

Some of the holdings purchased in client accounts may become involved in class action lawsuits. Because we are not in a position to offer clients legal advice, we do not advise clients on whether or not they should participate. Upon request, we will assist client in completing the forms necessary to participate in the class action lawsuit.

Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Adviser's financial condition. SignalPoint has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.