



Form ADV Part 2A

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American Yellowstone Advisers, LLC is registered with the Securities and Exchange Commission. The statements contained herein have not been verified or evaluated by any regulator. Registration does not imply that American Yellowstone Advisers, LLC, or its associates, have attained a certain level of skill or training.

Clients and prospective clients are encouraged to visit the SEC's Investment Adviser Public Disclosure (IAPD) for more information about American Yellowstone Advisers, LLC. The IAPD web address: www.adviserinfo.sec.gov

American Yellowstone Advisers, LLC shall be referred to as "AYA" in this document.

Item 2 – Material Changes

In July 2010, the United States Securities and Exchange Commission (“SEC”) amended the rules regarding Form ADV Part II. These rules require several changes to the AYA disclosure document, now known as Form ADV Part 2A and 2B.

These changes include:

- Completely new formatting
- Expanded disclosure requirements for firms and certain personnel
- A requirement to write in plain English

This document is intended to meet the new regulatory requirements. This disclosure brochure is divided in two sections; 2A and 2B. Section 2A provides detailed information about AYA and Section 2B provides information regarding key AYA personnel.

In subsequent versions of Form ADV Part 2A and 2B, AYA will disclose material changes to this document in Item 2 – Material Changes. Anytime a material change is made to this document, AYA will notify clients and furnish all clients with a copy of this document at no charge. If any clarification is needed on any point contained herein, please contact AYA directly at (212) 488-1331.

Item 3 – Table of Contents



American Independence	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-By-Side Management	7
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activities and Affiliations.....	12
Item 11–Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12 – Brokerage Practices	13
Item 13 – Review of Accounts	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody	19
Item 16 – Investment Discretion.....	19
Item 17 – Voting Client Securities	19
Item 18 – Financial Information.....	20

Item 4 – Advisory Business

Firm Information

American Yellowstone Advisers, LLC (“AYA”) is an SEC registered investment advisory firm that has been operational since May 28, 2010. AYA acts as a sub-advisor and provides investment management services to a proprietary investment company, American Independence Funds Trust (the “Trust”).

AYA provides professional, actively managed investment advisory services to 6 American Independence funds, including the Large Cap Growth Fund and Small Cap Growth Fund as well as the growth equity portion of the NestEgg Target Date funds (collectively, the “Funds”). As of December 31, 2011, AYA managed \$31,480,251 in discretionary assets.

AYA is a jointly owned affiliated registered investment advisor of American Independence Financial Services, LLC (“American Independence”) and Yellowstone Partners, LLC (“Yellowstone”). American Independence is a Delaware limited liability company and is registered as an investment adviser under the Investment Advisers Act of 1940. American Independence is based at 230 Park Avenue, Suite 534, New York, NY 10169 and as of December 31, 2011, American Independence managed approximately \$1.4 billion in assets in both mutual funds and separately managed accounts. The firm is comprised of industry leaders with over 25 years of average industry tenure. For more information, please see the separate ADV Part 2A and 2B for American Independence.

Yellowstone is a registered investment advisory firm headquartered in Idaho Falls, ID. Yellowstone’s predecessor, The Fred L. Dowd Company, was founded in 1972. Yellowstone has offices in St. George and Salt Lake City, UT, Casper, WY, New York, NY and Tacoma, WA. As of December 31, 2011, Yellowstone managed over one thousand accounts totaling approximately \$430 million in assets of which 43% was institutional in nature. Mr. Robert Natale is the portfolio manager primarily responsible for the day-to-day management of the Funds.

To learn more about AYA, visit www.AmericanIndependence.com or call (212) 488-1331.

Advisory Services Offered

AYA provides sub-advisory services to proprietary registered investment funds. AYA also intends to provide investment sub-advisory services in connection with certain “wrap programs” and non-discretionary investment sub-advisory services to certain clients of unified model account portfolios to which the clients will execute trades based on the model if they deem it appropriate to do so. AYA also intends to provide investment advisory and sub-advisory services to institutional and individual clients through its separate account management services.

AYA’s clients may include, but are not limited to: financial institutions, registered investment companies, retirement accounts, corporations, banks and thrift institutions, separate accounts, and other institutional type accounts (both taxable and tax-exempt), as well as high net worth and other individuals. The types of clients to which AYA provides investment management services

are disclosed in the Adviser's Form ADV Part I and summarized in Item 7 ("Types of Clients") of this Brochure.

. AYA's clients may include, but are not limited to: financial institutions, registered investment companies, retirement accounts, charitable and endowment organizations, corporations, banks and thrift institutions, separate accounts, estates and trusts, and other institutional type accounts (both taxable and tax-exempt), as well as high net worth and other individuals. The types of clients to which AYA provides investment management services are disclosed in the Adviser's Form ADV Part I and summarized in Item 7 ("Types of Clients") of this Brochure.

Separately Managed Accounts

AYA offers several equity investment strategies ("Strategy" or "Strategies") to individual and institutional separate account clients. Information about AYA's compensation arrangements is included in Item 5 ("Fees and Compensation") of this Brochure.

AYA intends to participate as an investment manager in SMA programs sponsored by various broker-dealers, investment advisers and other firms (which may include acting as sub-adviser to clients who authorize their investment advisers to retain an adviser to act as a discretionary investment manager). AYA may require a minimum account size for its investment strategies, which may vary among SMA programs. In most SMA programs, the program's sponsor ("Sponsor") is responsible for establishing the financial circumstances, investment objectives and investment restrictions applicable to each client, often through a client profile ("Profile") and discussions between the client and the Sponsor's personnel. Each client typically completes a Profile in addition to executing a program contract with the Sponsor. In some SMA programs, clients also may be required to execute a separate agreement directly with AYA or, AYA may be made a party to the Sponsor/client agreement (often referred to as "Dual Contract SMA Programs"). The client's program agreement with the Sponsor generally establishes the services to be provided to the client by, or on behalf of, the Sponsor, which may include, among other things: (i) manager selection; (ii) trade execution, often without a transaction-specific commission or charge; (iii) custodial services; (iv) periodic monitoring of investment managers; and (v) performance reporting.

Client Account Management

Clients and their financial advisors determine which, if any, of AYA's investment strategies are appropriate for them given their investment goals and objectives, time horizon, and risk tolerance, among other factors. AYA does not customize the client portfolios within each strategy and does not accept restrictions on the investment management of the accounts.

Wrap Fee Programs

AYA intends to be the portfolio manager for several wrap fee programs that are sponsored by unaffiliated third parties, in which case we will receive a portion of the wrap fee that is charged to the client by the sponsor.

There are some differences in the way wrap accounts and non-wrap accounts are managed within the same strategy, primarily because wrap accounts are usually smaller and are subject to restrictions set by the Sponsor. Additionally, Exchange Traded Funds ("ETFs" or "ETF") may be

utilized in the management of wrap fee accounts at the request of the Sponsor. Trades are likely to be executed with the wrap fee sponsor as trading costs are built into the wrap fee.

Item 5 – Fees and Compensation

An adviser's fees generally depend on the services being provided. For investment management services, fees typically are expressed as a percentage of the net assets under management. Fee arrangements vary by client, and are based on a number of different factors, including investment mandate, services performed, and account/relationship size. For an additional discussion of performance-based fees and allocations, please refer to Item 6 ("Performance-Based Fees and Side-by-Side Management").

The fee schedule for the managed account program is as follows:

Strategy	% of Average Monthly Assets
Large Cap Growth	0.55% (55 basis points)
Small Cap Growth	0.70% (70 basis points)

All fees are negotiable and are most commonly charged quarterly in arrears.

Fee Billing

The fee schedule, manner in which the fee is calculated, billing method and when fees are due are detailed in the investment management agreement. Fees for partial periods, either upon opening an account or terminating services, will be prorated based on the number of days that services will be, or were, provided. Asset-based fees generally are paid monthly or quarterly, and are calculated on the value of the account's average monthly net assets.

Clients generally are charged by the Sponsor quarterly, a comprehensive or "wrap fee" based upon a percentage of the value of the assets under management to cover such services. The wrap fee often, but not always, includes the advisory fees charged by AYA (or other participating managers) through the program. Where the services provided by AYA are included in the wrap fee, the Sponsor generally collects the wrap fee from the client and remits the advisory fee to AYA. In Dual Contract SMA Programs, the investment manager's fee typically is paid directly by the client pursuant to a separate agreement between AYA and the client.

SMA program clients also may be subject to additional fees, expenses and charges (e.g., commissions on transactions executed by a broker-dealer other than the Sponsor or the program's designated broker-dealer(s), expenses with respect to investments in pooled vehicles (such as ETFs, money market, and other registered investment companies), dealer mark-ups or mark-downs on principal transactions, and certain costs or charges imposed by the Sponsor or a third-party, such as odd-lot differentials, exchange fees and transfer taxes mandated by law). Generally, Sponsors are responsible for providing clients with both this Brochure and other applicable brochures for the Sponsor's program (the "Program Brochure"). The Program Brochure for each Sponsor is also available through the Investment Adviser Public Disclosure

("IAPD") website. SMA program clients should review the Sponsor's Program Brochure for further details about the relevant program. Such clients should consider that, depending upon the rate of the wrap fee charged, the amount of trading activity, the value of custodial and other services provided and other factors, the wrap fee may exceed the aggregate costs of the services provided if they were to be obtained separately (although, in some cases, it may be possible to obtain such services only through the program) and, with respect to brokerage, any transaction-based commissions paid by the account. AYA is not responsible for, and does not attempt to determine, whether a particular third-party SMA program is suitable or advisable for program participants. AYA reserves the right, in its sole discretion, to reject any account referred to it by a Sponsor for any reason, including, but not limited to, the client's stated investment goals and restrictions.

AYA's fees for managing SMA program accounts may be less than the fees it receives for managing similar accounts outside of a SMA program. However, clients should be aware that, as discussed above, the total fees and expenses associated with a SMA program may exceed those which might be available if the services were acquired separately.

Other Fees and Expenses Clients May Pay

In addition to the fees described above, clients may bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) interest expenses; (iii) taxes, duties and other governmental charges; (iv) transfer and registration fees or similar expenses; (v) other portfolio expenses; and (vi) costs, expenses and fees.

Investment Company Fees

All fees paid to AYA are separate and distinct from fees charged by investment companies (mutual funds and exchange traded funds) to their shareholders. Fees and expenses paid by shareholders in a fund are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in an investment company directly, without the services of AYA. In that case, the client would not receive the services provided by AYA which are designed, among other things, to assist the client in determining which funds or other investments are most appropriate to each client's financial condition and objectives.

Third Party Service Provider and Brokerage Fees

Clients may incur certain fees or charges imposed by third-parties in connection with investments made by AYA on behalf of clients. Such third parties would include the custodian at which the client maintains an account. These fees and charges are separate and distinct from the fees paid to AYA and may include, but not be limited to: transaction related fees (commissions and other brokerage fees), IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, bank service fees, interest charged on debit balanced, and other servicing fees. AYA is not responsible for and does not receive any portion of these fees or charges. Please refer to Item 12 of this brochure for more information on brokerage practices.

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

AYA does not currently charge performance-based fees for any client. If AYA enters into such an arrangement, full disclosure will be made in this section.

Item 7 – Types of Clients

AYA may provide services to a variety of client types. Clients may include:

- Registered investment companies
- Individuals, Personal Trusts and Estates – Private investors, investing personal assets
- Charitable Organizations, Foundations and Endowments – Non-profit entities investing contributions to support a stated mission or mandate
- Corporations – Taxable entities organized for a specific business purpose, investing cash reserves

The relative percentage each client type currently represents is available on AYA's Form ADV Part I. The actual mix of the client types changes over time based upon market conditions, business plans and other factors.

The minimum investment for a separate account is generally \$100,000. However, certain platforms through which AYA's disciplines are offered may have larger or smaller minimum amount requirements. If AYA's disciplines are implemented through the use of ETFs or in a Unified Management Account ("UMA") program the minimum investment is \$50,000. Platform providers may require a greater investment amount. With the exception of platform minimums, the separate account minimums are negotiable depending on other conditions, including but not limited to, the size of the overall relationship and its potential for growth.

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

AYA offers the following investment strategies through its SMA platform:

Large Cap Growth Strategy

The strategy's investment objective is to provide investors with long-term capital appreciation. The strategy benchmark is the Russell 1000 Growth Index.

Principal Strategies

The portfolio manager looks for stocks of companies he believes will increase in value over time. In implementing this strategy, the portfolio manager makes his investment decisions based primarily on his analysis of individual companies, rather than on broad economic forecasts. Management of the strategy is based on the belief that, over the long term, stock price movements follow growth in earnings, revenues and/or cash flows.

The portfolio manager uses a variety of analytical research tools and techniques to identify the stocks of larger-sized companies that meet his investment criteria. Under normal market conditions, the strategy's portfolio will primarily consist of securities of companies

demonstrating business improvement. Analytical indicators helping to identify signs of business improvement could include accelerating earnings or revenue growth rates, increasing cash flows, or other indications of the relative strength of a company's business. These techniques help the portfolio manager buy or hold the stocks of companies he believes have favorable growth prospects and sell the stocks of companies whose characteristics no longer meet those criteria.

- At least 80% of its net assets, plus borrowings for investment purposes, in common and/or preferred stocks;
- At least 80% of its total assets in such stocks issued by U.S. companies with large market capitalizations (over \$5 billion) at the time of purchase;
- Up to 20% of its total assets in such stocks issued by U.S. companies with mid to small market capitalizations (less than \$5 billion) at the time of purchase; and
- May also invest in securities that are convertible into common stock and preferred stock.

Main types of securities the Strategy may hold:

- Common stocks of companies traded on major stock exchanges
- Preferred stocks
- Short term money market securities
- Exchange-traded funds ("ETFs"); to the extent the Fund invests in ETFs the Fund will pay the proportionate share of the underlying expenses of the ETF

Small Cap Growth Strategy

The strategy's investment objective is to provide investors with long-term capital appreciation. The strategy benchmark is the Russell 2000 Growth Index

Principal Strategies

Under normal market conditions, the Strategy will invest at least 80% of its assets in small cap companies. The portfolio manager considers small cap companies to include those with a market capitalization that does not exceed that of the largest company in the Russell 2000 Growth Index.

The portfolio manager looks for stocks of smaller-sized companies he believes will increase in value over time, using an investment strategy developed by AYA. In implementing this strategy, the portfolio manager makes his investment decisions based primarily on the analysis of individual companies, rather than on broad economic forecasts. Management of the Strategy is based on the belief that, over the long term, stock price movements follow growth in earnings and revenues. The portfolio manager's principal analytical technique involves the identification of companies with earnings and revenues that are not only growing, but growing at an accelerating pace. This includes companies whose growth rates, although still negative, are less negative than prior periods, and companies whose growth rates are expected to accelerate. In addition to accelerating growth, the Strategy also may consider companies whose stocks demonstrate price strength relative to their peers. These techniques help the portfolio manager buy or hold the stocks of companies he believes have favorable growth prospects and sell the stocks of companies whose characteristics no longer meet their criteria.

- At least 80% of its net assets, plus borrowings for investment purposes, in common and/or preferred stocks;
- At least 80% of its total assets in such stocks issued by U.S. companies with small market capitalizations (between \$100 million and \$2.3 billion) at the time of purchase; and
- May also invest in securities that are convertible into common stock and preferred stock.

Main types of securities the Strategy may hold:

- Common Stocks of companies traded on major stock exchanges
- Preferred stocks
- Short term money market
- Exchange-traded funds ("ETFs"); to the extent the Strategy invests in ETFs the Strategy will pay the proportionate share of the underlying expenses of the ETF

Risk of Loss

Principal Risks - Before investing in any of the Strategies, you should carefully consider your own investment goals, the amount of time you are willing to leave your money invested and the amount of risk you are willing to take. The Strategies are subject to management risk and may not achieve their objectives if AYA's expectations regarding particular securities or markets are not met. A summary of the principal risks of investing in the Strategies can be found below:

Equity Market Risk: The market value of a security may move up or down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole.

Exchange Traded Funds ("ETF or ETFs") Risks: The following are various types of risks to which the Strategy is subject based the certain types of ETFs in which the Strategy will be investing.

General ETF Risk: The cost to a shareholder of investing in the Strategy may be higher than the cost of investing directly in ETF shares and may be higher than other strategies that invest directly in equities. You will indirectly bear fees and expenses charged by the ETFs in addition to the Strategy's direct fees and expenses.

Swap or Counterparty Risk: The inverse ETFs employed in the strategy utilize swaps and may entail certain risks, including, in some or all cases, aggressive investment techniques (futures contracts, options, forward contracts, swap agreements and similar instruments), correlation or inverse correlation, leverage and market price variance, all of which can increase volatility and decrease performance. The ETFs are non-diversified and may be more susceptible to single issuer risk than a more diversified Strategy.

Tracking Error Risk: There is no assurance that the ETFs the Strategy may utilize will achieve their objectives. Additionally, since many ETFs are managed to reflect daily

price change objectives, there will be a compounding effect if the ETFs are held for longer than one day.

High Portfolio Turnover Rate Risk. High portfolio turnover rates could generate capital gains that must be distributed to shareholders as short-term capital gains taxed at ordinary income rates (currently as high as 35%) and could increase brokerage commission costs. To the extent that the Strategy experiences an increase in brokerage commissions due to a higher turnover rate, the performance of the Strategy could be negatively impacted by the increased expenses incurred by the Strategy.

Management Style Risk. The ability of the Strategy to meet its investment objective is directly related to the adviser's investment strategies for the Strategy. The value of your investment in the Strategy may vary with the effectiveness of AYA's research, analysis and asset allocation among portfolio securities. If AYA's investment strategies do not produce the expected results, your investment could be diminished or even lost.

Recent Market Events Risk. In the most recent few years, U.S. and international markets experienced significant volatility. The fixed income markets had experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, and increased likelihood of default and valuation difficulties. Concerns have spread to domestic and international equity markets. In some cases, the stock prices of individual companies have been negatively impacted even though there may be little or no apparent degradation in the financial conditions or prospects of that company. As a result of this significant volatility, many of the risks herein associated with an investment in a Strategy may be increased. The U.S. government has taken numerous steps to alleviate these market concerns. However, there is no assurance that such actions will be successful. Continuing market problems may have adverse effects on the Strategy.

Small- and Medium-Sized Companies Risk. Investing in securities of small- and medium-sized companies, even indirectly, may involve greater volatility than investing in larger and more established companies because they can be subject to more abrupt or erratic share price changes than larger, more established companies. Small companies may have limited product lines, markets or financial resources and their management may be dependent on a limited number of key individuals. Securities of those companies may have limited market liquidity and their prices may be more volatile. Although diminished in large-sized companies, the risks of investing in all companies include business failure and reliance on erroneous reports. Small- and medium-sized companies often have narrower markets and limited managerial and financial resources compared to larger, more established companies. You should expect that the value of the Strategy's shares will be more volatile than a Strategy that invests exclusively in large-sized companies.

Investments in the Strategies are not deposits or obligations of, or guaranteed or endorsed by, any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board or any other government agency.

You could lose money by investing in a Strategy.

Item 9 – Disciplinary Information

AYA does not have any legal or disciplinary disclosures to make.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliation

Neither AYA nor any of its affiliates are registered, or have a registration pending, as a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor

Neither AYA, nor any of its affiliates, is registered as a futures commission merchant, commodity pool operator or commodity trading advisor.

Other Financial Industry Activities or Affiliations

AYA is a jointly owned affiliate of American Independence and Yellowstone. A separate ADV Part 2A and 2B is available for American Independence and Yellowstone. If you would like a copy of the American Independence or Yellowstone ADV Part 2A and 2B, please contact the American Independence Chief Compliance Officer at 646-747-3475.

Selection of Other Investment Advisers

AYA does not receive compensation directly or indirectly from Sponsors or advisers that it may recommend or select for clients.

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

To avoid any potential conflicts of interest involving personal trades, AYA has adopted a Code of Ethics (the “Code”), which includes a formal code of ethics and insider trading policies and procedures. The Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Applicant above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;

- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

The Code also requires employees to report personal securities transactions on at least a quarterly basis, and provide the Applicant with a summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

AYA's Code and Insider Trading Policy are available upon request by contacting AYA's Chief Compliance Officer at 646-747-3475.

AYA, or its employees, may purchase or sell for themselves similar or different securities than are recommended to AYA clients. AYA has implemented an investment policy relative to personal securities transactions of its employees. This investment policy is part of AYA's overall Code of Ethics, as described above, which serves to establish a standard of business conduct for all of AYA's supervised persons. AYA's personal trading policy is based upon fundamental principles of openness, integrity, honesty and trust. To prevent conflicts of interest, all personal trades made by AYA's employees are reviewed by supervisory personnel. Additionally, AYA's policies and procedures prohibit the misuse of material nonpublic information and are designed to prevent insider trading by any employee.

Political Contributions

It is the policy of AYA to not make, and to prohibit its employees from making, any political or charitable contributions for the purpose of influencing an AYA client or potential client, a public official or his or her agency. However, employees may make personal political or charitable contributions in accordance with the requirements and restrictions of applicable law and AYA's policies. To help ensure compliance with SEC rules, and the many state and local pay-to-play rules, all AYA employees must pre-clear and obtain prior approval from the Chief Compliance Officer before they (or their spouse or their dependent children) make any contributions (i.e., any monetary contribution or contribution of goods or services) to a political candidate, government official, political party or political action committee.

Item 12 – Brokerage Practices

Factors Considered in Recommending Broker-Dealers

Clients generally delegate authority to AYA to designate brokers and dealers or electronic communications networks or crossing networks to effect transactions. Electronic communications networks ("ECNs") permit the execution of trades electronically, without necessarily utilizing an exchange. Crossing networks permit the trading of securities directly between clients of AYA and other institutional investors. In selecting brokers and dealers or ECNs or crossing networks, AYA will consider the full range and quality of services.

Commission rates are one factor considered. Other factors may include: price, facilities, reliability and financial responsibility. When relevant, AYA also may consider the ability of the broker or dealer or network to effect particular securities transactions, especially with regard to such aspects as timing, order size and execution of orders. Research services provided by that broker or dealer or network to AYA (and AYA's arrangements relating thereto) that are expected to enhance AYA's general portfolio management capabilities may also be considered notwithstanding the fact that a client may not be the beneficiary of those services.

While AYA generally seeks the best price in placing orders with brokers or dealers or networks, a client may not necessarily be paying the lowest price available. Some equity securities are traded in principal transactions. Prices paid to dealers in these transactions generally include a "spread," which is the difference between the prices at which the dealer is willing to purchase and sell a specific security. AYA may invest in securities traded in the over-the-counter market and, in those transactions, will engage primarily in transactions directly with the dealers who make markets in these securities, unless a better price or execution could be obtained by using a broker. AYA, at its discretion, may cause a client to pay a commission for effecting a transaction for that client in excess of the amount another broker or dealer or network would have charged for effecting that transaction. This may be done when AYA has determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services provided by the broker or dealer or network to AYA.

AYA's arrangements for the receipt of research services from brokers or dealers or networks may create conflicts of interest, in that AYA has an incentive to choose a broker or dealer or network that provides research services, instead of one that does not, but charges a lower commission rate. AYA does not allocate the relative costs or benefits of research among its clients because AYA believes that the research received is, in the aggregate, of assistance in fulfilling AYA's overall responsibilities to its clients. The research may be used to service AYA's accounts other than those for which trades are executed by the brokers or dealers or networks providing the research. AYA receives a variety of research services and information on many topics, which it uses in connection with its management responsibilities with respect to the various accounts over which it exercises investment discretion or otherwise provides investment advice. These topics include: issuers, industries, securities, economic factors and trends, portfolio strategy, the performance of accounts, statistical information, market data, earnings estimates, credit analysis, pricing, risk measurement analysis, and other information which may affect the U.S. or foreign economies, security prices, or management of the portfolio. The research services may include written reports, market news wires, statistical research and analysis, earnings estimates, fundamental data, pricing services, educational seminars, subscriptions, portfolio attribution and monitoring services, and computer hardware, software and received in the form of written reports, online services, telephone contacts and personal meetings with security analysts, economists, corporate and industry spokespersons and government representatives. In many cases, research services are generated by third parties and are provided by the brokerage firm or network to which the commissions are paid. Services which are partly research and partly not research may be allocated between research and non-research, with the portion allocated to research being paid for through commission dollars, and AYA making a cash payment attributable to the non-research aspect of the service. Research services received from brokers

and dealers and networks are supplemental to AYA's own research efforts and, when utilized, are subject to internal analysis before being incorporated by AYA into its investment process. As a practical matter, it would not be possible for AYA to generate all of the information presently provided to it by brokers and dealers and networks. Although AYA may receive certain research or execution services in connection with principal transactions, AYA will not purchase securities at a higher price or sell securities at a lower price than would otherwise be paid if no weight was attributed to the research services provided by the executing dealer. AYA may designate any broker or dealer to receive selling concessions, discounts or other allowances or may otherwise deal with any broker or dealer in connection with the acquisition of securities in underwritings.

AYA may also engage in agency transactions in over the counter equity securities in return for the types of research and execution services discussed above. These transactions are entered into only pursuant to procedures that are designed to ensure that the transaction (including commissions) is at least as favorable to the client as it would have been if affected directly with a market-maker that did not provide research or execution services.

Commission Rates

The client may be charged a brokerage commission instead of a dealer's mark-up or mark-down on over-the-counter equity transactions. For those client accounts that direct AYA to execute all or a portion of account transactions through one or more named broker-dealer(s), commission rates are generally determined by the client and broker-dealer. When a client directs AYA to use a particular broker-dealer: (a) AYA may not seek to negotiate the commission rates, (b) the client may be unable to obtain a more favorable price as a result of transaction volume, since the directed transactions may not be included in any aggregation of other client orders, (c) the client may pay higher transaction costs, including commissions, than it otherwise would have had it not designated a particular broker-dealer, and (d) while AYA may utilize a variety of procedures for executing directed transactions, AYA may execute directed transactions after executing transactions in the same security or securities for other clients which do not specify a particular broker-dealer and sometimes execute the directed transactions before the non-directed transactions. For these reasons, among others, if a client has directed AYA to use a particular broker/dealer, the client may receive a less favorable execution.

Aggregation and Allocation of Orders

If AYA believes that the purchase or sale of the same security is in the best interest of more than one client, it may, but is not obligated to, aggregate the securities to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent permitted by applicable laws and regulations. At the end of the day, AYA will generally obtain an average price for all orders that were executed through a single broker. The average price will be indicated on the confirmation of the trade sent to the client. AYA may provide investment advisory services to some accounts over which it does not have investment discretion. These accounts may not receive executions as favorable as those received by AYA discretionary accounts, because of the time which is sometimes required for AYA to obtain a non-discretionary client's approval for a trade. When the purchase or sale of a security is recommended, the manager will make a good faith effort to notify the non-discretionary accounts promptly to seek direction. However, the manager need not delay placing orders for discretionary accounts while doing so. Although AYA may believe that it is both desirable and

suitable that a particular security or other investment be purchased or sold for the account of more than one of its client's, there may be instances when there is a limited supply or demand for that security or investment. In these instances, AYA generally allocates the opportunity to purchase or sell that security or investment among client accounts according to client needs and objectives. While AYA seeks to assure fair and equitable treatment over time, there can be no assurance of equality of treatment among all clients or that any one investment will be proportionally allocated among clients according to any particular or predetermined standards or criteria. Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for a client, transactions for a client may be reported with the average price of these transactions. From time to time, AYA may reallocate securities from one client account to a second client account in order to correct an error. AYA will make the reallocation prior to settlement of the trade, and only if the reallocation represents a legitimate investment decision on behalf of each account involved. It is possible that AYA will be trading for more than one client account with differing performance and risk objectives and that this may lead to a situation where one account is buying the same security that another account is selling. AYA will use its best efforts to appropriately manage the potential conflict of interest by using different trading strategies.

AYA as a matter of policy utilizes research, research-related products and other brokerage services on a soft dollar commission basis. AYA's soft dollar policy is to ensure that each such product or service falls within Section 28(e) safe harbor and to make a good faith determination of the value of the research product or services in relation to the commissions paid. AYA also maintains soft dollar arrangements for those research products and services which assist AYA in its investment decision-making process.

In the event AYA obtains any mixed-use products or services on a soft dollar basis, AYA will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions and the non-eligible portion, e.g., computer hardware, accounting systems, etc., which is not eligible for the Section 28(e) safe harbor, will be paid for with AYA's own funds. For any mixed-use products or services, AYA will maintain appropriate records of its reviews and good faith determinations of its reasonable allocations. It is AYA's current policy, however, that it will only utilize soft dollar products or services that may reasonably be considered as research. AYA periodically reviews AYA's soft dollar arrangements, budget, allocations and monitors AYA's policy.

Selection of Brokers for Client Transactions

Research and Other Soft Dollar Benefits

AYA's policy is to seek the best execution available for each transaction. Best execution is not limited to obtaining the lowest commissions but also involves seeking the most favorable terms for a transaction under the circumstances. Receipt of products or services other than brokerage or research is generally not a factor in determining which brokers we trade with.

We consider the amount and nature of research services provided by brokers, as well as the extent to which we rely on such services, and attempt to allocate a portion of our trades on the basis of that consideration. In no case will we make binding commitments as to the level of

trades we will allocate to a broker, nor will we commit to pay cash if an informal target is not met.

Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934, we may pay a broker a higher commission than another broker might have charged for the same trade, in recognition of the value of the brokerage and research services provided by or through the broker. We believe it is important to our investment decision-making processes to have access to independent research.

Research furnished by brokers may be used to service any or all of our clients and may be used in connection with accounts other than those making the payment to the broker providing the research, as permitted by Section 28(e). Trading volume generated by equity clients may result in services that are of benefit only to fixed-income clients and vice versa.

Aggregation of Client Orders

When possible and in our clients' best interest, we aggregate orders for the purchase or sale of the same security across multiple client accounts. When a bunched order is filled in its entirety, each participating client account will participate at the average share prices for the bunched order on the same business day, and the transaction costs shall be shared pro rata based on each client's participation in the bunched order. When the aggregate order size is greater than volume permits, which results in a partial execution for any given day, we allocate those securities in proportion to each account.

Brokerage for Client Referrals

AYA does not take client referrals into account when determining which brokers to use for trade execution.

Directed Brokerage

A client may instruct us as to which brokers to be utilized for trades in your account. In following a client's direction to use a particular broker to execute either all or part of your trades, you must be aware that, in so doing, our ability to follow our normal trade allocation policies, obtain volume discounts on bunched orders, and/or achieve best execution may be compromised.

Aggregation of Client Trades

If AYA believes that the purchase or sale of the same security is in the best interest of more than one client, it may, but is not obligated to, aggregate the securities to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent permitted by applicable laws and regulations. At the end of the day, AYA will generally obtain an average price for all orders that were executed through a single broker. The average price will be indicated on the confirmation of the trade sent to the client. AYA may provide investment advisory services to some accounts over which it does not have investment discretion. These accounts may not receive executions as favorable as those received by AYA's discretionary accounts, because of the time which is sometimes required for AYA to obtain a non-discretionary client's approval for a trade. When the purchase or sale of a security is recommended, the manager will make a good faith effort to notify the non-discretionary accounts

promptly to seek direction. However, the manager need not delay placing orders for discretionary accounts while doing so.

Although AYA may believe that it is both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of its client's, there may be instances when there is a limited supply or demand for that security or investment. In these instances, AYA generally allocates the opportunity to purchase or sell that security or investment among client accounts according to client needs and objectives. While AYA seeks to assure fair and equitable treatment over time, there can be no assurance of equality of treatment among all clients or that any one investment will be proportionally allocated among clients according to any particular or predetermined standards or criteria. Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for a client, transactions for a client may be reported with the average price of these transactions. From time to time, AYA may reallocate securities from one client account to a second client account in order to correct an error. AYA will make the reallocation prior to settlement of the trade, and only if the reallocation represents a legitimate investment decision on behalf of each account involved. It is possible that AYA will be trading for more than one client account with differing performance and risk objectives and that this may lead to a situation where one account is buying the same security that another account is selling. AYA will use its best efforts to appropriately manage the potential conflict of interest by using different trading strategies.

Item 13 – Review of Accounts

AYA periodically reviews client accounts and/or provides reports to clients regarding their accounts. The nature and frequency of these reviews, as well as the frequency and content of these reports, is discussed in more detail below.

Client Account Review

The frequency, depth, and nature of reviews are often determined by negotiation with individual clients pursuant to the terms of each client's written agreement or by the mandate selected by the client and the particular needs of each client. Reviews are typically conducted by portfolio management and account management personnel. AYA holds periodic staff meetings to determine the timing, level and focus of specific client reviews and to review the appropriateness of the review already completed.

Investor and other SMA program accounts (and related Model Guidelines and target portfolios) are reviewed on an ongoing basis by AYA. Reviews are conducted with the help of computer support systems on an account-by-account basis and on security-holdings and performance-exception bases. Reviews are conducted to determine if an account's holdings are consistent with the client's selected investment strategy and restrictions imposed by the client.

Frequency and Content of Client Account Reports

The frequency and content of reports for clients vary according to the particular needs of each client and the agreement between the client and their financial adviser. Such reports generally contain information with respect to portfolio holdings, transactions and performance. Reporting

for SMA program clients varies according to the service or program in which the client is enrolled. Clients in SMA programs sponsored by other firms should contact the Sponsors for information regarding reports provided to their program clients.

Item 14 – Client Referrals and Other Compensation

AYA does not compensate any person or third party solicitor for client referrals.

Item 15 – Custody

Periodic account statements are provided directly from the broker-dealer, bank or other custodian to the client. While AYA monitors client accounts frequently and carefully, we encourage clients to review each account statement carefully.

Item 16 – Investment Discretion

As a general rule, AYA receives discretionary investment authority from its clients at the outset of an advisory relationship. Depending on the terms of the applicable agreement, AYA's authority may include the ability to select brokers and dealers through which to execute transactions on behalf of its clients, and to negotiate the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, each adviser is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. Unless AYA and the client have entered into a non-discretionary arrangement, AYA generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions. Please see Item 12 ("Brokerage Practices") for more information.

Item 17 – Voting Client Securities

It is the policy of AYA to consider and vote each proxy proposal in the best interests of clients and account beneficiaries with respect to securities held in the accounts of clients for whom AYA provides discretionary investment management services and have authority to vote their proxies.

AYA may vote proxies as part of its authority to manage, acquire and dispose of account assets. AYA will not vote proxies if the advisory agreement does not provide for AYA to vote proxies or the "named fiduciary" for an account has explicitly reserved the authority for itself.

When voting proxies for client accounts, AYA's primary objective is to make voting decisions solely in the best interests of clients and account beneficiaries. In fulfilling its obligations to clients, AYA will act in a manner deemed to be prudent and diligent and which is intended to enhance the economic value of the underlying securities held in client accounts. If appropriate to do so, AYA may employ an independent service provider to vote a proxy or to advise in the voting of a proxy. In certain situations, a client or its fiduciary may provide AYA with a statement of proxy voting policy. In these situations, AYA will generally seek to comply with such policy to the extent it would not be inconsistent with the fiduciary responsibility of AYA.

Item 18 – Financial Information

AYA does not have any adverse financial information to disclose.