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## EverBank Wealth Management, Inc.

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This brochure provides information about the qualifications and business practices of EverBank Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact us at [ewmcompliance@everbank.com](mailto:ewmcompliance@everbank.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about EverBank Wealth Management, Inc., is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency, and involve risk, including the possible loss of principal.

## Item 2: Material Changes

Item 9 — Disciplinary Information has been updated.

## Item 3: Table of Contents

	Page
Item 1. Cover Page . . . . .	1
Item 2. Material Changes . . . . .	2
Item 3. Table of Contents . . . . .	3
Item 4. Advisory Business . . . . .	4
A. General Information . . . . .	4
B. EWM Investment Services and Process . . . . .	4
C. Investment Restrictions; Changes in Circumstances. . . . .	5
D. Wrap Fee Programs . . . . .	5
E. Assets Under Management. . . . .	5
Item 5. Fees and Compensation . . . . .	6
A. Advisory Fees . . . . .	6
B. Asset-Based Fee Schedule for Retail Investors . . . . .	6
C. Asset-Based Fee Schedule for Institutional Investors . . . . .	7
D. Fee Deduction . . . . .	8
E. Compensation and Referrals . . . . .	8
Item 6. Performance-Based Fees and Side-By-Side Management . . . . .	9
Item 7. Types of Clients . . . . .	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss . . . . .	9
A. Methods of Analysis . . . . .	9
B. Material Risks . . . . .	10
Item 9. Disciplinary Information . . . . .	12
Item 10. Other Financial Industry Activities and Affiliations . . . . .	12
A. Other Financial Industry Activities and Affiliations . . . . .	12
B. Material Relationships Maintained by EWM and Potential Conflicts of Interest . . . . .	13
C. Recommendation or Selection of Other Investment Advisors. . . . .	13
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading . . . . .	14
A. Code of Ethics . . . . .	14
B. Participation or Interest in Client Transactions . . . . .	14
C. Personal Trading . . . . .	14
D. Concurrent Securities Transactions and Potential Conflicts of Interest . . . . .	15
Item 12. Brokerage Practices . . . . .	15
A. EWM's Recommendation Regarding Custodian. . . . .	15
B. Directed Brokerage . . . . .	17
C. Order Aggregation . . . . .	17
D. Brokerage for Client Referrals . . . . .	17
Item 13. Review of Accounts . . . . .	17
A. Periodic Review . . . . .	17
B. Ad Hoc Reviews . . . . .	17
C. Content and Frequency of Performance Reports . . . . .	18
Item 14. Client Referrals and Other Compensation . . . . .	18
Item 15. Custody . . . . .	18
Item 16. Investment Discretion . . . . .	19
Item 17. Voting Client Securities . . . . .	19
Item 18. Financial Information . . . . .	19

## Item 4: Advisory Business

### A. General Information

EverBank Wealth Management, Inc. ("EWM"), is incorporated in Delaware and is a wholly-owned subsidiary of EverBank, a federal savings association ("EverBank") and an indirect wholly-owned subsidiary of EverBank Financial Corp. ("EFC"). EWM has provided investment advisory services to EverBank since October 29, 2010. In August 2011, EWM began offering investment advisory services to individuals and the other types of clients described in Item 7 below.

### B. EWM Investment Services and Process

EWM provides discretionary management of clients' investments in exchange for a fee based on the assets under management. EWM conducts a thorough interview with a new client and then presents a proposal of how EWM would manage the client's investments, considering the client's goals, resources, time horizon, objectives, attitudes, tolerance and capacity for risk. EWM's proposal will usually include a portfolio model and recommended investment instruments that may be used to implement the model. EWM attempts to tailor its advisory services to the needs of the individual client.

EWM currently offers four styles of model portfolios, based on risk and volatility: Strategic Portfolios, Higher Volatility Portfolios, Moderate Volatility Portfolios and Lower Volatility Portfolios. Each of these portfolio styles offer to clients several model portfolios, again based on a client's investment objectives and ability to be exposed to risk and volatility. Investment instruments used to implement the model portfolios may include mutual funds, exchange-traded funds (ETFs), equities, individual bonds, other fixed-income securities, and separately managed accounts (SMAs) or unified managed accounts (UMAs) of third party investment managers. After thorough analysis, as described above, the client agrees to the portfolio style, as well as the model portfolio in which they will be invested.

**Equities.** An equity or "stock" is ownership of a corporation that is represented by shares that are a claim on the corporation's earnings and assets. An investor's equity in the corporation is usually the ratio of shares the investor possesses relative to the number of outstanding shares issued by the corporation. Equities are usually traded on an exchange or in the over-the-counter (OTC) market. Consequently, an investor can typically sell their stock relatively quickly and easily, unless the stock is illiquid.

**Mutual Funds.** A mutual fund is a professionally managed, diversified portfolio of securities that pools the assets of many investors to invest for a common objective. Each of the investors in a mutual fund has an interest in the fund's entire pool of securities. Mutual fund shares generally can be purchased or sold as needed based on the fund's current net asset value (NAV) per share. Mutual funds can include actively managed funds as well as index funds that track a particular index.

**Bonds.** A bond is a loan made by the investor to the issuer of the bond. A bond is an interest bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan at maturity. The bondholders do not have corporate ownership privileges in the issuer, as shareholders do. These products are also known as "fixed-income securities."

**Exchange-Traded Funds (ETFs).** An ETF is an investment company whose shares trade on a stock exchange. An ETF usually holds a portfolio of securities designed to track a particular market segment, index, commodity or basket of assets. Unlike mutual funds, an ETF experiences price changes throughout the day as the ETF's shares are bought and sold.

## Item 4: Advisory Business (continued)

**Separately Managed Accounts (SMAs).** An SMA is a professionally managed investment portfolio that uses pooled money to buy investments directly owned by the account holder. Unlike a mutual fund or ETF, an SMA allows an investor to have direct ownership of the securities in the investor's account, which can provide opportunities for greater customization to reflect the investor's specific investment objectives, desired restrictions and tax consequences.

**Unified Managed Accounts (UMAs).** A UMA is a professionally managed investment portfolio that is developed out of SMAs. While an SMA holds securities associated with a single investment manager or style managed for a client, a UMA typically holds multiple SMAs, as well as other investment products such as mutual funds and ETFs.

Portfolio model construction is determined by the EWM Investment Committee, through the oversight of the EWM Chief Investment Officer. The EWM Investment Committee may develop portfolio models based on different levels of risk tolerance and capacity by combining diverse asset classes to help manage risk. EWM associated persons, who manage a client's relationship with EWM, consult with a client to determine which model is most appropriate. Clients may direct that their accounts be managed individually or in groups as portfolios of accounts.

### C. Investment Restrictions; Changes in Circumstances

A client may provide EWM with any reasonable investment restrictions that should be imposed on the management of the client's portfolio. For example, a client may restrict the type or amount of securities to be purchased in the client's portfolio. During the initial interview, EWM will ask a client about such investment restrictions and will note such investment restrictions in the client's proposal. A client should promptly notify EWM of any changes in those restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance, and capacity for risk. EWM attempts to tailor its advisory services to the needs of its individual clients.

EWM provides periodic reports to clients. These reports identify assets within the account and activity since the date of the last periodic report. These periodic reports will also remind clients of their obligation to inform EWM of any such changes or any restrictions that should be imposed on the management of the client's account. EWM will also, through these periodic reports, inquire whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance and capacity for risk.

### D. Wrap Fee Programs

EWM does not offer wrap fee programs.

### E. Assets Under Management

EWM currently has \$5,298,329 in discretionary client assets under management. EWM currently has \$508,687,068 in non-discretionary client assets under management. These calculations were made as of March 1, 2012.

# Item 5: Fees and Compensation

## A. Advisory Fees

EWM will generally provide clients with investment advisory services in exchange for an asset-based fee computed on the value of managed assets as mutually agreed upon with the client and EWM. EWM’s fees are assessed in arrears, either monthly or quarterly as agreed to by EWM and the client. EWM does not require the prepayment of any portion of its investment advisory fee. EWM’s fee schedule is stated below and is computed on the average daily balance of the client’s portfolio for the preceding month or quarter and payable in arrears not less than 30 days following the end of the month or quarter. The monthly or quarterly fee is charged at either one-fourth or one-twelfth the specified annual rate. The initial fee is pro-rated from the date of the wealth management agreement with the client to the end of the first month or quarter.

The advisory relationship may be terminated by the client or EWM in accordance with the provisions of the client’s wealth management agreement. Fees for a partial period at the termination of the wealth management agreement will be pro-rated from the first day of the month or quarter to the effective date of termination of the wealth management agreement.

As set forth below, EWM uses one Asset-Based Fee Schedule for Retail Investors, and a separate Asset-Based Fee Schedule for Institutional Investors. EWM defines, which definition is incorporated into the terms of this brochure, an “Institutional Investor” as an entity or organization that opens an account with EWM on its own behalf (as opposed to on behalf of individuals within the organization). EverBank will require an Institutional Investor to complete an EWM Wealth Management Agreement for Institutions at the outset of the relationship. Any other investor will be deemed a retail investor or retail client, and will complete an EWM Wealth Management Agreement for Retail Investors.

## B. Asset-Based Fee Schedule for Retail Investors

Assets Under Management	Annual Management Fee
On the first \$500,000	1.00%
On the next \$500,000	0.85%
On the next \$2,000,000	0.70%
On the next \$2,000,000	0.55%
On amounts over \$5,000,000	negotiable

Minimum annual fee: \$1,000 (\$250 per quarter).

EWM does not require an account minimum for management of assets invested in mutual funds or ETFs. However, there is a minimum annual fee of \$1,000 at the highest fee tier in the current fee schedule. Retail clients with less than \$100,000 in portfolio assets who choose EWM’s services at a minimum annual fee of \$1,000 may be able to find similar services at a more favorable pricing arrangement. Fees are negotiable in EWM’s sole discretion, and EWM may, in its sole discretion, waive the required minimum fee. EWM requires a minimum value of managed assets of \$500,000 for an SMA or UMA, subject to EWM’s discretion to waive such minimum where appropriate.

For multiple accounts under the control of a client, EWM may aggregate the account total for fee purposes.

# Item 5: Fees and Compensation (continued)

In limited circumstances, EWM may provide investment advice on a fixed fee or other basis for a client who does not desire ongoing investment management services.

EWM has the right to change any or all of its fee schedules with 30 days' prior written notice to its clients.

The fees charged by EWM do not include fees or other expenses of any mutual fund or ETF, such as investment management fees, brokerage fees and other fund expenses. These fees and expenses may be described in the fund prospectus. 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. EWM will consider such fees prior to investing in any products, which would result in a client paying such fees. EWM will recommend, where appropriate for a client's portfolio, "no load" mutual funds where no sales charge is imposed for the purchase. A client may be precluded from using certain mutual funds because they may not be offered by the custodian.

The fees charged by EWM also do not include direct fees and costs associated with the managers of SMAs and UMAs, such as investment management fees of the selected managers and overlay management fees. These fees generally range from approximately 0.40% to approximately 0.70% per annum of assets in the applicable SMA or UMA, depending on the particular investment or overlay managers selected. Such fees will be displayed as a separate charge from EWM's fees on a client's fee statement. A client will receive a specific quote of these fees prior to investment in an SMA or UMA.

In addition, the fees charged by EWM do not include any commissions or other fees charged by a broker-dealer or custodian retained by a client to implement EWM's advice or to otherwise hold the client's portfolio securities. See Item 12 below for additional information regarding brokerage practices.

## C. Asset-Based Fee Schedule for Institutional Investors

Assets Under Management	Annual Management Fee
On the first \$5,000,000	.35%
On the next \$5,000,000	.25%
On the next \$15,000,000	.15%
On the next \$25,000,000	.10%
On the next \$50,000,000	.05%
On amounts over \$100,000,000	.02%

Minimum annual fee: \$17,500 (\$4,375 per quarter).

Institutional Clients with less than \$5,000,000 in portfolio assets who choose EWM's services at a minimum annual fee of \$17,500 may be able to find similar services at a more favorable pricing arrangement. Fees are negotiable in EWM's sole discretion and EWM may, in its sole discretion, waive the required minimum fee. EWM requires a minimum value of managed assets of \$500,000 for an SMA or UMA, subject to EWM's discretion to waive such minimum where appropriate.

For multiple accounts under the control of a client, EWM may aggregate the account total for fee purposes.

## Item 5: Fees and Compensation (continued)

In limited circumstances, EWM may provide investment advice on a fixed fee or other basis for a client who does not desire ongoing investment management services.

EWM has the right to change any or all of its fee schedules with 30 days' prior written notice to its clients.

The fees charged by EWM do not include fees or other expenses of any mutual fund or ETF, such as investment management fees, brokerage fees and other fund expenses. These fees and expenses may be described in the fund prospectus. 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. EWM will consider such fees prior to investing in any products, which would result in a client paying such fees. EWM will recommend, where appropriate for a client's portfolio, "no load" mutual funds where no sales charge is imposed for the purchase. A client may be precluded from using certain mutual funds because they may not be offered by the custodian.

The fees charged by EWM also do not include direct fees and costs associated with the managers of SMAs and UMAs, such as investment management fees of the selected managers and overlay management fees. These fees generally range from approximately 0.40% to approximately 0.70% per annum of assets in the applicable SMA or UMA, depending on the particular investment or overlay managers selected. Such fees will be displayed as a separate charge from EWM's fees on a client's fee statement. A client will receive a specific quote of these fees prior to investment in an SMA or UMA.

In addition, the fees charged by EWM do not include any commissions or other fees charged by a broker-dealer or custodian retained by a client to implement EWM's advice or to otherwise hold the client's portfolio securities. See Item 12 below for additional information regarding brokerage practices.

### D. Fee Deduction

EWM's fees will either be paid directly by the client or deducted automatically from the client's account and paid to EWM by the qualified custodian of the client's investment accounts. EWM may deduct fees directly from a client's account only if the client provides written authorization in the investment management agreement or otherwise. Where a client authorizes EWM to deduct fees from the client's account, the custodian of the account will send the client a statement at least quarterly. The statement will include the amount of any fees paid directly to EWM, and will also include any other amounts disbursed from the account. A client should carefully review statements received from the custodian to verify the accuracy of the fee calculation. The custodian may not have a duty to determine whether the fee is properly calculated. In the event EWM has agreed to bill the client directly, the client will agree to pay the fees and expenses within 30 days of receiving the invoice. A client will generally receive a statement of advisory fees from EWM no later than 15 days following the end of each monthly or quarterly period.

### E. Compensation and Referrals

EWM and its associated persons are not paid any sales, service or administrative fees for the sale of investment products to clients. EWM employees earn a salary and a possible bonus. A bonus may be earned based on a variety of factors, including division revenue growth and profitability, as well as personal contributions and other subjective factors. Certain employees may also participate in incentive programs that may compensate them for attracting new assets and clients, referring business to our affiliates (such as referrals to EverBank for mortgages or bank deposits) and meeting production criteria. EWM may also



## Item 5: Fees and Compensation (continued)

compensate affiliated companies for referrals of possible clients to EWM. Referral compensation will be paid as a bonus that may be based on a percentage of the value of assets or fees generated. The affiliated companies may choose to pay all or a portion of this compensation to its employees who make the referrals.

EWM may also enter into arrangements with persons other than employees or affiliated companies to whom we may pay compensation for referrals to EWM. This compensation may be in the form of a percentage of the value of assets or fees generated, or other marketing compensation. The details of such arrangements and the amount of compensation will be described in a separate disclosure provided at the time of such referrals. See Item 14 for additional information.

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

EWM does not charge performance-based fees.

## Item 7: Types of Clients

EWM offers investment advisory services to individuals, trusts, estates, charitable organizations, corporations, partnerships and other legal entities. See Item 5 above for information regarding minimum account size.

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

### A. Methods of Analysis

EWM takes a broad and multidimensional view of portfolio construction by considering various types of investment opportunities in order to create well diversified portfolios designed to offer optimal risk-adjusted returns. Through investment vehicles consisting of mutual funds, ETFs, bonds, equities, SMAs and UMAs, EWM will balance traditional investment opportunities including domestic and international equity and fixed income investments against non-traditional asset classes that offer further diversification, uncorrelated risk and return profiles, and inflation-protection characteristics, such as currencies, commodities, and absolute return and hedged investment products. Asset allocation decisions will be strategically determined based on global economic conditions, identification of investment themes and opportunities, client return objectives and risk tolerance. Asset weightings will be further refined in order to create portfolios consistent with the style and model portfolio agreed to by the client.

Based on the style and model portfolio agreed to by the client, EWM will seek an optimal return measured against the client's capacity to absorb, and aversion of, risk.

EWM uses a top-down investment approach that analyzes the global macroeconomic environment in order to determine asset allocation, investment themes, and risks within the respective discretionary platform model portfolios. The EWM Investment Committee reviews global economic conditions paying particular attention to monetary policy and credit availability, inflation expectations, interest rates and currency trends within the respective markets in order to assess the investment environment within domestic, developed international and emerging market economies. Assessment of the respective economic cycles will

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss (continued)

be considered using government statistics, including but not limited to, employment, housing, consumer spending, government spending, lending and investment trends. Fundamental earnings trends, valuations, and volatility expectations will be used to determine specific themes and investments within the various asset classes.

EWM may use quantitative and qualitative methods of analysis (described below) to analyze investment alternatives in constructing model portfolios. This process may include the use of computer-based risk/return analysis, as well as other economic and statistical criteria. EWM may retain third parties to provide software to assist in formulating investment recommendations, in addition to providing advice and guidance to its Investment Committee.

Quantitative methods utilized in the analysis of mutual funds, ETFs, SMAs and UMAs (collectively referred to as “investments”) may include:

- The performance history of the investment evaluated against that of its peers and other benchmarks
- An analysis of risk-adjusted returns
- An analysis of the investment manager’s contribution to the investment return standard deviation of returns over specific time periods, sector and style analysis
- The investment’s fee structure
- The relevant investment manager’s tenure

Qualitative criteria used in recommending investments include the investment objectives and/or management style and philosophy of the investment manager, the investment manager’s consistency of investment style, and investment manager and staff turnover.

In addition, investment managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the investment manager by EWM.

EWM will regularly review the activities of investments and investment managers. In addition, EWM will review research material prepared by others, corporate filings, corporate rating services and a variety of financial publications.

### B. Material Risks

Investing in securities involves risk of loss that a client should be prepared to bear. The value of any security may fluctuate due to economic, political or other events that affect securities markets generally. Fluctuations in value may also occur due to the characteristics of a particular instrument or of the company that issues it.

A client may obtain from the client’s EWM Wealth Management Advisor a copy of any prospectus containing a description of an applicable mutual fund’s or ETF’s investment objectives and related risks and a copy of any brochure describing an applicable SMA’s investment objectives and related risks.

EWM structures the client’s portfolio based on the style and model portfolio agreed to by the client. These Portfolios are based upon the amount of risk and volatility the investor client is willing and able to assume. The riskier and more volatile the portfolio

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss (continued)

agreed to by the client, the greater the possibility is that the client may lose some or all of their investment. Each client should agree to a portfolio that is consistent with their investment objectives, investment experience, and time horizon, among other things.

Additional risks that may have an adverse effect on a client's investments include the following:

**Equity Risks.** The risks of investing in an equity is that the price of the shares will decrease. This can be caused by a number of factors including, but not limited to: financial deterioration of the overall economy, financial deterioration of the particular company, change in governmental policies that affect that company's sector, turnover in management, lawsuits or legal proceedings filed against the company, and other unfavorable publicity about the company. The sale of equities can result in tax consequences to the investor. Some corporations pay a dividend to investors, which is a distribution of earnings to the shareholders. A company can elect to not pay dividends, which could also adversely affect the stock price of the company. Another risk in investing in equities is that some equities lack liquidity; that is, there is not a significant market demand for these shares or the shares are not readily transferable. Consequently, an investor of such equities may not be able to sell or transfer their interest, even if they need the money or the price of the equity is falling rapidly.

**Mutual Fund Risks.** The 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.

**Bond Risks.** The primary risk of investing in a bond, whether it is a government or corporate bond, is that the issuer will not be able to make its agreed-upon periodic payments (such as interest payments) and/or that it will not return the principal to the noteholder when it is due. An issuer could also fail to make timely and/or complete payments on the principal or agreed-upon periodic payments. Among other things, any failure to make payments could be due to the financial condition of the issuer. Another risk in corporate bonds is that noteholders do not have equity privileges in the issuer; rather, they are simply creditors of the issuer. Consequently, they cannot vote or otherwise affect corporate decisions.

**ETF Risks.** The performance of an ETF may not reflect the performance of the index or market segment it was created to track. 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., employing 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 negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

**SMA and UMA Risks.** The risks of investing through an SMA or UMA include the quality and experience of the portfolio management team and its ability to create value by investing in securities that have positive growth.

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss (continued)

**Concentrated Holdings Risk.** There is an inherent risk for clients who have their investment portfolios heavily concentrated in a single security, industry or sector, geographic location, investment manager, or instrument. 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.

**Risks Related to Certain Investment Strategies.** Client investments may be made through third party managers who follow alternative strategies, such as option trading, hedging and derivatives, that may involve specific risks. Clients will receive the prospectus or brochure of any such third party investment managers before such strategies are implemented.

## Item 9: Disciplinary Information

The Staff of the SEC is considering seeking authorization from the Commission to bring an action against Tim Swanson relating to his role in providing information about a fund, which was sub-advised by Mr. Swanson's employer at the time and for which Mr. Swanson acted as co-portfolio manager, for use in two of that fund's 2007 and 2008 filings. EverBank Wealth Management has placed Mr. Swanson on administrative leave. He remains available to EWM for consultation.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Other Financial Industry Activities and Affiliations

**Parent Affiliation.** EWM is a wholly owned subsidiary of EverBank and an indirect wholly-owned subsidiary of EFC. EFC is a holding company that is also the parent company of banking and brokerage companies offering financial services to private and public sectors. As such, some of the principal executive officers of EWM may be employed by or predominantly engaged in the activities of the holding company or its other subsidiaries. More than 50% of these officers' time may be spent on the activities of related firms.

**Bank and Broker-Dealer Affiliation.** EverBank, a federal savings association, is also a wholly-owned subsidiary of EFC. EverTrade Direct Brokerage, Inc., a brokerage firm ("EverTrade"), is wholly-owned by EverBank. Investment adviser representatives of EWM may act as registered representatives of EverTrade for customers that are not advisory clients of EWM. As such, these EverTrade employees may receive salaries, commissions or other forms of compensation in relation to products sold to non-advisory clients in connection with this affiliation. In no event, however, will an investment adviser representative of EWM receive both a fee and a commission from advisory clients with respect to advisory client securities transactions.

EverBank is regulated by the Office of the Comptroller of the Currency (OCC). Certain EWM employees who also perform bank functions would likewise be regulated by, and subject to the jurisdiction of, the OCC.

EverTrade is regulated by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and each state in which it has customers or otherwise does business. Any EWM employee who also performs functions for EverTrade would be deemed to be an associated person of EverTrade, and subject to the jurisdiction of the SEC, FINRA and the states.

## Item 10: Other Financial Industry Activities and Affiliations

(continued)

### B. Material Relationships Maintained by EWM and Potential Conflicts of Interest

As part of their other business activities, EWM advisory personnel may also serve as representatives of EverTrade and effect securities transactions for customers of EverTrade. EWM may receive a fee for investment advice in advisory accounts, and EverTrade representatives may receive a commission for any transactions effected in EverTrade brokerage accounts (which are not EWM or advisory accounts). EWM advisory personnel will not, under any circumstance, receive both a fee and a commission from an advisory client relating to the same transaction.

Advisory clients may be solicited to invest excess cash balances of their assets in proprietary short-term, fixed-income products sponsored or managed by one of EWM's affiliates. EWM would be economically incented to recommend securities sponsored or managed by its affiliate. Any such investments may be prohibited for Employee Retirement Income Security Act (ERISA) governed plans engaged by EWM for the provision of investment advisory services. To the extent such proprietary investment products are recommended to such ERISA-governed plans, EWM will waive its investment advisory fee. EWM, in its sole discretion, in lieu of waiving its investment advisory fee, may decide that it will not offer such proprietary investment products to its advisory clients.

EWM advisory personnel may also provide information, advice or recommendations to clients regarding EverBank products, but unless EWM otherwise agrees in writing with a client, any EverBank products the client holds would not be considered assets under EWM's management or be subject to EWM's advisory fees. Also, unless EWM otherwise agrees in writing with a client, the client will maintain full authority and control over the client's EverBank bank account and products. EWM would have no discretionary authority over the client's EverBank products or any obligation to monitor or reallocate the client's EverBank products.

### C. Recommendation or Selection of Other Investment Advisors

Other than as described in Item 14 and other than as a result of its corporate ownership structure, EWM does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients.

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

## A. Code of Ethics

EWM has adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts and conflicts of interest. The Code includes EWM’s policies and procedures developed to protect clients’ interests in relation to the following topics:

- The requirement that investment advisory personnel conduct business with high ethical standards consistent with the principle that EWM and its employees owe a fiduciary duty to clients
- The obligation of EWM advisory personnel to comply with all applicable legal requirements
- The requirement that all personal securities transactions be conducted in compliance with the Code
- The principle that investment advisory personnel should avoid conflicts of interest in personal and business activities
- The requirement that advisory personnel avoid improper disclosure or misuse of confidential client information

EFC also has a Code of Conduct that defines the business procedures and practices that reflect the EverBank corporate family’s values, including how to deal with any conflict of interest. Any person associated with EWM is subject to the Code of Ethics and Code of Conduct.

EWM will provide a copy of the Code of Ethics and Code of Conduct to any client or prospective client upon request.

## B. Participation or Interest in Client Transactions

EWM 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, other than as described in Item 10.C, EWM does not recommend any securities to advisory clients in which it has some material financial, proprietary or ownership interest.

## C. Personal Trading

EWM and its representatives may engage in personal securities transactions or may hire an advisor to engage in personal securities transactions on their behalf. The personal securities transactions of EWM and its representatives may raise potential conflicts of interest when such persons trade in a security that is (i) owned by a client, or (ii) considered for purchase or sale for a client.

EWM has adopted policies and procedures that are intended to ensure that transactions are effected for clients in a manner that is consistent with the fiduciary duty and in accordance with applicable law. Persons who wish to purchase or sell securities of the types purchased or sold for clients may do so only in a manner consistent with EWM’s policies and procedures. Each EWM associated and related person is required to provide to EWM information regarding their personal securities accounts. EWM attempts, consistent with its policies and procedures, to identify any transactions in which EWM or its associated or related persons have a conflict with any transaction recommended to a customer.

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

### D. Concurrent Securities Transactions and Potential Conflicts of Interest

EWM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may make securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. EWM 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 the policy of EWM to place the clients' interests, including but not limited to, ensuring the client receives the most favorable price for a transaction, above those of the firm and its employees.

EWM's advice to certain clients and the action of EWM 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 investment objective, guidelines and circumstances. Thus, any action of EWM with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of EWM to or on behalf of other clients.

## Item 12: Brokerage Practices

### A. EWM's Recommendation Regarding Custodian

**Recommendation of Schwab as Custodian.** EWM recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, and a member of FINRA and the Securities Investor Protection Corporation (SIPC), for custody of investment portfolio assets. Schwab is independently owned and operated, and not affiliated with EWM.

For EWM client accounts maintained in its custody, Schwab 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 Schwab accounts.

In certain instances, EWM may, at the client's request, identify other broker-dealers and/or custodians that a client might select, 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 identified by EWM shall be made by and in the sole discretion of the client. Any client who selects his or her own broker-dealer or custodian should recognize 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.

EWM periodically reviews, and reviews at least annually, its fee structure and arrangement with Schwab. Among other things, EWM evaluates whether the price Schwab charges for services is reasonable, given the entirety of the services Schwab provides.

## Item 12: Brokerage Practices (continued)

**Institutional Trading and Custody Services Provided by Schwab.** Schwab provides EWM clients with access to its institutional trading and custody services, which are typically not available to Schwab 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 Schwab Institutional. These services are not contingent upon EWM committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab'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 would require a significantly higher minimum initial investment.

**Other Products and Services Provided by Schwab.** Schwab makes available to EWM other products and services that benefit EWM, 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 EWM's accounts, including accounts not maintained at Schwab. Schwab also makes available to EWM 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 EWM's fees from its clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

Schwab also offers other services intended to help EWM 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

Schwab, or one of its affiliates, may also provide other benefits such as educational events or occasional business entertainment of EWM personnel. In evaluating whether to suggest or require that clients custody their assets at Schwab, EWM 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 the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

EWM's affiliate, EverBank, also may make soft dollar payments to broker-dealers who provide services to EverBank. These services may include brokerage or research products and services that assist EverBank in making investment decisions about its own portfolio. EWM employees who are also employees of EverBank may indirectly benefit from these arrangements.

**Schwab's Provision of Services through Independent Third Parties.** Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to EWM, in an amount not to exceed \$100,000.00. Schwab 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 EWM.



## Item 12: Brokerage Practices (continued)

### B. Directed Brokerage

EWM typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf. Occasionally, a client may direct EWM to use a particular broker-dealer other than Schwab as custodian and/or to execute portfolio transactions for the client's account or request that certain types of securities not be purchased for the client's account. Clients who designate the use of a particular broker-dealer other than Schwab should be aware that they will lose any possible advantage EWM derives from aggregating transactions executed through Schwab. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. EWM loses the ability to aggregate trades with other EWM advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### C. 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.

### D. Brokerage for Client Referrals

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

## Item 13: Review of Accounts

### A. Periodic Review

Each EWM advisory account is reviewed at least quarterly. The review of EWM advisory accounts is conducted in the first instance by EWM's Investment Committee. Members of the Investment Committee are subject to the general authority of, and supervision by, EWM's President. The President, or his designee(s), must review and approve the opening of each new advisory relationship and oversee quarterly 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.

### B. Ad Hoc Reviews

EWM 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 capacity, or a material change in how EWM formulates investment advice or material changes in general market conditions.

## Item 13: Review of Accounts (continued)

### C. Content and Frequency of Performance Reports

EWM will deliver a written report to each client, on a quarterly basis or at some other interval agreed to with the client, which will detail information on purchases and sales, contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate pre-established goals or benchmarks.

The client's independent custodian also provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by EWM.

## Item 14: Client Referrals and Other Compensation

EWM may enter into agreements with solicitors who will refer prospective advisory clients to EWM 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 EWM. The solicitor must provide the prospective client with a disclosure document describing the fees it receives from EWM, whether those fees represent an increase in fees that EWM would otherwise charge the client, and whether an affiliation exists between EWM and the solicitor.

Certain EWM employees may participate in incentive programs that may compensate them for attracting new assets and clients and meeting production criteria. EWM may also compensate EFC-affiliated companies for referrals of possible clients to EWM. Referral compensation will be paid as a one-time bonus that may be based on a percentage of the value of assets or fees generated. The EFC-affiliated companies may choose to pay all or a portion of this compensation to its employees who make the referrals.

## 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 the client's account. EWM urges that clients compare the account balance(s) shown on any performance or other report provided by EWM with the quarter-end balance(s) on their custodian's monthly (or other periodic) statement. The custodian's statement is the official record of the account.

A client may choose to purchase bank products from EWM's parent, EverBank. In such a circumstance EverBank, and not EWM, would maintain physical custody of those bank products, but EWM may be deemed to have custody under SEC rules by virtue of its relationship with EverBank. Any account a client may have with EverBank would be separate and distinct from the client's investment account with the client's chosen, unaffiliated custodian. Both EverBank and the unaffiliated custodian will send statements to the client, at least quarterly, in accordance with legal requirements. Any such client should compare any statements the client receives from the custodian or EverBank with the statements provided by EWM, if any.

## Item 16: Investment Discretion

A client may agree to give EWM investment discretion. If a client grants EWM such investment discretion, that authority will be granted through the investment management agreement and a limited power of attorney provided by the client's custodian. In those cases, EWM will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment management agreement.

## Item 17: Voting Client Securities

EWM will not take any action with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which a client's assets may be invested. On occasion, EWM may provide advice to clients on the voting proxies; however, the ultimate responsibility for such voting rests with the client. All proxy-related materials received directly by EWM will be forwarded to the client for direct action. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. EWM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. EWM also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, EWM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients.

Where EWM receives written or electronic notice of a class action lawsuit, settlement or verdict effecting securities owned by a client, it will forward all notices, proof of claim forms and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## Item 18: Financial Information

EWM is not aware of any financial condition that is reasonably likely to impair EWM's ability to meet its contractual commitments to its clients. EWM is not required to provide a balance sheet because it does not require the prepayment of any fees.