

PART 2A OF FORM ADV: FIRM BROCHURE

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This document, also referred to as the Firm Brochure or simply Brochure, provides information about the qualifications and business practices of Mori Huston Partners, LLC (hereinafter referred to as “we,” “us” and “Mori Huston”). This Brochure has not been approved by the U.S. Securities and Exchange Commission (or SEC) or any state securities authority. Being registered as a Registered Investment Adviser does not imply a particular level of skill or training. The oral and written communications of an Adviser provide you with information you should consider when choosing to hire or retain an investment adviser representative. Additional information about Mori Huston and its Managing Partners, Mary Mori-Huston and Robert Mori, is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

General

On March 24, 2011 we published our last annual update according to the SEC's new requirements and rules. Since then we have increased our assets under management, introduced one performance fee based mandate and increased the number of referral agreements which we maintain with certain third party asset managers. In the future, this Item will continue to discuss only specific material changes that are made to the Brochure and we will provide clients with a summary of such changes. We will also reference the date of the last annual update of our brochure.

Annual Update

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to the new SEC Rules, and those of the State of Florida, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will also provide other ongoing disclosure information about material changes as necessary, without charge.

Full Brochure Available

We will provide you with a new Brochure as necessary based on changes or significant new information, at any time, without charge. You may also request a copy of this brochure by contacting Robert Mori, Registered Investment Advisor Representative at (305) 856 9304 or robert.mori@morihuston.com. You may also download a copy of our Brochure from our web site at www.MoriHuston.com free of charge.

Changes to Business Model

There were no material changes to Mori Huston's business model.

Item 3 Table of Contents

Item 1 Cover Page

Item 2 Material Changes.....	2
Item 3 Table of Contents.....	4
Item 4 Advisory Business.....	5
Item 5 Fees & Compensation.....	7
Item 6 Performance-Based Fees.....	9
Item 7 Types of Clients.....	11
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9 Information on Disciplinary Action.....	14
Item 10 Other Financial Industry Activities and Affiliations.....	15
Item 11 Code of Ethics.....	16
Item 12 Brokerage Practices.....	17
Item 13 Review of Accounts.....	18
Item 14 Client Referrals and other Compensation.....	19
Item 15 Custody.....	20
Item 16 Investment Discretion.....	21
Item 17 Proxy Voting Policy.....	22
Item 18 Financial Information.....	23
Item 19 Information Required by State Registered Advisors.....	24

Item 4 Advisory Business

Firm Description

Mori Huston Partners, LLC (hereinafter referred to as “Mori Huston”) is a fee only investment advisor located in Miami, Florida. Mori Huston offers asset management services on a discretionary and non-discretionary basis to clients (hereafter “client” or clients”). Mori Huston services individual accounts or an entire family of accounts at different financial institutions on a consolidated basis. Clients include both U.S. citizens and foreign nationals.

Investment recommendations and asset allocation strategies will be made only after in-depth consultations with each client concerning their current financial status, future goals, attitudes towards risk, determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. Related documents supplied by the client are carefully reviewed, along with data gathered from the client.

In non-discretionary accounts, the client is under no obligation to act on Mori Huston’s recommendations, and the client is under no obligation to effect the recommended transactions.

All customer assets will be held by the custodian of the account. Mori Huston will not hold customer funds or securities.

Mori Huston is wholly-owned by Mary Mori-Huston and Robert Mori, the Investment Advisor Representatives of Mori Huston.

Types of Services Offered

Mori Huston provides the following services on a fee only basis:

- ***Portfolio Management Services.*** These services are designed around the client's investment objectives and their individual risk tolerance. Our primary responsibility is the preservation of the client's capital, while striving to achieve attractive long-term inflation adjusted returns. By offering strategies that range from conservative to aggressive, we are able to tailor our offerings to fit the specific needs of the client. Clients, however, do have the opportunity to place reasonable restrictions on the types of investments to be held in their accounts. Investments may include, individual stocks, ETFs, mutual funds, bonds, money market funds, and other investment vehicles.
- ***Investment Consultations.*** Investment advice is given on a non-discretionary basis. According to the particular client circumstances we provide asset allocation and single security advice on a consulting basis only.

Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in an Investment Policy Statement provided by the Client to Mori Huston. Investment strategies are created that reflect the stated

goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Investment Management Agreements may not be assigned without client consent.

Assets Under Management

As of December 31, 2011, Mori Huston managed \$191,339,550.

Item 5 Fees and Compensation

Policies Concerning Fees Paid by Clients

Client Payment of Fees

The specific manner in which fees are charged by Mori Huston is established in a client's written Investment Advisory Agreement with Mori Huston. Mori Huston will send to the client an invoice that provides the amount of the fee, the value of client's assets on which the fee was based, and the specific manner in which the fee was calculated. The custodian of the account is advised in writing of the limitations on Mori Huston's access to the account. The custodian will also send to the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to Mori Huston.

The fee structure is primarily based upon the dollar value of assets under management.

Fees for Portfolio Management of Discretionary Accounts. This service could be limited to a single account at one custodian or could extend to multiple accounts at one or multiple custodians and be done in a consolidated format. Mori Huston Partners LLC maintains a limited power of attorney on the respective accounts and can buy and sell securities within the limits of the respective investment policy.

Client Assets	Management Fee*
up to \$1 mio.	1.40%
from \$1 mio. to 2 mio.	1.30%
from \$2 mio. to 5 mio.	1.20%
from \$5 mio. to 10 mio.	1.10%
from \$10 mio. to 25 mio.	0.95%
from \$25 mio.	at request

- * The fees are billed on a quarterly basis
- * The fees do not include third party costs
- * All fees are negotiable

Fees for Portfolio Management of Non-Discretionary Accounts. Investment advice is given on a non-discretionary basis. According to the particular client circumstances we provide asset allocation and single security advice. Mori Huston Partners LLC maintains a limited power of attorney on the respective accounts but buys and sells securities only following an explicit client order.

Client Assets	Advisory Fee*
up to \$1 mio.	1.10%
from \$1 mio. to 2 mio.	1.00%
from \$2 mio. to 5 mio.	0.95%
from \$5 mio. to 10 mio.	0.90%
from \$10 mio. to 25 mio.	0.85%
from \$25 mio.	at request

- * The fees are billed on a quarterly basis
- * The fees do not include third party costs
- * All fees are negotiable

Fees for Investment Advice Through Consultations. Investment advice is given on a non-discretionary basis. According to the particular client circumstances we provide asset allocation and single security advice on a consulting basis only.

Client Assets	Advisory Fee*
up to \$1 mio.	1%
from \$1 mio. to 2 mio.	0.90%
from \$2 mio. to 5 mio.	0.80%
from \$5 mio. to 10 mio.	0.75%
from \$10 mio. to 25 mio.	0.60%
from \$25 mio.	at request

- * The fees are billed on a quarterly basis
- * The fees do not include third party costs
- * All fees are negotiable

In determining Mori Huston's fee, Mori Huston may consider whether it will receive a referral fee from a third-party advisor. In all fees charged by Mori Huston, the fee calculation will consider the average monthly balance of client assets under management by Mori Huston and/or by third-party advisors referred by Mori Huston and will be determined over the course of the fiscal quarter.

Additional Client Fees Charged

All fees paid to Mori Huston for asset management and investment advisory referral services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds (or ETFs) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge (often referred to as a "load" fee). A client could invest in a mutual fund directly without the services of Mori Huston. In that case, the client would not receive the services provided by Mori Huston which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Mori Huston and any advisor it may have been referred as well as the custody and brokerage fees charged by the client's custodian so that they may fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Mori Huston's fees are also 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.

External Compensation for the Sale of Securities to Clients

Mori Huston Partners has an arrangement with EFG International to receive compensation for the referral of business loans. The agreement provides that EFG rebates a percentage of the fees/interest rates received for the loan transaction.

Fees are assessed and billed to clients quarterly. Mori Huston does not have the authority to deduct fees directly from the client's account. Fees based on assets under management shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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

Clients may, upon request, negotiate a performance-based fee schedule, the terms of which are to be agreed upon by both the client and Mori Huston. All fees are negotiable.

At this point Mori Huston offers the following performance fee arrangements for discretionary mandates to “qualified clients” as defined under Rule 205-3 promulgated under the Investment Adviser Act 1940, as amended: A 20% performance fee on any positive returns. A high-water mark will be in place. Performance fees are to be paid at the end of each calendar year.

The following disclosures are made to clients regarding the performance fee:

1. The annual performance fee will not be assessed or payable if the account declined in market value from the previous calendar year (excluding any contributions on withdrawals).
2. The fee arrangement may create an incentive for Mori Huston to make investments that are riskier or more speculative than would be the case in the absence of a performance fee, therefore creating a potential conflict of interests. Mori Huston does not recommend performance-based fee schedules and will implement such schedules only upon a client’s request.
3. Mori Huston may receive, via the performance-based fee schedule, increased compensation with regard to unrealized appreciation as well as realized gains in the account.
4. The period used to measure investment performance throughout the Advisory Agreement is a calendar year basis.

Item 7 Types of Clients

Mori Huston works primarily with high net worth individuals either directly or through their trusts via their trustees. Clients include U.S. citizens and non-resident non citizens of the United States of America.

Mori Huston has no stated minimum account size although typically Mori Huston pursues clients with investible assets of at least \$500,000.00. Clients are advised that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of larger accounts due to fluctuations in the market that may affect smaller accounts more and the effects of compounding potentially being greater in larger accounts.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

- Our Investment Philosophy:
- We seek to understand the client, to align with the client's interests, and to keep an independent mind
- Our primary responsibility is the preservation of the client's capital, while striving to achieve attractive long-term inflation adjusted returns.
- Asset allocation and risk management is at the heart of our investment process. We look for value and respect the business cycle.
- Our strategy builds on the fact that, in any given market environment, there are undervalued asset classes or sectors which are poised to outperform.
- Active allocation between asset classes and sectors is an important strategy in an environment where no single area is likely to continually dominate, and where returns should be moderate over a protracted period of time.
- When judging any investment on its merits, we focus on its intrinsic value, and always look for a reasonable margin of safety.

Investment Policy Statement

Our client is at the heart of our investment process, and we mean that literally. We take the time to listen and understand. We start with a carefully thought through, highly individualized and well-documented long-term investment policy. It will be developed closely with the respective investor to ensure representation, association, and an ability to stick to it over long periods of time. It will also help the client to make the really hard decisions in moments of crisis or exuberance. While the investment policy will provide the guiding light for long-term investment success, it should also be organic and will change as circumstances change.

Active Asset Allocation

The investment policy sets the long-term policy allocation. Within this policy framework we are able to implement our active asset allocation. In forming return expectations for asset classes we use a combination of risk premium, intrinsic value, and global macroeconomic analysis. Our risk premium analysis is highly influenced by our views on economic growth. We evaluate the long-term growth potential of the global economies, their political risks, and demographic trends as well as structural changes within economies, and for the global economy as a whole. This is especially important in times of seismic shifts in the global political and economic landscape. Combining all these different parts, we get a good view of the intrinsic value of each asset class, and how this compares to the value currently offered in the market place.

While diversification is an important aspect in our investment process, we will only invest in an asset class, if our analysis tells us that the prospective return premiums are sufficient relative to the respective risks. Finance theory says that higher expected risk means higher expected return. We believe it doesn't always work that way. What if the equity risk premium over bonds is negative and therefore the available long-term returns from bonds are higher than the ones available from equities. Why should an investor have any substantial investment in equities in such a situation? This is an important part in our investment process as our bets relative to the

benchmark can be substantial, if we believe that equity markets are overvalued. We consider this flexibility to be an important factor in our ability to add value, and protect the client's capital throughout different market environments. When market prices of various assets, securities, currencies, industries, or countries move away from their intrinsic value, that is the time when we want to take positions in our portfolios.

Security analysis methods may include fundamental analysis and technical analysis.

- **Fundamental Analysis:** This is the study of the underlying forces that affect the well being of the economy, industry groups, and companies. Because business cycle phases have different effects on different industries, fundamental analysts look for investment opportunities in the context of the business cycle. In the big picture, a market's underlying fundamentals will eventually determine its direction. However, fundamental analysts have difficulty accounting for sudden and erratic movements in the market when the market's fundamentals haven't really changed.
- **Technical Analysis:** This is a discipline within security analysis for forecasting the direction of prices through the study of past market data, primarily price and volume. Technicians employ many techniques, one of which is the use of charts. Using charts, technical analysts seek to identify price patterns and market trends in financial markets and attempt to exploit those patterns. Technicians use various methods and tools, the study of price charts is but one.

Mori Huston utilizes both of these analyses when determining which securities or investment instruments to purchase or sell, which asset classes to invest in including the amount to be invested, the price and time at which such transactions are to be executed in client accounts under advisement. Recommendations are made based on Mori Huston's professional judgment after considering all factors pertinent to the client while upholding its fiduciary duty to the client. Client understands that Mori Huston does not guarantee results and that account fluctuations including losses will occur in accounts supervised and managed by Mori Huston.

Mori Huston uses publicly available and proprietary research. In addition, many of the client custodians also provide investment research to Mori Huston. Mori Huston relies on this research to determine investment strategies and decisions. In addition to the above, Mori Huston relies on financial newspapers and magazines, company press releases, annual reports, prospectuses, filings with the SEC and corporate rating services.

Investment strategies may include allocations to equities, equity mutual funds, American Depositary Receipts, exchange ETFs, fixed income securities including those issued by countries or institutions located in emerging markets, precious metals such as gold, other types of commodities and hedge funds. All of these strategies involve risk and are subject to a partial or even total loss of capital which clients should be prepared for.

Mori Huston will gather financial information and history from client including, but not limited to, retirement and financial goals, investment objectives, investment horizon, financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies, and other applicable financial information required by Mori Huston in order to provide the investment advisory services requested.

Adviser recommendations are based on the client's financial situation at the time and are based on financial information disclosed by the client to Mori Huston. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Adviser cannot offer any guarantees or promises that client's financial goals and objectives will be met. Further, clients must continue to review the plan presented to them and update the same via Mori Huston based upon changes in their financial situation, goals, objectives or changes in the economy. Should client's financial situation, investment goals or objectives change, clients must notify Mori Huston of any such changes promptly.

Item 9 Disciplinary Information

Mori Huston is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of its advisory practice or the integrity of its management. Mori Huston has no information applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

Mori Huston is a registered investment advisor.

Broker-Dealer or Representative Registration

Neither Mori Huston nor any of its employees are registered representatives of a broker-dealer. Mori Huston is not registered as a broker-dealer and does not intend to seek registration in the immediate future.

Futures or Commodity Registration

Neither Mori Huston nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator (or CPO), or a commodity trading advisor. Mori Huston, may, however, seek an exemption from registration as a CPO with the National Futures Association (or NFA) to the extent that it acquires significant commodities investments on behalf of its clients.

Other Business Lines

Mori Huston is neither a banking nor thrift institution, accounting firm, law firm, insurance company, pension consultant, nor is it an entity that creates or packages limited partnerships.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Mori Huston has a referral agreement with MAN Investments, Investec Asset Management, Unimar Financial Services and Alpha Genesis Capital, asset managers. The agreement provides that Mori Huston will receive a rebate of a percentage of the management fees generated clients referred by Mori Huston to such asset managers. Receiving compensation for a referral to an asset manager could create a conflict of interests. MAN Investments, Investec Asset Management, Unimar Financial Services and Alpha Genesis Capital are four of several asset managers that could be selected by Mori Huston when client referrals are appropriate. Mori Huston's clients are free to select their own asset managers or to reject Mori Huston's referrals.

Mori Huston Partners has an arrangement with EFG International to receive compensation for the referral of business loans. The agreement provides that EFG rebates a percentage of the fees/interest rates received for the loan transaction.

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

Code of Ethics Description

Mori Huston has implemented a Code of Ethics outlining employee fiduciary duties to its clients. Employee adherence to the highest ethical and professional conduct, compliance with laws, and protection of material non-public information are included in our Code of Ethics. To avoid any conflicts of interest regarding personal securities transactions, officers and employees will be required to certify on a quarterly basis that they have not traded for their personal account any security that was purchased for a fund or an account managed by the Company except in compliance with the procedures outlined in our Code of Ethics.

Mori Huston will provide a full copy of its Code of Ethics to any client or prospective client upon request and posts an updated copy on its website (www.MoriHuston.com).

Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

Mori Huston may buy or sell for itself investment products recommended to clients. While this may potentially create a conflict of interests, clients' transactions will be placed before transactions of Mori Huston and any associated person of Mori Huston. Records will be maintained of all securities bought or sold by Mary Mori-Huston and Robert Mori, associated persons or related entities. Such records will be available for inspections upon request.

Files of securities transactions effected for Mori Huston will be maintained for review should there be a conflict of interest. Robert Mori will review all securities transactions of related persons of Mori Huston to ensure no conflicts exist with client executions.

Adherence to Client's Investment Objectives

Mori Huston has authority to determine the type and amount of securities to be bought and sold without obtaining specific client consent. This authority shall be established upon execution by the client of the power of attorney. Mori Huston will consider, when making decisions for customer's accounts, such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, and financial responsibility, and any products or services provided by such brokers. While Mori Huston may have full discretion over the account allowing it to buy securities without obtaining specific client consent, meeting with the client always take place prior to putting investment strategies into place. Securities intended to be purchased are presented to the client prior to implementation of a specific investment plan, and, in exercising discretion over a client's account, Mori Huston must adhere to the client's investment objectives including any investment restrictions or allocation guidelines.

Item 12 Brokerage Practices

Mori Huston is independently owned and operated and is not controlled by, or under the common control of, a broker-dealer, any other financial or non-financial entity, whether domestic or foreign.

Factors Used to Select Broker-Dealers for Client Transactions

If asked, Mori Huston may suggest brokers or custodians to clients. Mori Huston will select appropriate broker-dealers based on a number of factors, including but not limited to their relative transaction fees and reporting ability. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Mori Huston.

- **Directed Brokerage:** Mori Huston will comply with written instructions by our clients for client directed brokerage. Clients understand that by directing us to use a specific broker to execute a transactions we are not able to negotiate the associated costs nor are we able to provide the best advice. In circumstances where a client directs Mori Huston to use a certain broker-dealer, Mori Huston still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: Mori Huston's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients, and potential conflicts of interests arising from brokerage firm referrals.
- **Best Execution:** Best practice makes it Mori Huston's duty to seek terms that secure best execution for and maximize the value of (i.e., ensure the best possible result overall) each client's portfolio. We seek the most favorable terms for client trades given the particular circumstances for each trade (such as transaction size, market characteristics, liquidity of security, security type). We look for brokers, which provide best execution while considering, among other things, commission rates, timeliness of trade executions, and the ability to maintain anonymity, minimize incomplete trades, and minimize market impact. The value of a broker's research is of secondary nature but is taken into consideration if a clear advantage for the client in our decision making process is being identified. Broker research could be used to service all our clients. The value of a broker's products is not taken into consideration. We identify potential investment products for clients only by evaluating the merits of the products themselves.
- **Soft Dollar Arrangements:** Mori Huston utilizes the services of custodial broker dealers. Economic benefits are received by Mori Huston which would not be received if Mori Huston did not give investment advice to clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to Mori Huston's accounts, ability to conduct "block" client trades, electronic download of trades, balances and positions, duplicate and batched client statements, and the ability to have advisory fees directly deducted from client accounts.

Aggregating Securities Transactions for Client Accounts

Mori Huston is authorized in its discretion to aggregate purchases and sales and other

transactions made for the account with purchases and sales and transactions in the same securities for other clients of Mori Huston. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

Item 13 Review of Accounts

Investment recommendations and advisory referrals will be made only after obtaining personal interviews with each client concerning clients' current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, along with data gathered from the client. All clients are advised that it remains their responsibility to notify Mori Huston of any changes in their investment objectives and/or financial situation.

In non-discretionary accounts, the client is under no obligation to act on Mori Huston's recommendations, the client is under no obligation to effect the transactions.

All customer assets will be held by the custodian of the account. Mori Huston will not hold customer funds or securities.

Schedule for Periodic Review of Client Accounts and Advisory Person Involved

Client accounts will be reviewed by Mori Huston on a weekly basis internally. Mori Huston will review the account with the client on a quarterly basis, or more often should the client make such a request. Client meetings will be used to determine whether or not the customer objectives have changed and to confirm client risk tolerance and customer expectations with regards to performance of the portfolio. The employed investment strategy will be reviewed and the need to rebalance the portfolio will be addressed. These reviews and meetings will be carried out by the Managing Partners of Mori Huston, Mary Mori-Huston and Robert Mori. There is no minimum number of accounts assigned to the reviewer.

Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients' accounts are market conditions, changes in the tax laws, new investment information, and changes in a client's financial situation.

Content of Client Provided Reports and Frequency

Clients have the option of receiving their statement at the end of each month or on a quarterly basis directly from the asset custodian. The statements are intended to inform clients as to how their investments have performed during the selected period. In most instances the clients have the option of accessing their account online directly from the custodian.

Item 14 Client Referrals and Other Compensation

Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Mori Huston has a referral agreement with MAN Investments, Investec Asset Management, Unimar Financial Services and Alpha Genesis Capital, asset managers. The agreement provides that Mori Huston will receive a rebate of up to 50% of the management fees generated clients referred by Mori Huston to such asset managers. Receiving compensation for a referral to an asset manager could create a conflict of interests. MAN Investments, Investec Asset Management, Unimar Financial Services and Alpha Genesis Capital are four of several asset managers that could be selected by Mori Huston when client referrals are appropriate. Mori Huston's clients are free to select their own asset managers or to reject Mori Huston's referrals.

Mori Huston Partners has an arrangement with EFG International to receive compensation for the referral of business loans. The agreement provides that EFG rebates a percentage of the fees/interest rates received for the loan transaction.

As disclosed in Item 12, broker-dealers or custodians with whom Mori Huston has or may into a service relationship, may make available to Mori Huston, other products and services that benefit Mori Huston but may not benefit its clients' accounts. Some of these other products and services assist Mori Huston in managing and administering clients' accounts.

While Mori Huston at all times endeavors to put the interests of its clients first as part of Mori Huston's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of Mori Huston and/or its associated persons when making recommendations.

Item 15 Custody

Mori Huston will not, under any circumstances, have custody of client funds. Mori Huston works with a number of custodians including Charles Schwab and Pictet & Cie. Clients are not limited to the custodians with which Mori Huston currently works and ultimately it is the customer's decision with which custodian they ultimately choose to hold their portfolio.

Customer accounts held at the custodian of their choosing will be in their own names or in the names of their trust or corporate account. If asked, Mori Huston may suggest brokers or custodians to clients. In general, Mori Huston relies on the brokerage services of the client's asset custodian to execute transactions in the client's account, but the ultimate decision of brokerage and asset custodian selection lies with the client. For clients that wish to maintain certain brokerage relationships (i.e., directed brokerage), Mori Huston does not negotiate commission rates, and clients may pay higher commissions than they would have had Mori Huston had brokerage discretion over the account.

Clients have the option of receiving their statement at the end of each month or on a quarterly basis directly from the asset custodian. The statements are intended to inform clients as to how their investments have performed during the selected period. In most instances the clients have the option of accessing their account online directly from the custodian. Mori Huston strongly recommends that clients review their custody account statements monthly.

Item 16 Investment Discretion

Mori Huston provides advisory services on a discretionary and non discretionary basis, including portfolio reviews and recommendations with respect to various investments. Investment recommendations are determined based upon the client's needs, investment objectives, risk tolerance, net worth, net income and various other suitability factors. Further restrictions and guidelines imposed by clients affect the compositions and performance of the portfolios. For these reasons, performance of the portfolios within the same investment objective may differ and clients should not expect that the performance of their portfolios will be identical to the average client of Mori Huston.

For each discretionary account, Mori Huston enters into an Investment Advisory Agreement with the client and is granted a limited power of attorney on the client accounts, which limits the form to transactions in securities only. In addition the firm establishes an individual investment policy for each client, which includes a discussion of risk tolerances (both the ability and willingness to bear risk), return objectives, time horizon, liquidity requirements, liabilities, tax considerations, and any legal, regulatory, or other unique circumstances. Investments are done within the limits of the Investment Advisory Agreement and the Investment Policy.

If asked, Mori Huston may suggest brokers or custodians to clients. In general, Mori Huston relies on the brokerage services of the client's asset custodian to execute transactions in the client's account, but the ultimate decision of brokerage and asset custodian selection lies with the client. For clients that wish to maintain certain brokerage relationships (i.e., directed brokerage), Mori Huston does not negotiate commission rates, and clients may pay higher commissions than they would have had Mori Huston had brokerage discretion over the account.

Investment guidelines and restrictions must be provided to Mori Huston in writing and are recorded in the Investment Policy Statement.

Item 17 Voting Client Securities

As a matter of firm policy and practice, Mori Huston does not have any authority to, and does not, vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

Item 18 Financial Information

In this item, Registered Investment Advisers are required to provide you with certain financial information or disclosures about Mori Huston's financial condition.

Mori Huston has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and it has not been subject of a bankruptcy proceeding. Should this condition change, clients will be advised accordingly.

Item 19 Requirements for State-Registered Advisers

Not applicable.