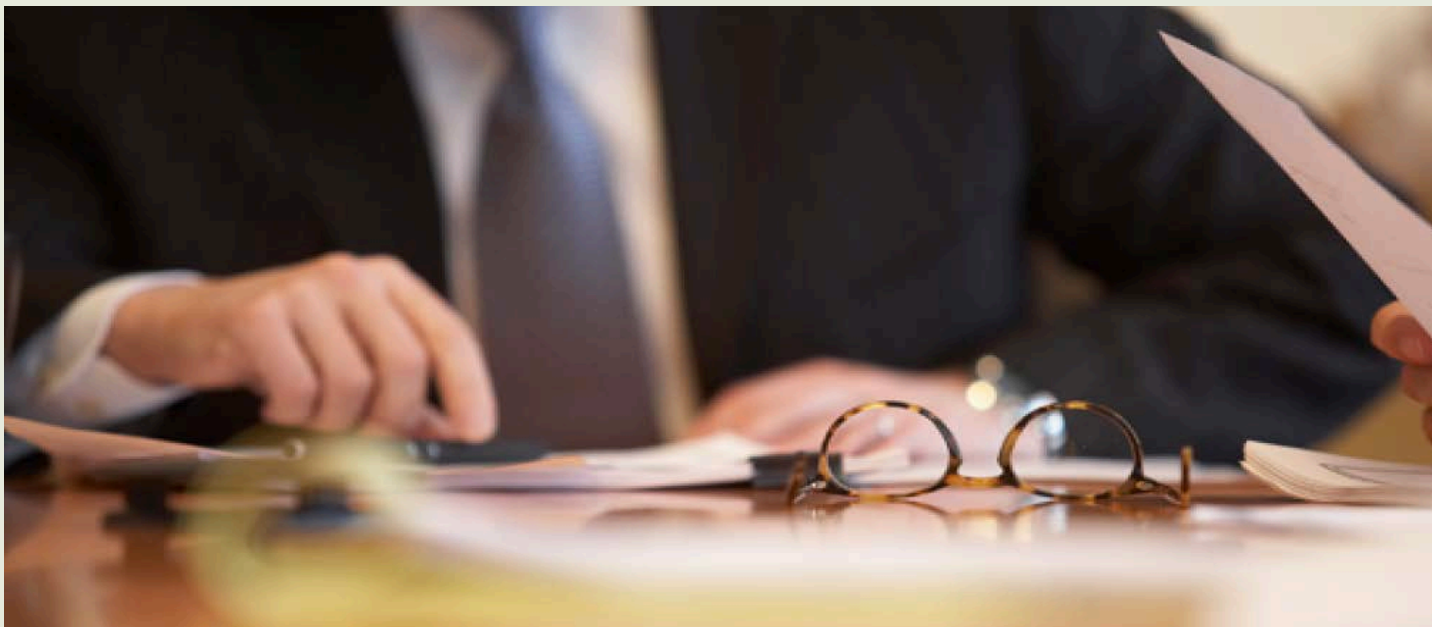




Form ADV Part 2A • Client Brochure



ITEM 1: COVER PAGE

This brochure provides information about the qualifications and business practices of The Colony Group, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, Vincent Gratch, by telephone at (617) 723-8200 or by email at vgratch@thecolonygroup. 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 The Colony Group is available on the SEC's website at www.adviserinfo.sec.gov. The Colony Group's SEC number is 801-72862.

Registration with the SEC does not imply a certain level of skill or training.

The Colony Group, LLC
Two Atlantic Avenue
Boston, Massachusetts 02110
(800) 758-8200
www.thecolonygroup.com

Version Date: 09/24/12

ITEM 2: MATERIAL CHANGES

As explained in more detail in Item 4 below, on October 1, 2011, The Colony Group, LLC, a Limited Liability Company organized in Delaware ("Colony"), succeeded to the business of The Colony Group, LLC, a Limited Liability Company organized in Massachusetts ("Old Colony") and The Colony Group of Naples, LLC, a Liability Company organized in Delaware ("TCGN"). Clients of Old Colony and TCGN were formally notified of the succession and asked to assign their advisory agreements to Colony, the new advisory firm.

Effective October 1, 2011, Colony is owned by Focus Operating, LLC ("Focus Operating"), which is owned by Focus Financial Partners, LLC ("Focus Partners"). Focus Partners is owned by Summit Ventures VI-A, L.P., which is owned by Summit Partners VI (GP), LP, which is owned by Summit Partners VI (GP), LLC.

As explained in more detail in Item 4 below, on July 1, 2012, Colony succeeded to the business of Mintz Levin Financial Advisors LLC, a Limited Liability Company organized in Delaware ("MLFA"). Clients of MLFA were formally notified of the succession and asked to assign their advisory agreements to Colony.

ITEM 3: TABLE OF CONTENTS

ITEM 1: COVER PAGE	1
ITEM 2: MATERIAL CHANGES	2
ITEM 3: TABLE OF CONTENTS	3
ITEM 4: ADVISORY BUSINESS	5
A. Description of the Advisory Firm	5
B. Types of Advisory Services	5
C. Client-Tailored Advisory Services	6
D. Wrap Fee Programs	6
E. Assets Under Management (AUM)	7
ITEM 5: FEES AND COMPENSATION	7
A. Fee Schedule for Advisory Services	7
B. Payment of Fees	8
C. Clients Responsible for Custodial and Brokerage Fees	9
D. Prepayment of Fees	9
E. Outside Compensation for the Sale of Securities to Clients	9
ITEM 6: PERFORMANCE-BASED FEES	10
ITEM 7: TYPES OF CLIENTS	10
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
A. Methods of Analysis and Risk of Loss	11
B. Material Risks Involved	11
C. Unusual Risks of Specific Securities	12
ITEM 9: DISCIPLINARY INFORMATION	12
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	12
A. Registration as a Broker-Dealer or Broker-Dealer Representative	12
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or an Associated Person of the Foregoing Entities	12
C. Relationships Material to Advisory Business	13
D. Selection of Other Investment Advisors and Compensation Received	14
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS	15
A. Description of Code of Ethics	15
B. Recommendations Involving Material Financial Interests	15

C.	Investing Related Person's Money in the Same Securities as Clients	16
D.	Trading Securities At/Around the Same Time as Client's Securities.....	16
ITEM 12:	BROKERAGE PRACTICES	17
A.	Factors Used to Select Custodians and/or Broker-Dealers	17
B.	Trade Aggregation.....	20
ITEM 13:	REVIEW OF ACCOUNTS	21
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	21
B.	Other Reviews	21
C.	Content and Frequency of Regular Reports Provided to Clients.....	22
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION	22
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients.....	22
B.	Compensation to non-Supervised Persons for Client Referrals.....	24
C.	Other Compensation	27
ITEM 15:	CUSTODY	26
ITEM 16:	INVESTMENT DISCRETION	27
ITEM 17:	VOTING CLIENT SECURITIES	27
ITEM 18:	FINANCIAL INFORMATION	27
A.	Balance Sheet	27
B.	Financial Conditions Reasonable Likely to Impair Ability to Meet Contractual Commitments to Clients	27
C.	Bankruptcy Petitions in Previous Ten Years.....	27

ITEM 4: ADVISORY BUSINESS

A. Description of the Advisory Firm

The Colony Group, LLC, (“Colony”) is a Limited Liability Company organized in Delaware. Colony is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). Colony is a successor to The Colony Group, LLC, a Limited Liability Company organized in Massachusetts (SEC # 801-27451) (“Old Colony”), and The Colony Group of Naples, LLC, a Limited Liability Company organized in Delaware (SEC # 801-67456) (“TCGN”). Effective October 1, 2011, clients of Old Colony and TCGN assigned their advisory agreements to Colony.

On July 1, 2012, Colony acquired Mintz Levin Financial Advisors, Limited Liability Company organized in Delaware (SEC # 801-55976) (“MLFA”). Effective July 1, 2012, clients of MLFA assigned their advisory agreements to Colony.

Colony is managed by the following individuals through a management agreement between TCG Partners, LLC and Focus Operating:

Michael J. Nathanson, JD, LLM
Chairman, CEO & Director

Robert J. Glovsky, JD, LLM, CFP
Vice Chair and Senior Financial Counselor

Stephen T. Sadler, JD, LLM
Managing Director and Senior Financial Counselor

Elisabeth L. Talbot, CFA, CPA
Managing Director and Senior Financial Counselor

Colony is owned by Focus Operating, which is owned by Focus Partners. Focus Partners is owned by Summit Ventures VI-A, L.P., which is owned by Summit Partners VI (GP), LP, which is owned by Summit Partners VI (GP), LLC.

Colony succeeded to the business of Old Colony and TCGN on October 1, 2011.

Colony succeeded to the business of MLFA on July 1, 2012.

Old Colony had been providing investment advisory services since 1986. TCGN had been providing investment advisory services since 2007. MLFA had been providing investment advisory services since 1998.

B. Types of Advisory Services

Colony offers investment management and financial counseling services to its clients. Investment management services are provided through and under the name Colony Investment Management, a division of The Colony Group, LLC. Financial counseling services are provided through and under the name Colony Wealth Management, a division of The Colony Group, LLC. These divisions are not formal legal entities; they are operating units of Colony.

Investment Management Services Offered

- Asset allocation strategies
- Discretionary management of proprietary equity and fixed-income strategies
- Discretionary management of mutual fund and exchange-traded fund strategies
- Selection and supervision of alternative investments and other private offerings
- Selection and supervision of third-party separate account managers

Financial Counseling Services Offered

- Investment planning
- Retirement Planning
- Tax Planning
- Cash-Flow Planning
- Tax Return Preparation
- Estate Planning
- Trustee Services
- Risk Management
- Philanthropic Planning
- Education planning

C. Client-Tailored Advisory Services

Investment Management Services

Colony tailors its investment management services to the individual needs of its clients. Colony seeks to understand each client's goals, objectives, time horizon, risk tolerance, and tax position. The client and Colony then decide on an investment plan that may include the utilization of one or more Colony proprietary equity and fixed-income strategies, mutual funds, exchange-traded funds, alternative investments, and/or third-party separate account managers. A client is free to impose reasonable restrictions with respect to the management of his/her investment accounts.

Financial Counseling Services

Each client's needs are different, and Colony tailors its financial counseling services to the specific needs of the client. Each financial counseling client is provided a counselor whose role is to facilitate the provision of financial counseling services that are tailored to the client's unique circumstances.

D. Wrap Fee Programs

Colony does not currently participate in wrap fee programs, but it does offer certain of its proprietary investment strategies on select custodial platforms.

E. Assets Under Management (AUM)*

Colony has the following assets under management:

Discretionary AUM	\$2,170,213,348
Non-Discretionary AUM	\$ 307,464,131
Date Calculated	July 1, 2012

*As of 06/30/12, one day prior to Colony's Acquisition of MLFA, Colony's Discretionary and Non-Discretionary AUM were \$1,348,226,296 and \$26,631,083, respectively.

ITEM 5: FEES AND COMPENSATION

A. Fee Schedule for Advisory Services

Comprehensive Investment Management Services

Assets Under Management/Advisement	Annual Fee
First \$2,000,000	1.00%
Next \$3,000,000 or portion thereof	0.90%
Next \$5,000,000 or portion thereof	0.80%
Next \$20,000,000 or portion thereof	0.60%
Next \$20,000,000 or portion thereof	0.50%
Over \$50,000,000	negotiable

Colony's asset management services are separate and in addition to any transaction or similar fees/expenses and the fees/expenses charged by any custodian, broker, consultant or subadvisor, mutual fund, separate account manager, limited partnership, or other advisor, as the case may be. The current annual fees charged by the consultant to Colony's Hedged Equity Income Strategy and subadvisor to Colony's Enhanced Dividend Growth Strategy are 0.25% and 0.50%, respectively, which will be collected by Colony on behalf of such consultant and subadvisor. Colony may itself serve as a separate account manager for portions of certain portfolios, in which cases it may charge an additional annual management fee of 0.25% on assets invested in its proprietary strategies.

An asset management agreement may be terminated at will upon 30 days written notice. Clients are subject to a minimum annual fee of \$10,000. A client's financial counseling fees may be aggregated for the purpose of reaching the \$10,000 minimum.

Colony reserves the right to negotiate investment management fee arrangements with prospective and existing clients. As Colony offers other advisory services, e.g., financial counseling, it reserves the right to take into account fees paid for such services when negotiating investment management fees with clients. Many investment management client relationships predated the implementation of Colony's current fee schedule. For these reasons, a client's fees may be higher or lower than those reflected in the foregoing schedule.

Financial Counseling Services

Assets Under Management/Advisement with Colony	Recommended Initial Annual Fee
First \$2,000,000	\$6,000
Next \$3,000,000 or portion thereof	\$3,000
Next \$5,000,000 or portion thereof	\$3,000
Next \$20,000,000 or portion thereof	\$3,000
Next \$20,000,000 or portion thereof	\$3,000
Over \$50,000,000	negotiable

In some cases, a higher fee may be warranted, depending on the complexity of the engagement and scope of work. The annual fee for subsequent years may be reduced and will be determined based on the complexity of the engagement and scope of work. In all cases, fees for subsequent years will be agreed to by Colony and the client. The above fees do not include fees for tax-return preparation services, which should be added to the financial counseling fees when applicable.

Clients are subject to a minimum annual fee of \$10,000. A client's investment management fees may be aggregated for the purpose of reaching the \$10,000 minimum.

Many financial counseling client relationships predated the implementation of Colony's current fee schedule. For these reasons, a client's fees may be higher or lower than those reflected in the foregoing schedule.

B. Payment of Fees

Investment Management Services

Except as provided below, Colony deducts its investment management fee from the client's investment accounts. Upon engaging Colony to manage such account(s), a client grants Colony this limited authority through a written instruction to the custodian of his/her account(s). The fee is billed in advance on a quarterly basis. A newly managed account is charged a fee from the start date to the end of the quarter. The fee is based on the value of the account the day prior to the start date. Thereafter, the quarterly fee is based on the market value of the account on the last business day of the previous quarter. A net deposit to a managed account that exceeds 10% of the account's prior-day value generally will be charged an interim fee for the remainder of the quarter.

For investments in limited partnerships and similar private offerings managed or advised on by Colony, the manner of payment of a client's fee will depend on the specific investment offering.

Clients generally are required to have their investment management fees deducted from their accounts. In some cases, however, Colony will directly bill a client for investment management fees if it determines that such billing arrangement is appropriate given the circumstances.

Financial Counseling Services

A client may pay his/her financial counseling fee quarterly or annually at the client's option. If the client also has an investment management relationship with Colony, he/she may, in writing, instruct Colony to deduct the financial counseling fee from his/her investment account. Likewise, a client that engages Colony to prepare and file its tax return(s) may grant Colony the authority to deduct the tax preparation fee from his/her investment account.

Legacy clients of MLFA

For legacy clients of MLFA (clients prior to 07/01/12), one-quarter of the client's annual financial advisory fee is charged in arrears based on the total market value of the client's account(s) as of the last day of each calendar quarter. The fee is normally debited from the client's account(s).

C. Clients Responsible for Custodial and Brokerage Fees

In connection with Colony's management of an account, a client will incur fees and/or expenses separate from Colony's management fee. These additional fees include brokerage fees, custodian fees, transaction charges, and mutual fund fees. The client is responsible for all such fees and expenses. Please see Item 12 of this brochure regarding brokerage practices.

D. Prepayment of Fees

As noted in Item 5(A) above, investment management fees generally are paid in advance. Except as provided below, Colony will, upon receiving notice from a client that he/she has terminated the investment management relationship, issue a refund equal to the unearned management fee for the remainder of the quarter. The client may specify how he/she would like such refund issued (i.e., a check sent directly to the client or a check sent to the client's custodian for deposit into the client's account).

For limited partnerships and similar private offerings managed or supervised by Colony, the ability of a client to obtain a refund of prepaid fees will depend on the specific investment offering.

Legacy clients of MLFA

A Financial Advisory Contract may be terminated upon 30 days written notice. In the event of termination, the client is charged for the financial advisory fee due on a pro rata basis, applicable for the specific number of days the client's assets were managed or supervised during the quarter.

E. Outside Compensation for the Sale of Securities to Clients

Colony does not accept compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES

In general, Colony does not charge performance-based fees for its management services. Nevertheless, Colony is the investment manager of a limited partnership, Colony Multi-Strategy Fund, L.P., (the “Partnership”). Moreover, Colony Funds, LLC, a subsidiary of Colony (the “General Partner”), serves as the general partner of the Partnership. The General Partner has discretionary authority to manage the Partnership’s activities. Currently, limited partnership interests in the Partnership are available only to Qualified Purchases (as such term is defined in the Investment Company Act of 1940, as amended, and the rules promulgated by the SEC).

The General Partner and Colony have engaged Palmer Square Capital Management LLC (the “Subadvisor”) to serve as the Partnership’s subadvisor. The Subadvisor is responsible for the Partnership’s day-to-day portfolio management under the general supervision of the General Partner and Colony. Palmer Square Capital Advisors LLC (the “Special Limited Partner”), an affiliate of the Subadvisor, serves as a special limited partner of the Partnership, and, in that capacity, assists the General Partner and Colony in the supervision of the Subadvisor.

Pursuant to the Partnership’s fund documents, at the end of the fiscal year, the General Partner and the Special Limited Partner may receive a performance fee based on the increase to a limited partner’s capital account if such increase exceeds a pre-defined hurdle. The possibility of receiving a performance-based fee may create an incentive for Colony, the General Partner, the Subadvisor, and the Special Limited Partner to make investments on behalf of the Partnership that are riskier or more speculative than would be the case in the absence of such an arrangement.

ITEM 7: TYPES OF CLIENTS

Investment Management Services

Colony generally provides investment management services to individuals, trusts, institutions, charitable foundations, and retirement/profit-sharing plans.

In general, investment accounts managed by Colony must meet a minimum of \$500,000 at inception. Exceptions may be granted when warranted under the circumstances.

In addition, the minimum account size for an alternative investment, private offering, or third-party separate account varies depending on the manager, investment vehicle, and/or platform. In addition, certain allocations within a balanced account may require that the minimum account value exceed \$500,000. In any event, at its discretion, Colony reserves the right to waive its minimums.

Many client relationships predated Colony’s current minimum account minimum schedule. For this reason, a client’s account minimum may be higher or lower than those in the foregoing schedule.

Financial Counseling Services

Colony offers financial counseling services directly to individuals. Colony also offers financial counseling services to individuals through a corporate-sponsored financial counseling relationship between Colony and

the individual's employer. Colony has corporate-sponsored relationships in place with several companies. Generally, these companies provide a financial counseling benefit to employees at the director and/or manager level.

ITEM 8:

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Risk of Loss

Colony's methods of analysis include fundamental analysis and technical/charting analysis.

1. Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. This method involves the analysis of factors that can affect a security's value, including macroeconomic factors, such as the overall economy and industry conditions, and company-specific factors, such as its financial condition, management, and competitive advantages.
2. Technical/charting analysis is a method of evaluating a security by analyzing statistics generated by market activity, such as past prices and volume. It does not attempt to measure a security's intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity of the security.
3. With respect to Colony's use of other managers, Colony evaluates such managers and their strategies based on multiple criteria such as their performance, experience, potential for style drift, underlying holdings, size, turnover, process, and fees.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and involve a high degree of risk.

B. Material Risks Involved

1. Fundamental analysis concentrates on factors that determine a company's intrinsic value based on expected future cash flow. This strategy seeks to purchase stocks that are trading below our estimation of intrinsic value. Risks such as our ability to forecast future cash flow accurately and use the appropriate discount rate could affect our ability to value a security correctly.
2. With regard to technical/charting analysis, prices and volume are backward looking and cannot predict future prices. Moreover, these metrics reflect the collective wisdom of the marketplace, which is often wrong about the future direction of prices. Finally, when looking at charts, there is a large amount of subjectivity in interpreting what the chart is forecasting.
3. With regard to the use of other managers, risks include the possibility of manager turnover, style drift, underperformance, size constraint, tax inefficiency, compliance, and fee changes. In addition, for alternative investment, private offering, and certain other third-party managers, potential risk factors include lack of liquidity, lack of transparency, layering of fees, and other risks as identified by such managers in their disclosure documents. With respect specifically to Colony Multi-Strategy Fund and other alternative investment vehicles that may charge performance fees, the possibility of receiving a performance-based fee may create an incentive for the manager to make

investments that are riskier or more speculative than would be the case in the absence of such an arrangement.

4. Colony's management of equity, fixed-income, mutual fund, and ETF accounts generally involves normal levels of trading. Clients should know that frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs/expenses and taxes.

C. Unusual Risks of Specific Securities

Colony does not primarily recommend a particular type of security. Generally, Colony designs a diversified portfolio of investments for clients.

Colony Hedged-Equity Income Strategy

For certain clients, Colony will construct a portfolio consisting primarily of exchange-traded funds ("ETFs"), including one or more inverse exchange-traded funds. When utilizing this strategy, Colony emphasizes ETFs on which exchange-traded call options currently are available. There are numerous risks associated with an options trading strategy. In focusing on the creation of cash flow from writing (selling) covered call options on some or all of the portfolio's ETF holdings, a client assumes the obligation or risk of selling a position at a specified price, which generally is higher than where the position currently is trading. Because of this risk, Colony provides each client interested in the strategy the "Characteristics and Risks of Standardized Options" (the "Pamphlet"), written and published by the Options Clearing Corporation. Colony requires that each client, prior to investing in the Hedged Equity-Income Strategy, sign a disclosure that incorporates the Pamphlet and serves as an acknowledgment that he/she has received and read the Pamphlet.

ITEM 9: DISCIPLINARY INFORMATION

Colony has no legal or disciplinary events to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither Colony nor any Colony employee is registered as a broker-dealer or a registered representative of a broker-dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or an Associated Person of the Foregoing Entities

Neither Colony nor any Colony employee is registered as a futures commission merchant, commodity pool operator, commodity-trading advisor, or an associated person of the foregoing entities.

C. Relationships Material to Advisory Business

- Focus Operating & Focus Partners

Colony is owned by Focus Operating, which is a subsidiary of Focus Partners. (See Item 4 above for a complete discussion of the ownership of Colony). Focus also owns other registered investment advisory firms, as well as broker-dealer firms, pension consultant firms, insurance firms, and other financial services firms (collectively, the "Focus Affiliates"). Focus Affiliates may provide, among other services, wealth management, and benefit and investment consulting services that may serve individuals, families, employers, and institutions. Some Focus Affiliates also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Forms ADV Schedule D.

A list of the affiliated investment advisory and broker-dealer firms can be found on Colony's Form ADV Part 1 Schedule D. Additional information about the Focus-affiliated investment advisory firms is available on each respective firm's Form ADV, which are available through the SEC's website at www.adviserinfo.sec.gov.

Colony has no material relationship or conflict of interest with Focus or the Focus Affiliates regarding services that Colony provides to its clients.

- Law firm: *Sadler, Nathanson & Lupica, LLP*

Colony is affiliated with Sadler, Nathanson & Lupica, LLP ("SNL"), a law firm based in Boston, MA. SNL may provide legal services with respect to estate planning, taxation, and related matters to Colony's clients. A client does not engage Colony for legal services. Several of Colony's employees are attorneys and may perform legal work on behalf of SNL. All of SNL's attorneys also are employees of Colony. All attorneys are licensed to practice law in Massachusetts, with the exception of one, who is licensed to practice exclusively in New York. One Massachusetts-licensed attorney also is licensed to practice in North Carolina. Another Massachusetts-licensed attorney also is licensed to practice in Florida. From time to time SNL may utilize attorneys in states in which its own attorneys are not licensed to practice law.

SNL charges fees for its services, including the possible provision of trustee services. These fees are separate from and in addition to the fees charged by Colony for its services. Because all of SNL's attorneys also are employees of Colony, there may be an incentive for Colony to refer legal business to SNL. In addition, because Colony and SNL are under common control, there may be an incentive for Colony to recommend the use of SNL for trustee services with respect to accounts that are or could be managed by Colony. Colony and SNL seek to mitigate these potential conflicts of interest by disclosing them to current and prospective clients and by notifying Colony clients that they are not obligated to engage SNL for any services.

- Pooled investment vehicle: *Colony Multi-Strategy Fund, L.P.*

As noted in Item 6 above, Colony controls Colony Funds, LLC, the General Partner of Colony Multi-Strategy Fund, L.P. The General Partner has the authority to manage the Partnership's activities. Interests in the Partnership are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Partnership does not constitute a complete investment program, and who fully understand and are willing

to assume the risks involved in the Partnership's investment program. Limited partners must qualify as Accredited Investors (as such term is defined in Rule 501 of Regulation D promulgated by the SEC under the Securities Act of 1933) and currently must qualify as Qualified Purchasers (as such term is defined in the Investment Company Act of 1940, as amended, and the rules promulgated by the SEC).

Pursuant to the Partnership's fund documents, at the end of the fiscal year, the General Partner and the Special Limited Partner may receive a performance fee based on the increase to a limited partner's capital account if such increase exceeds a pre-defined hurdle. The possibility of receiving a performance-based fee may create an incentive for Colony, the General Partner, the Subadvisor, and the Special Limited Partner to make investments on behalf of the Partnership that are riskier or more speculative than would be the case in the absence of such an arrangement.

None of the management agreement or any of the agreements, contracts, and arrangements between the Partnership, on the one hand, and the General Partner, Colony, and/or their respective affiliates, on the other hand, was or will be the result of arm's-length negotiations. The attorneys, accountants, and others who have performed services for the Partnership in connection with the issuance of interests, and who will perform services for the Partnership in the future, have been and will be selected by the General Partner. The General Partner and Colony are affiliates and under common control. Similarly, the Special Limited Partner and the Subadvisor are affiliates and under common control. Nevertheless, the General Partner and Colony, on the one hand, and the Special Limited Partner and Subadvisor, on the other hand, are not affiliates and are independent of each other. The Partnership's fund documents contain additional information that must be reviewed by any potential investor.

D. Selection of Other Investment Advisors and Compensation Received

Colony may utilize third-party managers and/or unaffiliated alternative investment vehicles for the purpose of providing a client an overall diversified portfolio. Colony does not receive compensation from those managers or alternative investment vehicles.

Subadvisors

From time to time, Colony may enter directly into subadvisory relationships with independent registered investment advisory firms ("subadvisors") on behalf of its clients pursuant to the delegation authority granted to Colony by its clients in such clients' investment management agreements. Subadvisors generally offer investment strategies separate and distinct from the proprietary strategies offered by Colony.

Prior to entering into a relationship, Colony performs a due diligence review of the subadvisor. This review includes, but is not limited to, the review of regulatory filings, compliance program, investment offerings, and the performance of the strategies considered. The due diligence process includes multiple conversations and may include in-person visits to the subadvisor's place of business.

When a strategy offered through a subadvisor is appropriate for a client of Colony, Colony will provide the client with the subadvisor's Form ADV Part 2A and 2B, Privacy Notice, and any other information that may be relevant or informative to the client. In addition, each client that invests in a subadvised strategy is required to acknowledge, in writing, the Colony-subadvisor relationship and the specific strategy offered through the subadvisor. The client will not engage the subadvisor directly; the client's

advisory relationship remains with Colony as set forth in the client's investment management agreement.

Colony has a subadvisory relationship with Copeland Capital Management, LLC ("Copeland"), of Conshohocken, PA, through which Colony offers the Colony Enhanced Dividend Growth Strategy (the "Strategy"). The Strategy seeks to provide capital by holding a portfolio of stocks exhibiting dividend growth, while seeking to preserve capital by tactically exiting sectors displaying technical weakness. The stock selection process screens for stocks with five years of dividend growth that then are ranked using a quantitative model based on factors linked to the company's ability to pay and increase dividends. The portfolio holds equal-weight positions in the five top-ranked stocks in each sector with a positive technical signal. The maximum sector allocation is 25%, and cash is held if a portfolio invests in three or fewer sectors. Colony will utilize Copeland's services for those clients for whom the Strategy is appropriate.

Colony has a subadvisory relationship with CapGroup Advisors, LLC ("CapGroup"), of Richmond, Virginia. As is Colony, CapGroup is owned by Focus Operating. CapGroup offers to provide investment subadvisory services to institutional clients of Colony and certain other Focus Affiliates. There is no requirement that Colony use CapGroup's services in lieu of its own services for its institutional clients; the use of CapGroup's services is at the discretion of Colony and is based on Colony's judgment regarding the most effective and appropriate services for the particular client.

Investment Consultant

As explained in Item 8C, for certain clients, Colony will construct a portfolio consisting primarily of exchange-traded funds ("ETFs"), including one or more inverse exchange-traded funds. In offering this strategy, known as Colony Hedged Equity-Income, Colony utilizes Capital Wealth Planning, LLC ("CWP"), specifically, Kevin Simpson. CWP is an SEC registered investment advisory firm located in Naples, FL. CWP acts as an investment consultant with respect to the Colony Hedged-Equity Income Strategy. CWP provides Colony with investment recommendations with respect to the strategy. A client invested in the strategy has no relationship with CWP; his/her advisory relationship remains with Colony.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

A. Description of Code of Ethics

Colony has adopted a Code of Ethics (the "Code") pursuant to SEC rule 204A-1. The Code provides that each employee place the interests of Colony's clients ahead of their own. The Code covers the following areas: Prohibited and Restricted Activities; Reporting Requirements; Certification of Compliance; Confidentiality; Recordkeeping Requirements; Insider Trading; and Compliance with Laws and Regulations. Colony's Chief Compliance Officer will provide a copy of the Code to any client or prospective client upon request.

B. Recommendations Involving Material Financial Interests

Under the Code, related persons of Colony are required to disclose any personal material interest they have in a security that Colony recommends to clients. As explained in Item 6, Colony is the investment

manager of a limited partnership, Colony Multi-Strategy Fund, L.P. (the “Partnership”). Colony may recommend limited partner interests to an eligible client for whom it believes the investment would be suitable given the client’s goals, objectives, risk tolerance, tax circumstances, and liquidity needs. Conflicts of interest are addressed in Item 8 and further detailed in the fund’s offering documents. Prospective limited partners are encouraged to consult their own counsel as to the terms and provisions of the Partnership and its offering documents. Limited partners receive annual audited financial statements prepared in accordance with GAAP, unaudited account statements monthly from the fund’s administrator, and such other reports as determined by the General Partner.

C. Investing Related Person’s Money in the Same Securities as Clients

Related persons of Colony may invest in a particular investment strategy in which Colony’s clients invest. Trades on behalf of clients may be aggregated with trades on behalf of a related person only if the following conditions are met:

1. The clients’ trades are treated equally with trades of the related person;
2. Each related person and each client in the trade receive average execution and average commissions; and
3. The securities purchased or sold are allocated pro rata.

The account of a related person receives no favorable treatment with respect to the management of the account or the execution of transactions. Should a potential transaction on behalf of a related person likely conflict with any of Colony’s clients, Colony will place its clients’ interest first. Colony reviews accounts that it manages on behalf of its related persons to ensure that such accounts have not received preferred treatment.

As explained in Item 6, Colony is the investment manager of a limited partnership, Colony Multi-Strategy Fund, L.P. (the “Partnership”). Colony may recommend limited partner interests to an eligible client for whom it believes the investment would be suitable given the client’s goals, objectives, risk tolerance, tax circumstances, and liquidity needs. Conflicts of interest are addressed in Item 8 and further detailed in the fund’s offering documents.

D. Trading Securities At/Around the Same Time as Client’s Securities

Pursuant to the Code, related persons of Colony may invest in individual securities that also are holdings in Colony’s investment strategies. Each related person is required to conduct all personal securities transactions in a manner that is consistent with the Code and to avoid any conflict of interest. No related person may misuse information about client accounts, abuse his or her position of trust and responsibility, or take inappropriate advantage of his or her position. Colony has a policy concerning individual trading by related persons that it believes is reasonably designed to minimize potential conflicts of interest with its clients. In furtherance of minimizing such potential conflicts of interest, Colony prohibits its related persons from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding such securities or communicating material non-public information to others.

Other: Outside Financial-Related Business Activity by a Related Person

Colony’s President & CEO, Michael J. Nathanson, serves on the Israel Bonds New Leadership Board of Directors. This is a non-compensated position. The purpose of the organization is to assist in the strengthening of Israel’s economy through investments in Israel bonds.

ITEM 12: BROKERAGE PRACTICES

A. Factors Used to Select Custodians and/or Broker-Dealers

Colony recommends that its investment management clients custody their accounts/assets at unaffiliated broker/dealer custodians with which Colony has an institutional relationship. Currently, these include Charles Schwab & Co., Inc. (“Schwab”), Fidelity Brokerage Services LLC and National Financial Services LLC (together, “Fidelity”), and TD Ameritrade, Inc. (“TD Ameritrade”) (generally and collectively, “BD/Custodian(s)”), all of which are “Qualified Custodians” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by Colony.

In selecting a BD/Custodian, some of the factors that Colony considers include:

- Trade order execution; the ability to provide accurate and timely execution of trades
- The reasonableness and competitiveness of commissions and other transaction costs
- Access to a broad range of investment products
- Access to trading desks
- Technology that integrates within Colony’s environment, including interfacing with Colony’s portfolio management system
- Access to research
- Ability to provide a full range of options for account registrations for Colony’s clients
- Availability of a soft dollar or additional services program
- A dedicated service or back office team and its ability to process seamlessly and timely a myriad of requests from Colony on behalf of its clients
- Ability to provide Colony with access to client account information through an institutional website
- Ability to provide clients with electronic access to account information and investment and research tools

Colony may place portfolio transactions through the BD/Custodian where the clients’ accounts are custodied. In exchange for using the services of the BD/Custodian, Colony may receive, without cost, computer software and related systems support that allows Colony to monitor and service its clients’ accounts maintained with such BD/Custodian. Additional benefits include the receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk that exclusively services institutional brokerage group participants, access to block trading services that provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, and/or access to an electronic communication network for client order entry and account information. Other benefits Colony may receive include consulting, publications, and conferences on practice management, information technology, business succession, and regulatory compliance. Colony’s receipt of such benefits is reviewed to ensure compliance with Securities Exchange Act 28(e)’s safe harbor for so-called “soft dollar” arrangements and the SEC’s latest guidelines.

If a client’s account meets the BD/Custodian’s minimum account size, Colony generally recommends that the client enter into a Prime Brokerage Services Agreement with the BD/Custodian. This agreement permits Colony, in its discretion, to trade away from that BD/Custodian when placing securities transactions on behalf of the client. The account will incur a trade-away fee from the

BD/Custodian for each transaction that is executed on a trade-away basis. This fee is separate from the commission/transaction fee imposed by the broker-dealer through which the trade was executed.

Trading away may be advantageous for the client because:

- the broker-dealer may have expertise in a particular security or market
- the broker-dealer makes a market in a particular security
- a particular security is thinly traded
- the broker-dealer can identify a counter-party for a trade

A client may pay higher net execution costs than he/she would have paid if the transaction were placed through the BD/Custodian holding his/her account. Colony reviews its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. Colony maintains a list of brokers-dealers that have been approved for trading clients' assets away from the BD/Custodians. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

1. Research and Other Soft Dollar Benefits

Colony uses client brokerage commissions to obtain research or other products or services. This is an economic benefit to Colony, as Colony does not have to pay for such research, products, or services. Colony may have an incentive to select a BD/Custodian or other broker-dealer based upon it receiving such benefits, rather than on the client's interest in receiving most favorable execution.

Colony will enter into soft dollar arrangements in accordance with Section 28(e) of the Securities Exchange Act of 1934 and the following policy. Where more than one broker-dealer is believed to

be capable of providing the best combination of price and execution with respect to a particular portfolio transaction, Colony may select a broker-dealer that furnishes products and/or research services. In addition, if the Colony determines in good faith that the commission charged by a broker-dealer is reasonable in relation to the value of brokerage and research services provided by such BD, Colony may cause a client account to pay such a broker-dealer an amount of commission greater than the amount a BD/Custodian or other broker-dealer may charge, but generally within a competitive range. Research products and/or services may include:

- fundamental research reports
- technical and portfolio analyses
- pricing services
- economic forecasting, interest rate projections and general market information (including but not limited to research and information services such as BCA, First Call, Reuters, Bloomberg, Dow Jones News Services and other similar services)
- historical database information
- computer hardware and software that assists Colony's investment management process, including effecting securities transactions and performing functions incidental thereto (such as clearance and settlement).

Research, products, or services received from soft dollar benefits generally serve to benefit all client accounts. Colony does not allocate soft dollar benefits to client accounts proportionately to any soft dollar credits that the accounts generate.

Colony has soft dollar agreements with Schwab and Fidelity, two of the BD/Custodians that it uses for custody of clients' accounts. It has research arrangements with other unaffiliated BDs, including Credit Suisse First Boston, Barclays Capital, Bernstein & Co. LLC, William Blair & Co., Bank of America, JP Morgan Private Bank, and Morgan Stanley Smith Barney. On an annual basis, Colony reviews its arrangements with the BD/Custodians and broker-dealers by evaluating those factors detailed in Item 12(A).

2. Brokerage for Client Referrals

Except as provided below, Colony does not select or recommend broker-dealers based on whether or not it may receive client referrals from a broker-dealer or third party. Nevertheless, Colony does participate in client referral programs with Schwab, Fidelity, and TD Ameritrade. See Item 14 below for further discussion of these referral programs.

3. Directed Brokerage

Generally, in the absence of specific instructions to the contrary, Colony has full discretion with respect to securities transactions placed on behalf of a client's account. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by Colony. In selecting a broker-dealer to execute a client's securities transactions, Colony seeks prompt execution of orders at favorable prices. A client, however, may instruct Colony to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer.

In directing brokerage transactions, a client should consider if the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would

result if Colony exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- Colony's ability to negotiate commission rates and other terms on behalf of such clients could be impaired
- such clients could be denied the benefit of Colony's experience in selecting broker-dealers that are able to execute efficiently difficult trades
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited
- the client could receive less favorable prices on securities transactions because Colony may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

B. Trade Aggregation

Balancing the Interests of Multiple Client Accounts

Colony may manage multiple accounts with similar investment objectives and strategies or may manage accounts with different objectives or strategies that may trade in the same securities. Despite these similarities, Colony's portfolio decisions about each client's investments and the performance resulting from these decisions may differ from those of other clients.

Allocating Investment Opportunities

Colony will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportionate amounts for all eligible clients. It is expected, however, that client accounts with similar objectives may trade in the same securities at the same time.

Colony will allocate investment and trading opportunities (including the sequence of placing orders if not "batched") in a manner believed by the Colony to be fair and equitable to each client. In making these allocations, Colony will take into account the following factors:

- the clients' investment objectives and strategies;
- the composition, size and characteristics of the account;
- the cash flows and amount of investment funds available to each client;
- the amount already committed by each client to a specific investment;
- each client's risk tolerance and the relative risk of the investment; and
- the marketability of the security being considered.

Colony may deviate from strictly pro rata allocation, when appropriate, taking into account the following factors:

- to avoid creating odd lot positions in any account;
- to allocate a smaller portion to those accounts for which the purchased security would be a peripheral investment and a larger portion to those accounts for which the security would be a core investment;
- to the extent that the purchased security is especially appropriate for accounts with certain investment goals or risk tolerances;

- to satisfy demand with respect to an account's cash position relative to its portfolio (i.e., to allocate a small portion to accounts with less cash or liquidity and a greater portion to accounts with more or highly liquid investments; and
- when a proportionate allocation would, given the size of a client account, result in a position that is too small to be meaningful or too large to maintain an appropriate level of diversification

If it is not possible in a single transaction or at a single price to affect trades in a particular security that is appropriate for multiple accounts, Colony, may, if feasible, compute and give to each participating client account the average price for that day's transactions in the securities.

Batching Orders

When the same investment decision is made for more than one client on the same day, Colony may place orders to buy or sell the same securities for a number of clients. Whenever possible, orders to purchase or sell the same security for multiple accounts are aggregated. All accounts that participate in an aggregated transaction shall participate on a pro rata basis. Colony will not aggregate investment transactions for accounts unless the transaction is consistent with the terms of the applicable investment management agreement and each account's investment objectives, restrictions, and policies.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Colony performs regular reviews of the accounts it manages on behalf of its clients. Each account is managed by one of several portfolio managers, whose review responsibilities include the following:

- review the account's securities for price changes, volume, and relevant news;
- compare the account's allocation with stated goals;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, asset allocation; and
- assess its performance

A client's counselor also is responsible for reviewing his/her managed accounts. Counselor reviews are conducted quarterly. The review seeks to ensure that the account is consistent with the client's investment objectives and guidelines, the investment strategy remains suitable for the client, and any material changes with respect to the account or client have been incorporated. Counselors also review the clients' investment management billing rates.

B. Other Reviews

Colony's Chief Compliance Officer performs random account reviews. These reviews cover various topics, including, but not limited to, comparing an account's strategy and/or allocation to the account's

stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

The review of a financial counseling relationship is ongoing and involves revisiting goals, assessing the progress in achieving goals, and redefining strategies and goals where necessary. Counselors communicate with clients regularly. Such communication generally involves in-person meetings, phone calls, letters, and/or email.

C. Content and Frequency of Regular Reports Provided to Clients

Investment Management Accounts

Colony generates and provides written investment reports to its investment management clients on a quarterly basis. The reports include performance, income/expenses, cash flow, realized gains/losses, and an appraisal. Colony also prepares a quarterly market commentary letter and provides a copy to all of its clients. Moreover, each client receives monthly account statements from the qualified custodian of his/her account. Colony urges all investment management clients to compare the account statement statements received by Colony with those received by their custodians.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Fidelity and Schwab also offer other services intended to help Colony manage and further develop its business enterprise. These services may include: (1) compliance, legal, and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants, and insurance providers. Fidelity and Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Colony. Fidelity and Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Colony. Fidelity and Schwab may also provide other benefits such as educational events or occasional business entertainment of Colony personnel. In evaluating whether to recommend or require that clients custody their assets at Fidelity or Schwab, Colony may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost, or quality of custody and brokerage services by Fidelity or Schwab, which may create a potential conflict of interest. As stated above, Colony reviews its arrangements with the BD/Custodians against other possible arrangements in the marketplace.

Colony participates in the TD Ameritrade Institutional Advisor Program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. Colony receives some benefits from TD Ameritrade through its participation in the program.

Through participation in the Program, Colony may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Colony's participation in the program and the investment advice it gives to its Clients, although Colony receives economic benefits through its

participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Colony participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Colony by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Colony's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Colony but may not benefit its Client accounts. These products or services may assist Colony in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Colony manage and further develop its business enterprise. The benefits received by Colony or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Colony or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Colony's choice of TD Ameritrade for custody and brokerage services.

TD Ameritrade - Additional Services

TD Ameritrade and Colony have entered into an Additional Services Agreement whereby TD Ameritrade makes available certain products, research, services or other economic benefits ("Additional Services") to Colony for referring clients to TD Ameritrade and for their maintenance of assets in the accounts at TD Ameritrade

This is *not* a soft dollar arrangement or program. The provision of such Additional Services falls outside of the soft dollar safe harbor in Section 28(e) of the Securities Exchange Act of 1934; it is *not* based on the number or amount of securities transactions executed through TD Ameritrade, and such Additional Services do not consist of fees, commissions or other remuneration contingent on the execution of securities transactions or the utilization of any other service or product.

TD Ameritrade provides the Additional Services to Colony in its sole discretion and at its own expense; Colony does not pay any fees to TD Ameritrade for the Additional Services. The Additional Services may or may not be offered to other independent investment advisors. TD Ameritrade and Colony have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Colony's receipt of Additional Services, however, raises potential conflicts of interest. In providing Additional Services to Colony, TD Ameritrade most likely considers the amount of profitability to TD Ameritrade of the assets in, and trades placed for, Colony's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, In order to continue to obtain the Additional Services from TD Ameritrade, Colony may have an incentive to recommend to its clients that the assets under management by Colony be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

The receipt of Additional Services does not diminish Colony's duty to act in the best interest of its clients, including to duty seek best execution of trades for client accounts.

Currently, such Additional Services includes the following:

1. Two (2) Bloomberg License Fees through the Bloomberg Service which is used by Colony for the purpose of conducting fixed income and other research for its in-house investment analysts and portfolio managers in order to manage client portfolios. Appurtenant to the Bloomberg Service are Bloomberg Entitlement Fees. Client portfolios benefit from Colony's use of Bloomberg's service. This is an economic benefit to Colony whereby TD Ameritrade pays Bloomberg up to \$41,000 on an annual basis on behalf of Colony; and
2. Gimme Credit. This consists of daily research reports with comprehensive coverage of investment grade and high yield bonds and debt market and credit analysis. Client portfolios benefit from Colony's use of Gimme Credit's service. This is an economic benefit to Colony whereby TD Ameritrade pays Gimme Credit \$12,000 on an annual basis on behalf of Colony.

Note that prior to 04/15/11, Colony's fixed income portfolio manager had access to Credit Sights' credit research. This comprehensive coverage of investment grade and high-yield bonds and debt market and credit analysis was used by Colony in managing its clients' fixed income portfolios. Client portfolios benefited from Colony's use of Credit Sights' service. This was an economic benefit to Colony whereby TD Ameritrade paid Credit Sights \$16,000 on an annual basis on behalf of Colony.

Both the Bloomberg and Gimme Credit research services are provided to Colony for a one-year term, after which time TD Ameritrade and Colony may allow for their renewal pursuant to the terms of the Additional Services Agreement.

Colony's participation in this arrangement may raise potential conflicts of interest; however, as part of its fiduciary duty to clients, Colony endeavors at all times to put the interests of its clients first. Colony reviews its relationship with TD Ameritrade on an annual basis.

Recognitions from unaffiliated Financial-related Institutions

Colony may receive an award or recognition from unaffiliated rating services, companies, and/or publications. Colony receives no compensation or other financial benefits in receiving an award or recognition. Awards or recognitions should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if Colony is engaged, or continues to be engaged, to provide investment advisory services. They should not be construed as a current or past endorsement of Colony by any of its clients. Awards or recognitions generally are based on information prepared and/or submitted by Colony.

B. Compensation to non-Supervised Persons for Client Referrals

Schwab Advisor Network

Colony receives client referrals from Schwab through Colony's participation in the Schwab Advisor Network (the "Network"). The Network is designed to help investors find an independent investment Advisor. Schwab is a broker-dealer independent of and unaffiliated with Colony. Schwab does not supervise Colony and has no responsibility for Colony's management of client portfolios or Colony's

other advice or services. Colony pays Schwab fees to receive client referrals through the Network. Colony's participation in the Network may raise potential conflicts of interest.

Colony pays Schwab a participation fee on all referred client accounts that are maintained in custody at Schwab (the "Participation Fee") and a "Non-Schwab Custody Fee" on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee is a percentage of the value of the assets in the client's account. Colony pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The fee is billed to Colony quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Colony, not the client. Colony does not charge clients referred through the Network fees greater than the fees it charges clients with similar portfolios who were not referred through the Network.

Colony, and not the client, generally pays Schwab a Non-Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. The Schwab Non-Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The fee is higher than the Participation Fee Colony generally would pay in a single year. Therefore, Colony has an incentive to recommend that the referred client's accounts be held in custody at Schwab.

The Participation and Schwab Non-Custody Fees are based on the amount of assets in accounts of Colony's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Colony will have incentives to encourage household members of clients referred through the Network to maintain custody of their accounts at Schwab.

For accounts of Colony's clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Colony may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer.

Colony nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Colony's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

TD Ameritrade - AdvisorDirect Program

Colony receives client referrals from TD Ameritrade through Colony's participation in the TD Ameritrade AdvisorDirect Program (the "Referral Program"). TD Ameritrade is an SEC-registered broker-dealer independent of, and unaffiliated with Colony. TD Ameritrade has established the Referral Program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management to independent investment Advisors. TD Ameritrade does not supervise Colony and has no responsibility for Colony's management of client portfolios or Colony's other advice or services. In addition to meeting the minimum eligibility criteria for selection for participation in the Referral Program, Colony may have been selected based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Colony's clients' accounts maintained at TD Ameritrade.

Colony's participation in the Referral Program may raise potential conflicts of interest. TD Ameritrade will most likely refer clients through the Referral Program to investment Advisors that encourage their clients to custody their assets at TD Ameritrade. Colony pays TD Ameritrade a participation fee on all referred client accounts that are maintained in custody at TD Ameritrade. Colony will also pay TD Ameritrade the fee on any management fees received by Colony from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Colony on the recommendation of such referred client. The participation fee is a percentage, which shall not exceed 25%, of the investment management fee the client owes to Colony. The fee is billed to Colony quarterly.

The participation fee is paid by Colony, not the client. Colony will not charge clients referred through the Referral Program fees higher than Colony's standard fee schedule offered to other clients or otherwise pass referral fees paid to TD Ameritrade through to its clients.

Colony has agreed not to solicit clients referred through the Referral Program to transfer their brokerage accounts from TD Ameritrade or establish brokerage or custody accounts at other custodians other than when its fiduciary duties require it to recommend other broker-dealers or custodians. For accounts of Colony's clients maintained in custody at TD Ameritrade, TD Ameritrade's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees.

Thus, Colony may have an incentive to cause trades to be executed through TD Ameritrade rather than through another broker-dealer and will factor in the potential for additional fees when examining this arrangement with others in the marketplace to ensure it is seeking best execution.

As part of its fiduciary duty to clients, Colony endeavors at all times to put the interest of its clients first. Colony acknowledges its duty to seek best execution of trades for client accounts. Colony and TD Ameritrade are independent of each other and they have neither an agency nor employment relationship with each other. Trades for client accounts held in custody at TD Ameritrade may be executed through a different broker-dealer than trades for Colony's other clients. Thus, trades for accounts custodied at TD Ameritrade may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

ITEM 15: CUSTODY

Colony's investment management clients' assets are held at unaffiliated qualified custodians. Although Colony does not hold these assets, it is deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisors Act due to (A) its management of client accounts where it is paid its management fee from the client's custodian, (B) the fact that, in some instances, a client-donor of Colony named an attorney within SNL to serve as a fiduciary to the trust created by donor and Colony manages such trust account, and (C) the fact that Colony Funds, LLC, serves as the general partner to Colony Multi-Strategy Fund, L.P.

As mentioned in Item 13(C) above, Colony provides all clients with quarterly investment reports. These reports are in addition to statements provided by the clients' custodians on at least a quarterly basis. Colony urges all investment management clients to compare the account statement statements received by Colony with those received by their custodians.

ITEM 16: INVESTMENT DISCRETION

For clients that have hired Colony for investment management services, Colony has discretionary authority to manage their investments, such authority having been granted by an Investment Management Agreement and one or more Investment Policy Statements (“IPS”) executed by Colony and the client.

With respect to Colony’s exercising actual investment discretion over an account, this authority is granted through a limited power of attorney granted by the client to Colony through a client-executed custodial application and/or related custodial form. A client retains the right and ability to remove any and all of Colony’s discretionary authorities over his/her account.

As explained above in Item 4(C), a client may impose reasonable restrictions or limitations on the management of his/her account. Any such restrictions or limitations generally are reflected in an IPS executed by Colony and the client and/or other written instructions provided to Colony.

ITEM 17: VOTING CLIENT SECURITIES

It is Colony’s policy that each client is responsible for voting all of the proxies related to the securities held in his/her account.

ITEM 18: FINANCIAL INFORMATION

A. Balance Sheet

Colony does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

B. Financial Conditions Reasonable Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Colony nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Colony has not been the subject of a bankruptcy petition.