

Item 1 Cover Page
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Firm Brochure

Form ADV Part 2A
(As of March 30, 2012)

This Firm Brochure provides information about the qualifications and business practices of Palladiem, LLC (“Palladiem”). If you have any questions about the contents of this brochure, please contact Palladiem at (888) 886-4122. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority.

Additional information about Palladiem is available at the SEC’s website www.adviserinfo.sec.gov. (Click on the link, select “investment adviser firm” and type in “Palladiem”). Results will provide you with both Part 1 and 2 of Palladiem’s Form ADV.

Palladiem is a registered investment adviser with the SEC. SEC registration neither implies nor asserts that the SEC nor any state securities authority has approved or endorsed Palladiem or the contents of this disclosure. In addition, SEC registration does not carry any official imprimatur or indication that Palladiem has attained a particular level of skill or training.

Item 2 Material Changes

On July 28, 2010, the SEC adopted amendments to the Part 2 of Form ADV, which is the disclosure document Palladium provides to you. This Firm Brochure dated March 30, 2012, is prepared according to the SEC's new requirements and rules.

The following material changes have occurred since the last amendment to Palladium's Form ADV, Part 2A dated February 8, 2012:

Item 4: The firm updated its assets under management.

Item 8 of this Form ADV describes Palladium, LLC's investment strategies. One of the strategies described in Item 8 and included on prior filings, Diversified Growth Core Strategy, has been re-opened to new investors. Two of the strategies, Fixed Plus Core Strategy and Opportunistic Growth Strategy, remain closed to new investors. However, Palladium, LLC continues to describe these strategies in this Form ADV, as Palladium, LLC may make one or both of these strategies available to new investors in the future, in its discretion. Palladium, LLC will update its Form ADV, Part 2A in the future if it decides to make the Fixed Plus Core Strategy and/or Opportunistic Growth Strategy available to new investors.

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Item 4 Advisory Business

About Palladiem

Palladiem, LLC (“Palladiem”) is an independent investment advisory firm founded in August 2011. Palladiem is 40% owned by AC-Palladiem, LLC and 60% owned by members of management of the firm.

As of March 30, 2012, Palladiem managed \$1.6 million on a discretionary basis and \$485.6 million on a non-discretionary basis.

Investment Advisory Services

Palladiem’s investment philosophy is founded on fundamental investment principles. We manage diversified, multi-asset class portfolios that include a variety of styles, strategies, and investment vehicles. We tend to favor investments at discounts to conservative estimates of their intrinsic value. As global investors, we search for investments across markets as we seek to improve risk-adjusted performance. We believe this approach has the potential to outperform relevant benchmarks on a risk-adjusted basis over the long term. See Item 8 for a further discussion.

Palladiem primarily provides discretionary investment management, advisory and sub-advisory services to individuals and institutional investors, through separate accounts. We offer strategies that include equity, fixed income and non-traditional allocations that our clients may choose from to meet their needs.

Discretionary Investment Management

Palladiem manages Palladiem Investment Portfolios (“PIPs”), a product that may include mutual funds, exchange-traded funds (“ETFs”) and individual securities. Palladiem may receive individual security recommendations provided by money managers or investment firms (“Buy-List Providers”). Palladiem currently has six PIPs models open to new investors. In this product, Palladiem has full investment discretion as it pertains to the asset and style allocation, investment vehicle discretion, portfolio construction, trading and tax management, if applicable.

Palladiem offers its portfolio management services on platforms where a third-party broker-dealer or investment adviser serves as the sponsor (the “Sponsor”) of the wrap program (the “Wrap program”). In these Wrap Programs, the Sponsor provides administrative services to Clients and has selected Palladiem to provide portfolio management services to certain of their Clients. Client level advice is generally performed by an employee, agent, affiliate or other delegated persons of the Sponsor (collectively, “Consultants”). The Sponsor may monitor and evaluate our performance, execute your portfolio transactions without commission charge, and provide custodial services for your assets. Palladiem receives a portion of your wrap fee for our services as investment adviser. For more information, please refer to the Sponsor’s Wrap Fee Brochure.

In addition, Palladiem provides portfolio management services in dual contract programs, where a third party is the broker-dealer and custodian. Client level advice in the dual contract programs is provided by a Consultant.

Palladiem may offer its discretionary services to institutions, which may elect to market the product under another name. In these cases, it will be disclosed on marketing materials that Palladiem is the portfolio manager of such product.

Non-Discretionary Investment Management

Palladium may provide non-discretionary investment advisory services to clients in which we provide third-party firms with recommendations to assist the firm in the development of one or more portfolios for its clients. Palladium's role is limited to providing research and portfolio recommendations to the firm, which may take the form of providing model portfolios to the third-party firm.

In these cases, clients are customers of the third-party firm, not Palladium. Palladium generally uses the same sources of information and investment/research personnel as we use to manage our discretionary client accounts that have similar investment objectives. Program account performance may be adversely affected depending on when the advice was given or the actions taken by the third-party firm on program accounts. The firm may receive or act upon our model portfolio at their discretion which may be before, concurrently or after we take similar actions for our discretionary client accounts. As a result, the program sponsor and the firm may compete for execution quality, price or timing.

Institutional Management Services

Palladium may provide investment advisory and management services to "Institutional Clients", which may include banks, insurance companies, retirement or pension funds, hedge funds and mutual funds. Palladium, in coordination with a Consultant, may perform services, which may consist of (a) reviewing Institutional Clients' asset allocation; (b) completing capital markets research; (c) supporting and collaborating with Consultant regarding investment advisory services provided; and (d) completing portfolio evaluation, analysis and manager recommendations. In performing the Institutional Management Services, Palladium will provide the Consultant and Institutional Client with ongoing investment guidance, including oral and written research, analysis, advice, statistical and economic data and judgments regarding individual investments, general economic conditions and trends and long-range investment policy.

Portfolio Selection

Your account is tailored to your specific investment goals and objectives. After your Consultant collects financial and personal information from you, you and your Consultant decide on one of the portfolios offered through one of the PIPs products. Certain Consultants may use software and research provided by Palladium, a broker-dealer, or a Sponsor to assist you in identifying your goals.

Requirements for Investment Restrictions

You may put reasonable restrictions on the types of securities to be bought and sold in your account. However, Palladium, in its sole discretion, may determine that it cannot accept your requested restriction if, in its sole determination, the restriction prevents Palladium from feasibly managing the account in accordance with the selected portfolio. Requests for restrictions must be received in writing.

Differences in Wrap and Non-Wrap Services

The PIPs products are generally only offered under wrap fee programs and dual contract programs. In a wrap program, Palladium's advisory fees are disclosed and Palladium receives its proportion of the total fee. In a dual contract program, Palladium enters into a contract with each client and Palladium's fee is described in the contract.

Item 5 Fees and Compensation

Palladiem's advisory fees are calculated as an annual percentage of assets based on the value of the account at the time of billing and are set out in the agreement between you and the firm. Palladiem reserves the right to negotiate fees and we may manage certain accounts without an advisory fee, such as accounts of employees, former employees, employees' affiliates' or their relations. You may pay more or less than other clients depending on certain factors, such as if you have another account with us or if we negotiate different fees with you.

Wrap Programs

In Wrap Programs, your total fee will vary depending on the services you select. Fees are calculated as an annual percentage of assets based on the value of the account. Typically, your total fee will include the PIPs advisory fee, the Sponsor's program fee (which generally includes administrative, clearing and custody fees), and the Consultant fee, as described below. The Consultants set and charge fees independently and the fees charged by Consultants may vary accordingly. The standard advisory fee for the PIPs product available through Wrap Programs is listed below:

<u>Account Assets</u>	<u>Annual Percentage</u>
First \$500,000	0.50%
Next \$500,000	0.45%
Next \$1,000,000	0.40%
Next \$3,000,000	0.35%
Over \$5,000,000	0.30%

Palladiem's minimum annual advisory fee for a wrap program account is \$500. The PIPs advisory fee for Wrap Programs may be negotiated, in Palladiem's sole discretion. Under a Wrap Program, you will pay your fee directly to your program sponsor. Under the agreement between the Sponsor and Palladiem, a Sponsor usually pays us a monthly or quarterly fee for our investment advisory services.

Dual Contract Program

In dual contract programs, Palladiem is paid the advisory fee shown below, which does not include the fees for brokerage commissions, consulting services or custodial charges. For dual contract programs, generally, the custodian will deduct the PIPs advisory fee and remit such fees to Palladiem. Where applicable, the custodian typically will deduct the PIPs advisory fee, quarterly in advance, from the account or other custodial account, in accordance with your directions to the custodian. Palladiem's advisory fees are calculated as an annual percentage of assets based on the value of the account at the time of billing. The standard fee for the PIPs product available through Dual Contract Programs is listed below:

Account Market Value	Annual Advisory Fee per Strategy	
	Conservative Balanced Moderate Balanced Balanced Growth Diversified Growth Sustainable Income	GLOBALT
Up to \$500,000	0.55%	0.60%
\$500,001 - \$1,000,000	0.50%	0.55%
\$1,000,001 - \$2,000,000	0.48%	0.53%
\$2,000,001 - \$5,000,000	0.45%	0.50%
Over \$5,000,000	0.40%	0.45%

Palladium's minimum annual advisory fee for a dual contract program account is \$500. The PIPs advisory fee for dual contract programs may be negotiated, in Palladium's sole discretion.

Non-Discretionary Services

Our fees for non-discretionary management services are negotiated based on level of services provided and size of relationship.

Institutional Management Services

Palladium's standard fee schedule for Institutional Management Services is listed below. The Institutional Management Service Fee may be negotiated, in Palladium's sole discretion. Palladium may charge a minimum annual fee of \$35,000 for Institutional Management Services.

Account Market Value	Annual Advisory Fee
Up to \$100 Million	0.30%
\$100 Million - \$250 Million	0.28%
\$250 Million - \$500 Million	0.25%
Over \$500 Million	Negotiable

Other Fees and Expenses

In addition to the fees payable to Palladium, there will be other costs assessed which are not included in the fees described above, such as fees, expenses and charges levied by mutual funds, ETFs, money market mutual funds, costs associated with the purchase and sale of certain mutual funds and other similar securities held in your account, dealer mark-ups, odd lot differentials, exchange or auction fees, transfer taxes, any fees imposed by the SEC, electronic fund and wire transfer fees, clearing and custody costs, fees or commissions for securities transactions, costs associated with temporary investment of your funds in a cash management account, trust service charges and other charges mandated by law. Further, interest will normally be charged on a debit balance in your account.

The fees described above do not include transaction charges for execution other than at your custodian. Please refer to Item 12 for more information about Palladium's brokerage practices.

The advisory fees described above do not include fees or expenses which may be associated with the underlying investment vehicles (such as, redemption fees, 12b-1 fees or other fund expenses) or other regulatory fees. Mutual funds used in PIPs accounts may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that an investment model is updated. Redemption fees vary by mutual fund and are described in each fund's prospectus. Custodians and broker-dealers may be paid certain fees relating to these mutual funds, such as networking or 12b-1 fees. The advisory fee may be negotiated in Palladium's sole discretion.

Buy-List Provider Compensation

Out of its advisory fee, Palladium pays the Buy-List Providers for their services the fee in the table below, which is based on the total PIPs assets attributable to each Buy-List Provider.

<u>Account Assets</u>	<u>Annual Percentage</u>
First \$100,000,000	0.30%
Next \$150,000,000	0.25%
Next \$250,000,000	0.20%
Over \$500,000,000	0.15%

Compensation for the Sale of Securities

Neither Palladium nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Palladium's fee schedule does not include performance-based fees whereby a party is compensated based on a share of capital gains upon, or capital appreciation of, funds or any portion of funds or other investments in your account. Nor does Palladium contract with any Buy-List Provider to pay any performance-based compensation in PIPs.

Item 7 Types of Clients

Client Description

Palladium's clients may include institutions such as financial services firms, investment management firms, insurance companies, other registered investment advisers, broker-dealers, and banks whose investor clients may consist of individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities.

General Requirements

Palladium's portfolio management services are generally offered to investors through programs where the Consultant of a third-party Firm or Sponsor provides advice to you. Consultants are not employees of Palladium, but are independent or employed by Sponsors and Firms typically not affiliated with Palladium.

Generally, you should have a written agreement with your Sponsor and/or Consultant. The Consultant collects financial and background information from you, and assists you in identifying your investment objectives. The Consultant recommends strategies that are designed to meet those objectives. Your Consultant is your primary contact and he or she should report to you regularly.

Consultants may utilize software and marketing and sales material and other documentation provided by Palladium to assist you in selecting the investment strategy which is suitable for you.

Palladium will receive your financial information from the Consultant, your custodian, the Sponsor or the broker-dealer, as applicable. In accordance with its fiduciary duty, Palladium reviews the account opening paperwork or Client profile information provided by the Sponsor or your Consultant to determine whether the selected Strategy is suitable for you. Palladium reserves the right to request additional information provided by you. After Palladium accepts the account for management, Palladium is granted investment discretion by you and exercises such discretion in management of the account.

Collateral Accounts

If an account is pledged as collateral for a loan, and if the lender has initiated a liquidation of securities in the account pursuant to the terms of the collateral agreement, your account may not be invested in accordance with the Strategy's model portfolio and/or your investment objective for a period of time. Palladium reserves the right to cease management by terminating the advisory agreement if, due to the constraints imposed by the collateral arrangement, the account cannot be feasibly managed in accordance with the Strategy's parameters.

**U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")
Sanctions Program**

In compliance with the OFAC sanctions program, Palladium or its designee will check to verify that your name does not appear on OFAC's "Specifically Designated Nationals and Blocked Persons" List ("SDN List"). Your name will also be checked to verify that you are not from, or engaging in transactions with people or entities from, embargoed countries and regions published on the OFAC Web Site. Palladium or its agent may access these lists through various software programs to conduct these searches. Palladium or its designee will also review existing accounts against these lists when they are updated.

In the event Palladium or its designee determines a Client, or someone with or for whom the Client is transacting, is on the SDN List, or is from or engaging in transactions with a person or entity located in an embargoed country or region, Palladium will immediately contact Palladium's Anti-Money Laundering and OFAC compliance group to determine the proper course of action, which may include: rejecting the transaction and/or blocking the Client's assets, and; filing a blocked assets and/or rejected transaction form with OFAC.

Account Minimum Requirements

The account size minimum for the Palladium Investment Portfolios product is \$100,000. At Palladium's sole discretion, we may lower the account minimum.

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

In providing discretionary investment management, advisory and sub-advisory services and in providing recommendations to non-discretionary clients, we use the investment strategies and methods of analysis, as described below. A discussion of the primary risks associated with these investment strategies is below, although it is not possible to identify all of the risks associated with investing. The particular risks applicable to your account will depend on the nature of the account, its investment strategy or strategies and the types of securities you hold. Any investment involves a risk of loss and there can be no guarantee that a particular level of return will be achieved. You should understand that you could lose some or all of your investment and should be prepared to bear the risk of such potential losses, including through diversification.

Palladiem Investment Portfolios (“PIPs”)

Palladiem Investment Portfolios are fully discretionary portfolios that include multiple asset classes and investment vehicles managed within a single account. Strategies may include exposure to both traditional and/or non-traditional asset classes, as described more fully below. Palladiem manages diversified strategies with specified investment objectives ranging in risk from conservative to growth. Palladiem also manages more concentrated strategies that are designed to complement Client’s diversified portfolio assets that may be managed away from Palladiem. As the portfolio manager, Palladiem determines the Buy-List Providers and specific investment vehicles based on its economic outlook, investment due diligence and proprietary modeling strategies.

Palladiem selects individual securities, Buy-List Providers, and/or investment vehicles, such as ETFs or mutual funds, for each component of the portfolio. Each Buy-List Provider provides Palladiem with its model portfolio buy list of individual securities derived from the Buy-List Provider’s proprietary research. The Buy-List provider continually provides timely updates to its model portfolio to Palladiem. Palladiem, in its sole discretion, may implement the model portfolio buy-list in its entirety or in part.

Buy-List Providers may manage client accounts outside of their relationship with Palladiem. When a Buy-List Provider makes model portfolio changes, the Buy-List Provider may notify Palladiem after the Buy-List Provider has bought and sold securities in its other clients’ accounts. As a result of the timing of model change notifications and Palladiem’s processes, however, Buy-List Provider may effect trades on behalf of their other clients’ accounts before Palladiem effects corresponding trades in PIPs accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by the Buy-List Provider, you may be at a disadvantage when compared to Buy-List Providers’ other clients with respect to the timing of the trades. The Buy-List Providers used in PS are subject to change at Palladiem’s sole discretion.

As the portfolio manager, Palladiem combines each of the model portfolios into one composite model for each PIP. Palladiem uses software to manage an account’s holdings within an acceptable tracking range to the composite model, while seeking to minimize tax implications where appropriate.

When Palladiem selects investment vehicles in each of the portfolios, a number of factors are evaluated. The investment vehicle or Buy-List Provider must complement the overall strategy. The amount allocated to an investment style may determine which type of vehicle may be used to manage that portion of the portfolio. A vehicle such as a passive mutual fund or ETF may be utilized to allow broad market exposure for lower dollar values. Active mutual funds or

individual securities supplied by a Buy-List Provider may be used for allocations where Palladium seeks active security selection. The market value of your account may determine whether Palladium selects a mutual fund, ETF or Buy-List Provider model portfolio for a portion of your account. Accounts with lower market values will typically use mutual funds and ETFs. As market values increase, Buy-List Provider model portfolios will be used accordingly. As a result, performance of accounts within a selected model may deviate.

Palladium may substitute an ETF for a mutual fund held in the model portfolio if a mutual fund is not available.

Palladium reviews investment vehicle combinations to determine what it believes is the most effective combination of investments to satisfy the goals of the portfolio. Palladium also pays considerable attention to mutual fund and ETF expenses, liquidity of investment vehicles, investment minimums, and operational issues to determine whether they affect the implementation of the selected vehicle in the portfolios.

Palladium may use both active and passive vehicles in any of its asset classes as market conditions, its investment outlook, or the availability of investment vehicles warrant.

Palladium focuses on a long-term, strategic approach in developing its asset allocation methodology. Shifts in allocations are driven by changing investment fundamentals and our economic outlook. Palladium will adjust its allocation models, typically with relatively small changes rather than significant shifts between asset classes. Exposure to an asset class or investment style is driven by key economic and market-related factors, which may include shifts in valuations, expected earnings growth, or the impact of changing interest rates.

Palladium employs fundamental valuations and applies its own models to evaluate expected returns, risk and correlation for the asset classes it includes in its investment strategies. PIPs include allocations to non-traditional investment strategies. Palladium includes these asset classes, often paired with traditional asset classes, seeking to reduce the volatility of the overall portfolio.

As non-traditional asset classes have unique characteristics, when selecting investment vehicles for use in its strategies, Palladium also may consider factors such as expected compensation for potential illiquidity, transparency and pricing of underlying securities, implementation costs and fees, and the use of leverage.

The factors Palladium considers when selecting an active investment vehicle such as a mutual fund or Buy-List Provider include, but are not limited to the following: expected or demonstrated generation of Alpha, assets under management/capacity, number and composition of portfolio holdings, investment style purity and consistency, investment approach, investment implementation review, firm background, stability and depth of investment personnel, performance composite criteria and quality, business continuity/disaster recovery planning, compliance, investment performance, and portfolio risk statistics relative to the benchmark and peers. Factors and criteria may differ depending on the type or style of the investment vehicle or Buy-List Provider.

Tax Considerations

For taxable accounts, Palladium will consider tax implications and seek to lessen tax impact when making transactions in the accounts in the cases of implementing allocation and investment vehicle changes, transitioning existing securities into a new PIPs account, raising cash for a

withdrawal, or rebalancing the portfolio. Among the methods Palladium may use to address tax impact are:

- Seek to delay transactions to convert ordinary income into long-term capital gains.
- Delay the realization of gains for longer periods of time.
- Use losses to offset gains where desirable.

Tax implications for taxable accounts are evaluated within the risk control parameters. Palladium may determine that it is advantageous to realize a gain from a transaction in order to maintain the targeted risk of the portfolio.

Palladium may retain an investment vehicle that is not included in the applicable model portfolio for tax reasons. In this instance, Palladium may change the allocation of the other investment vehicles in the portfolio to offset exposure to the retained vehicle.

Please consult your tax advisor regarding the tax implications of the investments in your Palladium account.

Composite Performance

All discretionary accounts are included in a composite after an account has been managed in that style for one full calendar quarter. Palladium creates a composite after five accounts meet this criterion. Palladium calculates performance on a total return basis, which includes realized gains, unrealized gains, and interest and dividend income. Cash is included in the calculation. Accrual accounting is used to recognize interest and dividend income. Cash flows are accounted for by the date they are received. Individual account returns are time-weighted. Palladium annualizes returns for periods greater than one year.

For separately managed accounts, there are account specific circumstances such as account restrictions, timing and size of investment, timing and size of cash flows, tax management, and other factors that may cause an account to deviate from the composite performance reported. Client accounts' performance may be higher or lower than the reported composite.

Palladium offers the following portfolio strategies in the PIPs product:

The **Fixed Plus Core Strategy** seeks capital preservation with some long-term capital appreciation by investing primarily in a globally diversified mix of investment vehicles representing both traditional equity and fixed income asset classes, and non-traditional asset classes. This strategy is most appropriate for a client that has an investment objective for modest capital appreciation and a low risk tolerance. The relevant index for comparison is 20% MSCI All-Country World Index (ACWI) and 80% Barclays Aggregate Bond Index. The Fixed Plus Core Strategy is currently closed to new investors.

The **Conservative Balanced Core Strategy** seeks long-term capital appreciation by investing primarily in a globally diversified mix of investment vehicles representing both traditional equity and fixed income asset classes, and non-traditional asset classes. This strategy is most appropriate for a client that has an investment objective for modest capital appreciation and a low-to-moderate risk tolerance. The relevant index for comparison is 40% MSCI ACWI and 60% Barclays Aggregate Bond Index.

The **Moderate Balanced Core Strategy** seeks long-term capital appreciation by investing primarily in a globally diversified mix of investment vehicles representing both traditional equity

and fixed income asset classes, and non-traditional asset classes. This strategy is most appropriate for a client that has an investment objective for moderate capital appreciation and a moderate risk tolerance. The relevant index for comparison is 60% MSCI ACWI and 40% Barclays Aggregate Bond Index.

The **Balanced Growth Core Strategy** seeks long-term capital appreciation by investing primarily in a globally diversified mix of investment vehicles representing both traditional equity and fixed income asset classes, and non-traditional asset classes. This strategy is most appropriate for a client that has an investment objective for moderate capital appreciation and a moderate-to-high risk tolerance. The relevant index for comparison is 80% MSCI ACWI and 20% Barclays Aggregate Bond Index.

The **Diversified Growth Core Strategy** seeks long-term capital appreciation by investing primarily in a globally diversified mix of investment vehicles representing both traditional equity and non-traditional asset classes. This strategy is most appropriate for a client that has an investment objective for capital appreciation and a high risk tolerance. The relevant index for comparison is the MSCI ACWI.

The **Sustainable Income Strategy** seeks to deliver above US intermediate Treasury yield income return, in a sustainable fashion over time, while recognizing the risks involved in seeking higher levels of yield. Asset classes utilized in this strategy are Core Equity, Satellite Equity and Satellite Fixed Income. A portion of this strategy may invest in vehicles that have a potential for higher yield. It is important to note that there is equity risk in this portfolio, and that seeking higher yield may incur greater risk. This strategy is most appropriate for a client seeking to fulfill or supplement current need for income. The relevant index for comparison is the Barclays Aggregate Bond Index.

The **Opportunistic Growth Strategy** seeks long-term capital appreciation by investing primarily in investment vehicles representing non-traditional asset classes. This strategy is most appropriate as a complement to a Client's diversified portfolio. The portfolio may be concentrated in a smaller number of holdings and sectors. The relevant index for comparison is the MSCI ACWI. The Opportunistic Growth Strategy is currently closed to new investors.

The **Global Alternative (GLOBALT) Strategy** is an actively managed, alternative investment strategy with daily liquidity intended to provide diversification and lower correlation to traditional investment strategies. Using mutual funds and ETFs, Palladium seeks long-term capital appreciation with risk mitigation and protection of capital. Underlying strategies utilized in this portfolio may include Global Macro, Long/Short Equity and Debt, Managed Futures, Relative Value, Arbitrage and Multi-Strategy. It is important to note that this strategy entails different risks than traditional approaches. Mutual funds used in the PIPs product may invest in alternative investments strategies or derivatives that are often more volatile than other investments and may magnify the vehicle's gains and losses. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy may be considered speculative and should not constitute a complete investment program. This strategy is most appropriate for a client seeking to mitigate risk associated with long-only stock and bond portfolios. The relevant index for comparison is the MSCI ACWI.

The fixed income component of the PIPs product may invest in any combination of the securities listed below:

- Corporate debt of U.S. or non-U.S. issuers
- U.S. Government and Agency securities
- Foreign Government and Agency securities
- Commercial paper and other cash equivalents
- Mortgage backed securities
- Asset backed securities
- Bank loans
- Certificates of deposit
- Hybrid securities, which are typically deeply subordinated and may have some equity-like characteristics
- Debt securities which are convertible into equity securities of the issuer
- Debt issued by states, municipalities, or other regional authorities
- Preferred stock
- Derivatives, including futures, options, swaps and structured product

The equity component of the PIPs product may invest in any combination of the securities listed below:

- Common stocks
- Preferred stocks
- Securities convertible into stocks
- Equity interest in Real Estate Investment Trusts (REITs)
- Shares of closed end investment companies
- Shares of open end investment companies
- Exchange-traded funds (ETFs)
- Exchange-traded Notes (ETNs)
- American Depositary Receipts (ADRs)

Please note that ADR holders may not enjoy all the rights and benefits of the holders of ordinary shares, in that they may have a limited ability to participate in corporate actions and vote proxies, they may incur additional fees and may have differing tax consequences from the holders of ordinary shares.

Risks Associated with Certain Investments Used in the Products

Despite the analysis undertaken by Palladium's analysts, it is important to remember that all investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, portfolio managers or approaches not offered by Palladium that may perform as well or better. You should consider these factors carefully before deciding to invest.

Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

The risks associated with the investments Palladium uses in the PIPs product are described below.

Management Risk PIPs are subject to management risk because each account is an actively managed portfolio. Palladium's management practices and investment strategies might not produce the desired results.

Market Risk The prices of the securities in which Palladium invests may decline for a number of reasons including in response to economic developments, factors relating to the company, and market activity.

Adjustable Rate and Floating Rate Securities Risks Although adjustable and floating rate debt securities tend to be less volatile than fixed-rate debt securities, they nevertheless fluctuate in value.

Alternative Investments and Derivatives Mutual funds used in the PIPs product may invest in alternative investments strategies or derivatives that are often more volatile than other investments and may magnify the vehicle's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy may be considered speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets.

The potential for a commodity investment vehicle to use derivative instruments, such as futures, options, and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

Concentration Risk Portfolios that invest a significant portion of assets in a small or limited number of securities, a single specific or closely-related sectors, industries, a specific region or country, may involve greater risks, including greater potential for volatility, than more diversified portfolios. The value of these holdings will vary considerably in response to changes in the market value of the securities that represent these sectors, industries, or regions.

Covered Calls Mutual funds that engage in the selling (or writing) of covered calls may involve a high degree of risk and may not be suitable for all investors. For a call option that is sold (written), if that option is exercised, the upside potential is limited to the premium received plus the difference between its stock price and the stock purchase price. If the option is not exercised and expires out-of-the-money and with no value, the upside potential is any gain in share value plus the premium received. On the downside, limited protection is

provided by the premium received from the call's sale. The loss potential may be substantial and is limited only by the stock declining to zero. Investors should read and understand the risks associated with options prior to engaging in any covered call strategy. These risks are more fully described in the booklet entitled "The Characteristics & Risks of Standardized Options", which can be accessed at www.optionsclearing.com.

Credit Risk The issuers of the bonds and other debt securities held in the PIPs product may not be able to make interest or principal payments.

Currency Risk If invested in non-U.S. securities, PIPs are subject to the risk that foreign currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

Foreign Securities Risk Palladium may invest a significant portion of assets in securities of foreign issuers denominated in U.S. dollars, including issuers in emerging markets. Foreign economies may differ from domestic companies in the same industry. Foreign economies may differ from domestic companies in the same industry. Investment in emerging markets involves additional risks, including less social, political and economic stability, smaller securities markets and lower trading volume, restrictive national policies and less developed legal structures.

Foreign Securities and Emerging Markets Risk The value of Palladium's foreign investments may be adversely affected by changes in the foreign country's exchange rates, political and social instability, changes in economic or taxation policies, decreased liquidity and increased volatility. Foreign companies may be subject to less regulation than U.S. companies. Investment in emerging markets involves additional risks, including less social, political and economic stability, smaller securities markets and lower trading volume, restrictive national policies and less developed legal structures.

Gold Palladium may invest in ETFs that invest in gold bullion. Several factors affect the price of gold, including: global supply and demand; global or regional political, economic or financial events and situations; investors' expectations with respect to the rate of inflation; currency exchange rates and interest rates. There is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. The price of gold has fluctuated widely over the past several years and may experience significant volatility.

Government-Sponsored Entities Risk Palladium may invest in securities issued or guaranteed by government-sponsored entities, including GNMA, FNMA and FHLMC. However, these securities may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.

Interest Rate Risk In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations.

Liquidity Risk Low or lack of trading volume may make it difficult to sell securities held in the PIPs product at quoted market prices.

Long/Short Positions Investment vehicles, such as mutual funds and ETFs, used in the Strategies may employ the use of long and short positions, which may involve risks different from those normally associated with other types of investment vehicles. It is possible that the fund's long positions will decline in value at the same time that the value of the securities

sold short increases, thus raising the potential for greater investment loss. Market neutral investing, in using long and short positions, provides no guarantee that it will be successful in limiting the fund's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Investment in a strategy involved in long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Portfolio Turnover Risk A high portfolio turnover rate (100% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains, which may subject you to a higher tax liability. A high portfolio turnover rate also leads to higher transactions costs.

REITS issuer risk Investments in REITs are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

Risks Associated with High Yield Securities Palladium may invest in high yield securities. Securities with ratings lower than BBB or Baa are known as "high yield" securities (sometimes referred to as "junk bonds"). High yield securities provide the potential for greater income and opportunity for gains than higher-rated securities but entail greater risk of loss of principal.

Risks Associated with Inflation and Deflation Inflation risk is the risk that the rising cost of living may erode the purchasing power of an investment over time. Deflation risk is the risk that prices throughout the economy decline over time – the opposite of inflation.

Risks Associated with Mortgage-Backed Securities These include Market Risk, Interest Rate Risk, Credit Risk, Prepayment Risk as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile. In particular, the recent events related to the U.S. housing market have had a severe negative impact on the value of some mortgage-backed securities and resulted in an increased risk associated with investments in the securities.

Small- and/or Mid-Cap issuer risk Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and Palladium's ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

Exchange-Traded Funds There are special risks associated with ETFs, such as: ETF shares are not individually redeemable; the market price of ETF shares may differ from the net asset value; an active trading market for ETF shares may not exist and if it does exist, it may not be maintained over time; and trading of ETF shares may be halted by regulators under certain circumstances. Certain ETFs may have elected to be treated as partnerships for federal, state and local income tax purposes. You should consult your tax advisor in determining the tax

consequences of any investment. For more information on tax handling and certain ETF expenses, refer to the ETFs' prospectus.

Exchange-Traded Notes Exchange-Traded Notes are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are generally based upon the performance of a market index minus applicable fees, no periodic coupon payments are distributed and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time, the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level.

ETNs are subject to credit risk and liquidity risk that impact the price received upon disposition of the notes. Additional risks of investing in ETNs include limited portfolio diversification, price fluctuations, issuer default, uncertain principal repayment, and uncertain federal income tax treatment. The performance of the ETNs may vary from the actual performance of the underlying index and the performance of the underlying index components. By investing in ETNs, the owner does not have certain rights that investors in the underlying index or the underlying index components may have, such as stock voting rights.

Indexes referenced in this document

The **Barclays Capital U.S. Aggregate Bond Index** represents the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities mortgage pass through securities and asset backed securities.

The **MSCI All Country World Index (ACWI)** is an unmanaged, market-weighted index designed to measure equity market performance in the global developed and emerging markets. The returns of the index include net reinvested dividends

Item 9 Disciplinary Information

Palladium does not have any legal, financial or other “disciplinary” items to report to you. Palladium is obligated to disclose any disciplinary event that would be material to you when evaluating Palladium to initiate a Client/adviser relationship with Palladium. This statement applies to Palladium and every employee.

Item 10 Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

Palladium does not engage in any other business other than that of an investment manager and research provider. Some of Palladium's personnel may have securities registrations, such as FINRA series 7 or series 24. However, these licenses are solely in connection with their duties at Palladium.

Financial Industry Affiliations

Palladium, LLC is 40% owned by AC-Palladium, LLC and 60% owned by members of management of the firm.

Affiliates of Palladium may refer Consultants, Co-Sponsors, or Sub-Advisers to Palladium. Palladium shall make an independent determination as to whether to do business with such entities. Affiliates of Palladium may also have business arrangements with Consultants, Co-Sponsors, or Sub-Advisers that may indirectly benefit from such entities business with Palladium.

Certain mutual fund families whose funds are selected by Palladium may provide fees to Palladium's affiliates. Palladium is not incented or rebated any fees or compensation as a result of a related party's receipt of fees. Palladium does not consider fees paid to affiliates in its selection and retention of mutual funds.

Compensation from Sub-Advisers

Palladium does not receive compensation directly or indirectly from the Buy-List Providers Palladium selects for its portfolios.

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

Compliance Plan

Palladium has adopted its Investment Advisory Compliance Plan (the “Plan”), pursuant to Rule 206(4)-7 under the Investment Advisers Act of 1940 (“Advisers Act”). Part of that plan includes the adoption of written policies and procedures, which are incorporated within Palladium’s Compliance Manual. Palladium employees receive periodic training relating to the Compliance Plan, which is amended periodically to reflect additional policies.

Code of Ethics and Personal Trading

Palladium has adopted a Code of Ethics (“Code”) pursuant to Rules 204A-1 and 204-2 under the Advisers Act. The Code is updated periodically, as necessary, and distributed to all personnel. Periodic training on the Code is provided to existing employees and all new employees upon hire. All of our employees are required to accept in writing the terms of the Code of Ethics upon employment, on amendment of the Code of Ethics and annually.

The Code sets out our standard of conduct of investment advisory personnel, including the fiduciary and confidential duty of personnel, trading and gift policies, reporting and record-keeping obligations, and avoidance of conflicts of interest.

With respect to personal trading, the Code contains rules and restrictions on the purchase and sale of securities by employees. These rules and/or restrictions are designed to protect Palladium’s Clients. All officers and employees are required to put the interests of the Clients first in all dealings relating to the Client and their investments.

Generally, the Code of Ethics provides that:

- Employees must pre-clear all personal trades for their own accounts or accounts over which they have an interest or control (“employee-related accounts”)
- Pre-clearance requests will not be granted for trades in securities that are under consideration for a client account or are the subject of an unexecuted order for a client account
- Brokerage statements and confirmations for all employee-related accounts must be sent to the firm
- Employees must report personal securities transactions in all employee-related accounts quarterly
- Limitations on Palladium personnel’s ability to participate in initial public offerings and private placements; however Palladium personnel may invest in Palladium managed portfolios

Employee personal trading reports are reviewed by Compliance personnel to verify the employees are complying with the Code. Palladium may impose penalties and sanctions on employees who have violated provisions of the Code, including the personal trading policy.

In addition, the Code of Ethics contains policies and procedures concerning the misuse of material non-public information and concerning political activities and contributions.

The Code of Ethics also dictates activities that are strictly prohibited, which include:

- Having a personal interest or receiving a personal benefit in any Client transaction;
- Using knowledge of Client transactions for personal gain; and

- Allowing anything to influence or impact an independent, unbiased judgment with respect to Client communications.

Palladium will provide a copy of the Code to you or any prospective Client, upon request.

Participation or Interest in Client Transactions

Palladium, its employees and/or affiliates may give advice and take action in the performance of their duties that may be the same as, similar to, or different from advice given, or the timing or nature of actions taken, for other Client accounts or for their proprietary or personal accounts. Palladium and its employees may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which your account may have an interest from time to time. Palladium has no obligation to acquire for your account a position in any investment, which it, acting on behalf of another Client, or an employee, may acquire, and the Client accounts shall not have first refusal, co-investment or other rights in respect of any such investment. In addition, Palladium employees may be invested in the Products. Because this may present a potential conflict of interest, Palladium has adopted a Code of Ethics, which includes restrictions on employees' personal trading as described above.

Privacy Policy

Palladium protects your personal information. You may review a copy of Palladium's Privacy Policy upon request.

Business Continuity

Palladium has adopted a business continuity strategy to maintain critical functions in the event of circumstances, which impact our physical plants, applications, data centers or networks. Palladium has engaged in planning and process development to reduce risk in this area.

Error Correction

Palladium seeks to correct errors affecting Client accounts in a fair and timely manner and in such a way that the Client will not suffer a loss. To manage potential conflicts of interest concerning errors, we have implemented a written error resolution policy, whereby risk management personnel monitor and resolve such issues.

Risk Management Review

The Senior Management Committee provides oversight of investment management and operational policies and procedures including a scheduled review designed to mitigate key risks.

Item 12 Brokerage Practices

Best Execution

Our objective in selecting brokers and dealers and in buying or selling securities for your account is to seek to obtain the best combination of price and execution. The best net price, taking into consideration brokerage commissions and other costs is one important factor we consider in seeking best execution. We may also consider the nature of the security being traded, size and type of transaction, the nature and character of the markets, desired timing of the trade, activity existing and expected in the market for the particular security, and confidentiality.

Palladium has adopted a Best Execution Policy pursuant to which Palladium reviews exception reports containing samples of trades to monitor for best execution. Pursuant to its best execution policy, Palladium has established a best execution committee which meets quarterly to review compliance and to monitor compliance with applicable regulations.

If you establish a custodial account with a broker-dealer, you will typically direct us to effect all portfolio transactions through that broker-dealer at a rate agreed upon between you and the broker.

In Wrap Programs, generally, Palladium sends trade orders to the custodian designated by the Wrap Sponsor. All such trades are affected on an agency basis, unless prior Client approval is obtained for a principal trade, in accordance with the Advisers Act. Palladium may trade away from the designated custodian in order to achieve best execution. When selecting other broker-dealers, Palladium does not consider whether Palladium or an affiliate receives client referrals from that broker-dealer.

In some cases, Palladium may delegate certain functions, including administration of trading to the Wrap Sponsor, or its designated trading desk.

Soft Dollars

Palladium currently does not use soft dollar research or services. In the event Palladium should begin to use soft dollar research or services, then Palladium would make a good faith determination of the value of the research product or service in relation to the commissions paid. It is intended that any benefit obtained by Palladium must be advantageous to Palladium's Clients.

Directed Brokerage

The Firm allows Clients to direct brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Firm. The Firm may not be able to achieve the most favorable execution of Client transactions if a Client chooses to direct brokerage. This may increase the costs of trading to a Client because if a Client directs brokerage to a broker other than the one the Firm (or third party manager) would normally use, the Firm may not be able to aggregate orders to reduce transaction costs which may result in higher brokerage commissions and less favorable prices. Not all investment advisers allow their Clients to direct brokerage.

In the event that the client directs Firm to effect securities transactions for the Client's accounts through a specific broker-dealer, the Client correspondingly acknowledges that such direction

may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through the Firm.

Trade Aggregation

Palladium maintains “omnibus/average price accounts” at custodians with which Palladium trades. Where possible, Palladium combines trades from multiple accounts into one “trading block.” Palladium aggregates trades in the same trading block so that all accounts within that trading block will receive the same price for execution based on the average price for the block. Typically, for each program, trades for new accounts, strategy changes and previous day contributions are aggregated in one trade block.

Palladium may receive requests at various times from Clients that require Palladium to make a trade. A member of the Palladium Trading Team will process the request and create a trade block as each request is received. If multiple requests are received and processed by the trading team within a reasonable time (typically a 30 minute window), generally, those trades will be aggregated into a single trading block. Unique circumstances, including, but not limited to specific trade instructions (e.g. short settlement) may dictate that trades be submitted in a separate block.

If you direct the use of a broker-dealer, you may be subject to certain disadvantages regarding allocation of new issues and aggregation of orders. Although we manage each client account individually, we will often aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the accounts of several clients that have the same brokerage firm as custodian. Similarly, when possible, we will aggregate orders when we have discretion to direct brokerage.

If you have highly particularized investment policies or restrictions, you may not be able to participate in aggregated transactions for certain issues. In this instance, you may receive a less favorable price on such transactions. If we determine that including you in an aggregated transaction or in the normal trade rotation could adversely impact our broader client group, you may not be able to participate in aggregated transactions for most issues and/or may be consistently traded toward the end of our trade rotation. In these cases, you may regularly receive less favorable prices on account transactions.

Trade Rotation Policy

Palladium has adopted a trade rotation policy that seeks to treat accounts fair and equitably among the custodians on which the PIPs product is offered. Palladium utilizes a pro-rata method across its accounts in the event of a partial fill, whereby Palladium allocates shares to accounts on a pro-rata basis governed by a series of tax-lot and trade criteria until all shares are allocated.

Rebalancing

In its sole discretion, Palladium may change the style allocation, investment vehicles, or Buy-list Providers used to manage a portion of the portfolio without receiving instructions signed by you in each case.

During the life of the portfolio, as market conditions warrant, Palladium may add, change or remove an allocation to an investment style, such as U.S. Small-Cap Equity or Global Fixed Income. In the event of an asset allocation change, Palladium rebalances the account accordingly.

Seeking to remain consistent with the risk profile and allocation parameters of the target strategy, Palladium rebalances the account accordingly. Accounts are systematically reviewed periodically to determine if they fall outside of the strategy-specific drift parameters. If the account has drifted away from the model allocation such that it falls outside of the established parameters, it will be rebalanced, in full, back to the selected investment model. If the account is within the drift parameters, the account may not be rebalanced. If you make a contribution or withdrawal from your account, it may invoke an account rebalance. Palladium retains discretion to determine if a rebalance is appropriate at any time during the life of the account.

Item 13 Review of Accounts

Account Reviews

Palladium has policies and procedures implemented to monitor an account's holdings with respect to the Strategies. Your account will be reviewed at least monthly to make sure that stocks allocated to your account are in accordance with the policy guidelines established by the Senior Management Committee, and in accordance with your specific investment restrictions and policies. In addition, a Portfolio Manager or Associate Portfolio Manager has primary responsibility for reviewing account holdings, account cash levels above or below designated thresholds; an exception account drift report that compares an account's security and style allocation percentages to the selected portfolio's target allocation percentages; and a quarterly review of accounts whose performance deviates materially from the composite performance of accounts within the same strategy.

These reviews are supervised by members of the Senior Management Committee.

Your Consultant and, if applicable, your Sponsor are responsible for:

- obtaining information from you regarding your financial situation and investment objectives, and providing you with the opportunity to impose reasonable restrictions on the management of the account;
- monitoring your investment objectives or guidelines on an on-going and periodic basis, but not less frequently than quarterly, to confirm consistency with your investments/portfolios.
- asking you, at least annually, to inform them of any changes in your financial condition or of any changes to investment restrictions which you wish to impose.

While there are no restrictions on your ability to contact and consult Palladium personnel, it is generally preferred that you do so through, or together with your Consultant.

Palladium, and/or your Sponsor, may provide your Consultant with written investment performance reports.

Unfunded Account Termination

If your account has a zero balance for more than six months, Palladium will terminate your advisory agreement. Your underlying brokerage account, however, will remain open, unless terminated by the custodian. Once an advisory account has been terminated, Palladium will not be held responsible for account trading delays and Palladium will not provide any communications to you or your Consultant. New account paperwork may be required and other procedures for reactivating the account must be followed.

Item 14 Client Referrals and Other Compensation

As of the date of this Brochure, Palladium does not have any solicitor arrangements. Palladium may enter into agreements with third parties who will solicit investor Clients for Palladium and receive compensation from Palladium for their solicitation efforts. In such instances, Palladium will give the third-party solicitor either a percentage of or a set fee from the Palladium advisory fee charged to the Client. The Palladium advisory fee charged to the Client is not affected by the use of a third-party solicitor in connection with the Client's account(s), and the Client will not be assessed any additional charges because of that referral fee paid by Palladium. If the services of a third-party solicitor are used in connection with the Client's account, the structure of the arrangement and the compensation paid to the third-party solicitor will be fully disclosed to the Client pursuant to Rule 206(4) of the Advisers Act.

Item 15 Custody

We do not have physical custody of client assets or provide custodial services. In order to use our services, you must establish a custodial account with another institution, such as a brokerage firm, bank, trust company, or other qualified custodian from a specific list of custodians with which we will work.

You will generally receive custodial account statements about portfolio holdings at least quarterly directly from the custodian that maintains your funds and securities. You are encouraged to carefully review the custodial account statements you receive from the custodian and compare the information on those statements to any report on an account that you receive from Palladium. If you require additional information about the content of a Palladium report, you should contact Client Service at (888) 886-4122.

In addition to custodial brokerage statements provided by the custodian, Palladium may make regular investment performance and evaluation reports available to your Consultant, so you can measure your progress toward your financial goals.

It is Palladium's policy that it does not advise, initiate or take any other action on your behalf relating to securities held in the your account managed by Palladium in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies).

Palladium does not file proofs of claim relating to securities held in your account and does not notify you or your custodian of class action settlements or bankruptcies relating in any way to such account. You should consult with your custodian and other service providers to ensure such coverage.

Item 16 Investment Discretion

If you have a PIPs account, you have given Palladium certain discretion in your investment advisory agreement with your Sponsor, or in the case of the dual contract program, in your contract with Palladium. As described in Items 8 and 12, you have given Palladium full discretionary authority to select securities for your account, to make trades in your account and to rebalance your account in such instances as it believes are in your best interests and in accordance with the portfolio selected by you and your Consultant.

Our discretionary authority may be limited in certain circumstances. For example, you may place restrictions or prohibitions on transactions in certain types of securities or industries. Any limitations you wish to place on your account must be agreed upon in advance in writing.

Item 17 Voting Client Securities

If you opt to have Palladium vote proxies for you, your custodian will send reorganization notices and proxy materials to Palladium. If your account is a tax-qualified retirement plan subject to ERISA, unless you opt to do it yourself, Palladium will vote your proxies. If your account is not an ERISA account, you may either retain the right to vote proxies or delegate such authority to Palladium.

Palladium will seek to act solely in the financial interest of our clients in determining how proxies should be voted. We generally vote in accordance with the recommendations of management and/or a third-party proxy service provider, although, on occasion we may exercise independent judgment. We may also abstain from voting on specific issues.

Palladium will carefully review proposals that would limit shareholder control or could affect the value of a Client's investment. Palladium generally will oppose proposals designed to protect a company's management unnecessarily from the wishes of a majority of shareholders. However, Palladium will generally support proposals designed to provide management with short-term protection from outside influences so as to allow management to achieve long-term goals.

Conflicts of interest may arise in the proxy-decision making process. We are committed to resolving all conflicts in our clients' best interests and will generally vote pursuant to our Proxy Voting Guidelines when conflicts of interest arise. When there are proxy voting proposals that give rise to conflicts of interest that are not addressed by the Proxy Voting Guidelines, each will be evaluated on a case-by-case basis by the Senior Management Committee, in consultation with the Chief Compliance Officer. The steps taken to address the issue will be documented in writing.

Clients may request Palladium to make a particular vote with regard to an issue of importance to the Client, and Palladium will consider the feasibility of honoring that request within its policy and administrative procedures.

Palladium will furnish a complete copy of its Proxy Voting Policy, any related procedures, and its Voting Guidelines to each Client upon request. Upon request, Palladium will also disclose the proxy voting history for a Client's account after the shareholder meeting has concluded.

Item 18 Financial Information

NOTE: The financial information referred to in Item 18 of Part 2A of Form ADV is not applicable to Palladium.