

Item 1: Cover Page

Part 2A of Form ADV Firm Brochure

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River Street Advisors, LLC

SEC File No. 801-71490

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This brochure provides information about the qualifications and business practices of River Street Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at jbinder@riverstreetadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State securities authority.

Additional information about River Street Advisors, LLC, is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

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Item 4: Advisory Business

A. Description of Your Advisory Firm

River Street Advisors, LLC ("RSA" or "the firm"), is an independent asset management and financial planning firm that has been offering advisory services since June of 2010 and is principally owned by Old Second National Bank. RSA offers a variety of financial services to individuals, trusts, corporations, partnerships, retirement plans, tax exempt and other legal entities.

For its discretionary asset management services, RSA receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies as itemized in Item 8 of this Brochure. In addition, pursuant to the terms of its investment advisory agreement with clients, RSA will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. RSA will also contact clients at least annually to determine whether there have been any changes in their personal financial circumstances, investment objectives and tolerance for risk.

B. Description of Advisory Services Offered

RSA is an independent investment advisory and financial planning firm offering a variety of financial services to individuals, trusts, corporations, partnerships, retirement plans, tax exempt and other legal entities. Advisory services may include investment strategy, portfolio management, financial and estate planning.

For its discretionary asset management services, RSA receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies as described in Item 8 of this Brochure. In addition, pursuant to the terms of its investment advisory agreement with clients, RSA will remind clients of their obligation to inform the firm of any changes to their personal financial circumstances, investment objectives or risk tolerance, as well as modifications or restrictions that should be imposed on the management of their accounts. RSA will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

B.1. Portfolio Management Services

RSA's discretionary asset management services are predicated on creating diversified portfolios consisting of individual securities, mutual funds and exchange-traded funds. The portfolio allocation chosen seeks a projected return potential consistent with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. In preparing the asset allocation, RSA will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance. RSA's objective is to review the client's tax, financial, and estate planning goals in connection with the client's investment objectives, goals, tolerance for risk and other personal and financial circumstances and make appropriate portfolio

implementation decisions. RSA may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, RSA may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

RSA will prepare an investment policy statement based on the client's investment objectives, goals, tolerance for risk and such other factors unique to the client and provide appropriate recommendations. On a quarterly basis, RSA, in connection with a third-party service provider, will provide such clients with reports regarding the performance of their portfolios. In addition, RSA will monitor those portfolios and make additional recommendations from time to time to rebalance and/or reallocate each client's investments as necessary.

RSA's investment advisory services to clients, as noted above, take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate). RSA's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to RSA in response to a questionnaire and/or in discussions with the client and reviewed in meetings with the firm.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and exchange-traded funds.
- Reporting to the client on a quarterly basis or at some other interval agreed to with the client, information on contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment policy statement and/or targeted asset allocation in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund or manager retained by the client.
- If the client's portfolio and personal circumstances, investment objectives and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing RSA with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide RSA with any reasonable investment restrictions that should be imposed on the management of their portfolios and to promptly notify RSA of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals and tolerance for risk. On a quarterly basis, RSA's reports to clients will remind them of their obligation to inform RSA of any such changes

or any restrictions that should be imposed on the management of their accounts. RSA will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

B.2. Financial Planning Services

Clients will receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium and large capitalization securities; corporate and government fixed income (short-, intermediate- and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories that are suitable in light of the client's investment goals, objectives and risk tolerance.
- Preparation of an investment policy statement setting forth the client's investment plan, with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement and other identified objectives of the client, including a targeted rate of return objective.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business and other financial objectives of the client.

RSA gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

C. Client-Tailored Services and Client-Imposed Restrictions

Clients' accounts will be managed on the basis of their financial situation and investment objectives, and in accordance with any reasonable restrictions they have imposed on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

RSA does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

E. Client Assets Under Management

RSA currently has \$55,860,579 of discretionary assets under management

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

A.1. Asset-Based Fee Schedule

Clients will be charged as a percentage of assets under supervision. The fees will be computed in the following manner and charged monthly in arrears:

Basis point charge X average daily account balance X actual number of days/365 days in the case of assets held at Pershing LLC. For client assets held elsewhere the calculation is: Basis point charge X market value of assets X actual number of days/365 days. RSA’s asset-based fee schedule for accounts is detailed below, although such fee schedule is negotiable.

Tiered Pricing Schedule (RSA-Managed Assets)

<u>Assets Under Management</u>	<u>Annual Fee Rate*</u>
First \$1,000,000	1.25%
Next \$1,000,000	1.00%
Next \$8,000,000	0.75%
Over \$10,000,000	0.50%

* Fees are negotiable.

RSA generally requires a minimum account value of \$250,000 for accounts it manages on a discretionary basis. As such, there is an implied minimum fee of \$3,125. For accounts with less than \$250,000, clients may be able to find comparable services at more favorable pricing elsewhere. RSA, in its sole discretion, may waive the required minimum.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. RSA may modify the fee at any time upon 30 days written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

Generally, fees will be charged monthly in arrears. The clients and the client’s custodian or broker-dealer will be invoiced at the end of each calendar month, based upon the average daily account balance of the client's account during the month in which fees apply. River Street will not adjust advisory fees for contributions or withdrawals.

Asset-based fees are always subject to the investment advisory agreement between the client and RSA. Such fees are paid monthly in arrears. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month.

A.2. Financial Planning Fees

Fees for financial planning services are incorporated into the asset-based pricing schedule for discretionary asset management services.

B. Client Payment of Fees

B.1. Payment of Asset-Based Fees

RSA will not take custody or possession of client funds or securities at any time except to the extent that RSA may deduct fees directly from the client's account. RSA will deduct advisory and custodial fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

B.2. Payment of Financial Planning Fees

Fees for financial planning services are incorporated into the asset-based pricing schedule for discretionary asset management services.

C. Additional Client Fees Charged

The fees charged by RSA do not include fees charged by any exchange-traded fund, mutual fund, or any broker-dealer or custodian selected by the client. In the case of an exchange-traded fund or mutual fund, fees and charges are disclosed in the respective fund's prospectus. Fees for any pooled investment vehicles are disclosed in the confidential offering memoranda and subscription documents for such pooled investment vehicle. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using RSA may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Generally, fees will be charged in arrears. Clients will be invoiced at the end of each calendar month based upon the average daily account balance of the client's account during the month in which fees apply. Fees charged by mutual funds, exchange-traded funds and privately pooled investment vehicles are separate and apart from the advisory fees charged by RSA. Similarly, the fees charged by RSA do not include any fees charged by a broker-dealer or custodian retained by a client to implement RSA's advice or to otherwise hold the client's portfolio securities.

D. Prepayment of Client Fees

RSA does not require the pre-payment of its investment advisory fees. Fees will either be paid directly by the client or disbursed to RSA by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the

client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by RSA with 30 days prior written notice to the client. A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement if the client has not received RSA's disclosure documents (Brochure and Brochure Supplement) at least 48 hours prior to entering into the agreement.

E. External Compensation for the Sale of Securities to Clients

RSA financial advisors are compensated solely through a salary and bonus structure. RSA is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products.

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

RSA does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Item 7: Types of Clients

RSA offers its investment services to various types of clients, including high-net-worth individuals, trusts, corporations, partnerships, retirement plans, tax exempt and other legal entities. Although RSA provides investment services to the various types of clients mentioned, the services are conditioned upon meeting certain minimum criteria established by the firm for each of the investment programs it offers.

RSA generally requires a minimum account value of \$250,000 for accounts it manages on a discretionary basis. As such, there is an implied minimum fee of \$3,125. For accounts with less than \$250,000, clients may be able to find comparable services at more favorable pricing elsewhere. RSA, in its sole discretion, may waive the required minimum.

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

A. Methods of Analysis and Investment Strategies

RSA's methods of analysis may include fundamental and technical analysis, quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. RSA may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

A.1. Mutual Funds, Exchange-Traded Funds, Pooled Investment Vehicles, Individual Equity and Fixed Income Securities

RSA may recommend no-load and load-waived funds, pooled investment vehicles, and individual securities (including fixed income instruments). Such management styles will include, among others, large-, mid- and small-cap value, growth and core; emerging markets; and alternative investments. A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, individual securities (including fixed income securities) and managers is set forth below.

RSA reviews research material prepared by others, corporate filings, corporate rating services and a variety of financial publications.

A.2. Material Risks of Investment Instruments

RSA typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Exchange-traded notes
- Corporate debt securities, commercial paper and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Pooled investment vehicles
- Structured products
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Asset-backed securities

- Collateralized obligations
- Option contracts on securities
- Option contracts on indices
- Option contracts on futures
- Option contracts on commodities
- Futures contracts and index contracts

A.2.a. Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

A.2.b. Warrants and Rights

RSA may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

A.2.c. Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

A.2.d. Exchange-Traded Funds ("ETFs")

RSA may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100

Index Tracking StockSM ("QQQsSM"), iShares[®] and VIPERs[®]. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

A.2.e. Exchange-Traded Notes ("ETNs")

Front Barnett may invest in ETNs, which are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN's expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

A.2.f. Corporate Debt, Commercial Paper and Certificates of Deposit

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

A.2.g. Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

A.2.h. U.S. Government Securities

RSA may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

A.2.i. Private Placements

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

A.2.j. Pooled Investment Vehicles

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, RSA will be unable to monitor or verify the accuracy of such performance information.

A.2.k. Structured Products

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured

products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

A.2.I. Government and Agency Mortgage-Backed Securities

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHLMC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

A.2.m. Corporate Debt Obligations

RSA may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. RSA may also

invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

A.2.n. Mortgage-Backed Securities

RSA may invest in mortgage-backed securities, including pass-through securities and collateralized obligations. Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, RSA may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts, with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

A.2.o. Asset-Backed Securities

Like mortgages-backed securities, the collateral underlying asset-backed securities are subject to prepayment, which may reduce the overall return to holders of asset-backed securities. Asset-backed securities present certain additional and unique risks. Primarily, these securities do not always have the benefit of a security interest in collateral comparable to the security interests associated with mortgage-backed securities. Credit card receivables are in general unsecured. Debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set-off certain amounts owed on the credit cards, thereby reducing the balance due.

Generally, automobile receivables are secured by automobiles. Most issuers of automobile receivables permit the loan servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and the technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in the underlying automobiles. As a result, the risk that recovery on repossessed collateral might be unavailable or inadequate to support payments on asset-backed securities is greater for asset-backed securities than for mortgage-backed securities. In addition, because asset-backed securities are relatively new, the market experience in these securities is limited and the market's ability to sustain liquidity through all phases of an interest rate or economic cycle has not been tested.

A.2.p. Collateralized Obligations

RSA may invest in collateralized mortgage obligations ("CMOs") that are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

RSA may also invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

A.2.q. Option Contracts on Securities

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based

upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates.

A.2.r. Option Contracts on Indices

An index assigns relative values to the securities included in the index, and the index fluctuates with changes in the market values of the securities included in the index. Index cash options operate in the same way as the more traditional options on securities, except that index options are settled exclusively in cash and do not involve delivery of securities. Thus, upon exercise of index options, the purchaser will realize and the writer will pay an amount based on the differences between the exercise price and the closing price of the index.

A.2.s. Option Contracts on Futures

Options on futures contracts are similar to options on securities, except that an option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract rather than to purchase or sell a security at a specified exercise price at any time during the period of the option. Upon exercise of the option, the delivery of the futures position to the holder of the option will be accompanied by transfer to the holder of an accumulated balance representing the amount by which the market price of the futures contract exceeds in the case of a call, or is less than in the case of a put, the exercise price of the option on the future.

A.2.t. Option Contracts on Commodities

Physical commodities include soft assets such as crops and coffee that are generally extracted from the ground, as well as hard assets such as minerals and metals that are mined. Investing in commodities carries significant risks, including price, credit and market risk. Many physical commodities, as well as intangible commodities (such as security or fixed income indices), serve as the underlier to commodity futures contracts.

A.2.u. Futures Contracts and Index Contracts

A futures contract is a bilateral agreement where one party agrees to accept and the other party agrees to make delivery of cash for an underlying debt security, as called for in the contract, at a specified date and at an agreed-upon price. An index futures contract involves the delivery of an amount of cash equal to a specified dollar amount times the difference between the index value at the close of trading of the contract and the price at which the futures contract is originally struck. No physical delivery of the securities composing the index is made. Generally, these futures contracts are closed out prior to the expiration date of the contracts.

B. Investment Strategy and Method of Analysis Material Risks

B.1. Leverage

Although RSA, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, RSA will utilize leverage. In this regard please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. In addition, the use of leverage enhances the price volatility of the collateral securities which can result in significant loss.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a required margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

B.2. Short-Term Trading

Although RSA, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

B.3. Short Selling

RSA generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly

lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the borrowed security.

B.4. Option Strategies

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. RSA as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

B.4.a. Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client's portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

B.4.b. Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.4.c. Long Put Option Purchases

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.4.d. Option Spreading

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; clients may contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

B.4.e. Short Call Option Strategy

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, then the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

B.4.f. Short Put Option Strategy

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

B.4.g. Equity Collar

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified "cap rate." A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on an amount when a specified index falls below the specified "floor rate." A collar involving stock is called an "equity collar." In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the

same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

B.4.h. Long Straddle

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

C. Concentration Risks

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

RSA has nothing to disclose for this item.

B. Administrative Enforcement Proceedings

RSA has nothing to disclose for this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report for this item. RSA has nothing to disclose for this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Certain registered personnel of RSA are associated persons of LPL Financial Corporation ("LPL Financial"), a FINRA and SEC-registered broker-dealer and member of SIPC. LPL Financial is a financial services company engaged in the sale of investment products.

The officers, directors and registered personnel of RSA are also employed by Old Second National Bank and provide investment services to the bank's trust customers. Certain of the registered personnel of RSA are also licensed as insurance agents. One of RSA's investment advisor representatives, Richard Gartelmann is the Aurora, IL, office supervisor for LPL Financial. Mr. Gartelmann, who as a registered representative may receive commissions from the sale of investment and insurance products through LPL Financial. Approximately 40% of Mr. Gartelmann's time and effort is attributable to the functions of RSA, 55% to Old Second National bank's trust department, and the remaining 5% of time is allocated to the function of commission sales through LPL Financial. Please be advised that securities transactions for advisory clients are generally processed through Pershing. RSA advisory clients are not obligated to open or maintain their accounts at LPL Financial. To the extent securities transactions for advisory clients are effected through LPL Financial, RSA advisory clients will pay a commission to LPL Financial in addition to their advisory fee to RSA. Investment advisor representatives are precluded from receiving both an advisory fees and commission compensation for RSA client managed assets.

B. Futures or Commodity Registration

RSA is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and does not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

C.1. Insurance Affiliations

Certain managers, members and registered employees of RSA are agents for certain insurance carriers. With respect to the provision of financial planning services, RSA professionals may recommend insurance products offered by such carriers for whom they function as agents and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Also be advised that RSA professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For

products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with RSA's professionals' employing broker-dealer.

C.2. Old Second National Bank

River Street's parent company is Old Second National Bank. As a result of the parent-affiliate relationship, River Street's investment advisory and financial planning services are exclusively offered to Old Second National Bank customers. Please be advised that there is no obligation for the client to engage River Street as a condition of its relationship with Old Second National Bank. Prospective clients are free to do business with the investment advisor of their choice.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Other than as described in Item 10.C. above, RSA does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

A. Code of Ethics Description

In accordance with the Advisers Act, RSA has adopted policies and procedures designed to detect and prevent insider trading. In addition, RSA has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the firm's Chief Compliance Officer. RSA will send clients a copy of its Code of Ethics upon written request.

RSA has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

RSA does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, RSA does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

RSA, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

RSA, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. RSA will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is RSA's policy to place the clients' interests above those of the firm and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

RSA may recommend/require that clients establish brokerage accounts with the Pershing Advisor Services division of Pershing LLC ("Pershing"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although RSA may recommend/require that clients establish brokerage accounts with Pershing, RSA is independently owned and operated and not affiliated with Pershing.

Pershing does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into Pershing accounts.

In certain instances and subject to approval by the firm, RSA will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by RSA will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

A.1. Institutional Trading and Custody Services

Pershing provides RSA with access to its institutional trading and custody services, which are typically not available to Pershing's retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Pershing. These services are not contingent upon RSA committing to Pershing any specific amount of business (assets in custody or trading commissions). Pershing's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

A.2. Other Products and Services

Pershing also makes available to RSA other products and services that benefit RSA but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of RSA's accounts, including accounts not maintained at Pershing. Pershing also makes available to RSA its managing and administering software and other technology that

- provide access to client account data (such as trade confirmations and account statements)

- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of RSA's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Pershing also offers other services intended to help RSA manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

Pershing may make available, arrange and/or pay third-party vendors for the types of services rendered to RSA. Pershing may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to RSA. Pershing may also provide other benefits, such as educational events or occasional business entertainment of RSA personnel. In evaluating whether to recommend or require that clients custody their assets at Pershing, RSA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely on the nature, cost or quality of custody and brokerage services provided by Pershing, which may create a potential conflict of interest.

A.3. Independent Third Parties

Pershing may make available, arrange and/or pay third-party vendors for the types of services rendered to RSA. Pershing may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to RSA.

B. Aggregating Securities Transactions for Client Accounts

B.1. Best Execution

RSA, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities are to be bought and sold, the price of such securities, the executing broker, and the commission rates to be paid to effect such transactions. RSA recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. RSA will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)

- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, RSA seeks to ensure that clients receive best execution with respect to the clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of RSA's knowledge, these custodians provide high-quality execution, and RSA's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, RSA believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

B.2. Directed Brokerage

B.2.a. RSA Recommendations

RSA typically recommends Pershing as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

B.2.b. Client-Directed Brokerage

Occasionally, clients may direct RSA to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage RSA derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. RSA loses the ability to aggregate trades with other RSA advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B.3. Security Allocation

Since RSA may be managing accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by RSA in the manner

it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

RSA's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. RSA will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

RSA's advice to certain clients and entities and the actions of RSA for those and other clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular client in light of his or her applicable investment objectives, guidelines and circumstances. Thus, any action of RSA with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of RSA to or on behalf of other clients.

B.4. Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if RSA believes that a larger size block trade would lead to best overall price for the security being transacted.

B.5. Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

RSA acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interests of its clients.

B.6. Soft Dollar Arrangements

RSA may direct brokerage transactions to executing brokers who offer research and brokerage services that RSA utilizes in order to provide services to its clients. A potential conflict of interest may exist in that client securities transactions are used to pay for research and other brokerage services provided to RSA by an executing broker. The commissions paid to executing brokers by RSA to obtain the research and brokerage services may be higher than would otherwise apply absent the need for research and brokerage services. In addition, the research and brokerage services obtained may not benefit all customers of RSA. Such research and brokerage services may include the receipt of company, industry or general economic reports; trade execution and settlement software; performance measurement software; industry conferences and dinners; and other services related to the investment management, trade and settlement functions of its customer portfolios. RSA has policies and procedures in place to review its trade execution practices to ensure that its directed brokerage trading practices are (i) in the best interests of its clients, (ii) in keeping with its best execution obligations, and (iii) designed to equitably allocate client trades to executing brokers for research and brokerage services.

B.7. Brokerage for Client Referrals

RSA does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

The review of accounts of high-net-worth and affluent clients, including corporations, partnerships and trusts, is conducted in the first instance by the RSA professional servicing the client relationship. Such professionals are subject to the general authority of RSA's President and Chief Compliance Officer. The President or his designee(s) must review and approve the opening of each new advisory relationship and oversee reviews of client accounts. The President or his designee(s) is also responsible for ensuring that any significant change in a client's investment strategy or in the concentration of a client's assets is appropriate for and has been reviewed with the client. Such reviews are performed no less frequently than quarterly.

B. Review of Client Accounts on Non-Periodic Basis

RSA may perform *ad hoc* reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how RSA formulates investment advice.

C. Content of Client-Provided Reports and Frequency

In addition to monthly statements (no less frequently than quarterly) provided by the client's custodian, which detail transaction activity, holdings and portfolio value, RSA engages a third party to produce quarterly client reports that detail account performance, comparison of account performance against appropriate benchmarks, and other such measures designed to identify the risk and performance of the client's investment portfolio.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Other than as described in Items 10 and 12 of this Brochure, RSA does not receive economic benefits from external sources.

B. Advisory Firm Payments for Client Referrals

RSA may enter into agreements with solicitors who will refer prospective advisory clients to RSA in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with RSA. The solicitor must provide the client with a disclosure document describing the fees it receives from RSA, whether those fees represent an increase in fees that RSA would otherwise charge the client, and whether an affiliation exists between RSA and the solicitor.

Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in their accounts. RSA urges its clients to compare the account balance(s) shown on their RSA performance review to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to RSA with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In such cases, RSA will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Item 17: Voting Client Securities

RSA, as a Securities and Exchange Commission registered investment advisor, often has voting power with respect to securities in client accounts. As such, RSA owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care, which requires RSA to monitor corporate events and to vote the proxies; and (ii) the duty of loyalty, which requires RSA to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before the firm's own interests. In keeping with its fiduciary duties, RSA has adopted a Proxy Voting Policy, which sets forth the firm's policies and procedures designed to ensure that it votes each client's securities in the best interests of the client.

RSA will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. RSA will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact RSA's Managing Member for information about how RSA voted with respect to any of the securities held in their accounts.

Except as required by applicable law, RSA will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

As a general rule, RSA will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with RSA's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, RSA may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

A copy of RSA's Proxy Voting Policy will be provided upon receipt of a written request. Please send such requests to:

Chief Compliance Officer
River Street Advisors, LLC
37 S. River Street
Aurora, Illinois 60506

Item 18: Financial Information

A. Balance Sheet

RSA does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

RSA does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There are no bankruptcy petitions to report.