

**ROWLING AND ASSOCIATES ACCOUNTANCY
CORPORATION
DBA ROWLING & ASSOCIATES**

FIRM BROCHURE
(ADV PART 2A)

JULY 25, 2012

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This brochure provides information about the qualifications and business practices of Rowling & Associates. If you have any questions about the contents of this brochure, please contact Sheryl Lisa Rowling at (619) 295-0200. 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.

Rowling & Associates is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Rowling & Associates is available on the SEC's website www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the firm is 160864.

ITEM 2. MATERIAL CHANGES

The purpose of this page is to inform you of material changes since the last annual update to the Firm's brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

The Firm's initial firm brochure was dated February 6, 2012. The following material changes have been made since the initial version of Form ADV Part 2A:

ITEM 4 - ADVISORY BUSINESS

The Firm's assets under management ("AUM") have changed. As a newly registered advisory firm, it previously reported no assets under management and did not include AUM in the brochure. As of 05/29/2012, the total amount of discretionary assets under the Firm's management was \$226,538,822. The Firm had no non-discretionary assets under management.

ITEM 4 – ADVISORY BUSINESS

As of July 1, 2012, the Firm began operating as a corporation. No changes in the owners or operation of the business took place as a result of the incorporation.

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ITEM 4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISORY HISTORY

Rowling and Associates Accountancy Corporation dba Rowling & Associates (the “Firm”) is an investment adviser registered with the Securities and Exchange Commission since February 2012. The Firm began operating as a corporation as of July 1, 2012. The Firm is owned and managed by Sheryl L. Rowling (“Ms. Rowling”). Additional information about Ms. Rowling can be found in her brochure supplement – ADV Part 2B.

B. ADVISORY SERVICES OFFERED

The Firm provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, the Firm develops a client’s personal investment policy and creates and manages a portfolio based on that policy.

i. FINANCIAL PLANNING SERVICES

The Firm provides advice in the form of a Financial Plan. Clients purchasing this service will receive a written financial plan, providing the client with a detailed financial plan designed to assist in achieving their stated financial goals and objectives.

In general, the financial plan will address the following areas:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax and Cash Flow: Income tax and spending analysis and planning for current and future years. The Firm will illustrate the impact of various investments on a client’s current income tax and future income tax liability.
- Death and Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of investment alternatives and their effect on a client’s portfolio.

The Firm gathers the required information through in-depth personal interviews. Information gathered includes client’s current financial status, future goals and attitudes towards risk. Related documents supplied by the client are reviewed, including a questionnaire completed by the client, and a written report prepared. Should a client choose to implement the recommendations contained in the plan, the Firm suggests the client work with his/her attorney, accountant, insurance agent, and stockbroker or financial advisor. Implementation of any financial plan recommendation is entirely at the client’s discretion.

ii. CONSULTING

Clients can receive investment advice on a limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. The Firm provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, the Firm provides advice on non-securities matters. Generally this is in connection with the rendering of estate planning, insurance and/or annuity advice.

A conflict of interest exists between the interest of this Firm or any associated persons and the interests of the client. The client is under no obligation to act upon this Firm's or associated person's recommendations. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the Firm, or associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliated person.

iii. INVESTMENT SUPERVISORY SERVICES

When appropriate to the needs of the client, the Firm may recommend the use of long-term purchases, short-term purchases or margin transactions. The Firm may however, use other investment strategies when handling special situations for clients in order to diversify concentrated positions or reduce tax liabilities.

Because these investment strategies involve certain degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk. Each client is advised that investing in securities involves risk of loss that they should be prepared to bear.

It is the Firm's general practice to invest cash balances in client accounts in short-term money market mutual funds.

C. TAILORED SERVICES

The Firm generally does not allow clients to impose restrictions on the management of their accounts i.e., to avoid certain asset classes or industries. However, the Firm may allow restrictions at its discretion.

D. WRAP PROGRAM

The Firm does not sponsor in a wrap program.

E. CLIENT ASSETS MANAGED

The Firm manages client assets on a discretionary basis. As of 05/29/2012, the total amount of discretionary assets under the Firm's management was \$226,538,822. The Firm had no non-discretionary assets under management.

ITEM 5. FEES AND COMPENSATION

A. FINANCIAL PLANNING

Fees for financial planning are based on time spent at standard billing rates, which range from \$90-\$500 per hour, plus expenses.

Financial reviews and other financial planning services may also be provided at fixed fees negotiated in advance. These fixed fees generally begin at \$3,000. An initial retainer of 50% of the estimated fee will be due upon signing the advisory agreement. The remaining balance is due upon presentation of the plan to the client.

The Firm requires an initial retainer of 50% of the estimated fees for Financial Planning. The fee may be negotiated under certain circumstances.

Bills are sent upon completion of the project and progress bills may be sent on a monthly basis. Bills are due and payable upon receipt unless other arrangements are made in advance. Fees are refundable to the extent that services have not been provided or as provided in the specific engagement agreement. Earned fees will be determined using the hourly fee schedule as indicated above.

B. CONSULTING

Fees for specific administrative and consulting services will be billed at standard billing rates which generally range from \$90-500 per hour, plus expenses. Bills are sent upon completion of the consulting project and are due and payable upon receipt unless other arrangements are made in advance.

C. INVESTMENT STRATEGIES

The annual fee for investment supervisory services will be charged as a percentage of assets under management, according to the following schedule:

Assets Under Management	Annual fee	Quarterly
First \$500,000	1.25%	0.3125%
Next \$500,000	1.00%	0.2500%
Next \$1,000,000	.90%	0.2250%
Next \$1,000,000	.80%	0.2000%
Next \$1,000,000	.70%	0.1750%
Next \$1,000,000	.60%	0.1500%
\$5,000,000 or More	Flat .60%	Flat 0.1500%

The Firm will quote an exact percentage to clients based on both the nature and total dollar value of that account. However, the Firm, in its sole discretion, may reduce its assets under management minimum and/or charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client,

etc.). The Firm does not charge management fees on cash balances in new accounts until such time that the investment strategy is implemented.

Clients will be invoiced in advance, at the beginning of each calendar quarter, based upon the custodian reported value of assets under management as of the 20th day of the last month of the previous quarter, or, if later, the first business day after the 20th day of the last month of the previous quarter. The client may direct the Firm to deduct quarterly fees from their asset account or to bill them for fees incurred.

D. OTHER FEES AND EXPENSES

The Firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Firm's fee, and it will not receive any portion of these commissions, fees, and costs. For more information about the Firm's brokerage practice please see Item 12.A.

A client could invest in a mutual fund directly, without the Firm's services. In that case, the client would not receive the services provided by the Firm that are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial conditions and objectives. Accordingly, the client is advised to review both the fees charged by the funds and the fees charged by the Firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

E. TERMINATION OF ADVISORY SERVICES

A client agreement may be cancelled at any time, by either party, for any reason, upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

The Firm does not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. The Firm's fees are calculated as described in Item 5 above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

ITEM 7. TYPES OF CLIENTS

The Firm's services are offered to individuals, pension and profit sharing plans, trusts, estates, charities and corporations or other business entities.

At the discretion of the Firm, a minimum of \$1,000,000 of assets under management is generally required for service.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Firm's methods of analysis primarily include Asset Allocation and Fundamental Analysis.

Asset Allocation – Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time.

Fundamental Analysis - Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's *actual* business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

When appropriate to the client's needs, the Firm may recommend the use of long-term purchases (securities will be held more than one year), short-term purchases (securities will be held less than one year), or margin transactions. "Margin" is borrowing money from a client's broker to buy a stock and using the client's investment as collateral. Investors generally use margin to increase their purchasing power so that they can own more stock without fully paying for it. The Firm may, however, use other investment strategies when handling special situations for clients in order to diversify concentrated positions or reduce tax implications. Because these investment strategies involve certain degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk. Each client is advised that investing in securities involves risk of loss that they should be prepared to bear.

The Firm uses various sources of information to help it manage client's investment account(s). These include:

- Computer software that performs statistical analysis
- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services

- Annual reports, company financial statements, prospectuses and filings with the Securities and Exchange Commission
- Company press releases
- Financial news media, including televised and Web-based
- Contact with investment company representatives

B. INVESTMENT RISKS/RISK OF LOSS

The Firm uses several types of securities in its clients' accounts. These securities may include, but are not limited to, the following: Certificates of Deposit; Commercial Paper; Bonds and other corporate debt instruments; Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, Index and Small Cap Value; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Preferred Stock; High Yield Debt; Domestic Fixed Income; Money Market Funds and Cash.

All investments bear different types and degrees of risk, and **investing in securities involves risk of loss that clients should be prepared to bear.** While the Firm uses investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A client needs to ask questions about risks he/she does not understand; the Firm and its associates would be pleased to discuss them.

The Firm strives to render its best judgment on behalf of its clients. Still, it cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. The Firm continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relative to benchmarks or other accounts with a similar investment objective.

- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Margin Risk:** Margin accounts can be very risky and they are not suitable for everyone. Before opening a margin account, you should fully understand that:
 - A client can lose more money than he/she has invested;
 - A client may have to deposit additional cash or securities in his/her account on short notice to cover market losses;
 - A client may be forced to sell some or all of his/her securities when falling stock prices reduce the value of your securities; and
 - A client's brokerage firm may sell some or all of your securities without consulting him/her to pay off the loan it made to him/her. For example, if a client's account falls below the maintenance requirement, the brokerage firm generally will make a margin call to ask the client to deposit more cash or securities into his/her account. If the client is unable to meet the margin call, the brokerage firm will sell the client's securities to increase the equity in the client's account up to or above the brokerage firm's maintenance requirement.

ITEM 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10 years that would be material to your evaluation of the Adviser or the integrity of its management.

The Firm and its management have no information applicable to this Item because they have not been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. BROKER-DEALER AFFILIATIONS

The Firm is not affiliated with a broker-dealer.

B. FUTURES/COMMODITIES FIRM AFFILIATION

The Firm is not affiliated with a futures or commodities broker.

C. OTHER INDUSTRY AFFILIATIONS

The Firm is also registered as a professional accounting firm. The Firm may recommend its accounting services to the Firm's investment advisory clients or its investment advisory services to accounting clients. With the ability to work as a client's accountant and investment adviser, this could be viewed as a conflict of interest because clients pay a separate fee for each service. However, the Firm attempts to mitigate any conflicts of interest to the best of its ability by placing the client's interests ahead of its own and through the implementation of policies and procedures that address the conflict.

Ms. Rowling is also a Partner and CEO of Total Rebalance Expert, a DBA of FNA LLC, which offers Total Rebalance Expert, a rebalancing software product based on asset allocation principles, to other investment advisers. Ms. Rowling spends approximately 25% of her time during market hours on activities relating to this business. Total Rebalance Expert is not sold to investment management clients of the Firm.

D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

The Firm may recommend the services of third party investment advisers to manage its clients' assets. Items 4 and 5 contain a description of these services and the associated fees.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

E. DESCRIPTION

The Firm's Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Code of Ethics is available free of charge upon request by any client or prospective client.

The Firm's Code of Ethics covers all supervised persons, and it describes the Firm's high standard of business conduct and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

F. MATERIAL INTEREST IN SECURITIES

The Firm does not have a material interest in any securities. Additionally, it is the Firm's policy to not effect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross

transaction is defined as a transaction where a person acts as an investment adviser for a client in a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, also acts as broker for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

G. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

The Firm or individuals associated with us may buy or sell – for their personal account(s) - investment products identical or opposite to those recommended to clients. It is the Firm’s general policy that no person employed by it may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. On occasion, circumstances may arise where different goals, trading programs or time horizons could have the Firm or individuals associated with the Firm assuming a trading position before or after the client(s), transaction that may or may not be the same or is counter to those of advisory accounts. All positions are reviewed in an effort to prevent such employees from benefiting from transactions placed on behalf of advisory accounts. The Firm will always act in the client’s best interest.

ITEM 12. BROKERAGE PRACTICES

A. RECOMMENDATION CRITERIA

The Firm participates in the Schwab institutional (“SI”) services program offered to independent investment advisers by Charles Schwab & Company, Inc., a FINRA registered Broker/Dealer.

Each client is free to select and generally does select a custodian (who is usually the broker as well). The Firm generally recommends that clients use discount brokers and custodians. The services of Charles Schwab & Company, Inc. are recommended for ease of administration and efficiency. In choosing to recommend this custodian, the Firm considered a variety of factors including its financial strength, reputation, execution, discount commission rates, trading and technology support, research and the quality of customer service. The Firm is not affiliated with Charles Schwab & Company, Inc. nor does it receive commissions or fees for recommending this provider.

Recommended custodians/brokers may charge brokerage commissions and/or transaction fees for effecting securities transactions. In addition to the Firm’s investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g., management fees and other fund expenses).

The recommended custodians/brokers charge commission rates that are generally considered discounted from customary retail commission rates. The commissions and/or transaction fees charged by the recommended custodians/brokers may be higher or lower than those charged by

other custodians/brokers. The Firm does not receive any portion of the commissions and/or transaction fees charged to its clients.

Although the commissions/transaction fees paid by the Firm's clients shall comply with the Firm's duty to obtain best execution, a client may pay a commission or transaction fee that is higher than another qualified custodian/broker might charge to effect the same transaction where the Firm determines, in good faith, that the commission is reasonable in relation to the value of the brokerage services received.

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 custodian/broker services, including execution capability, commissions rates and responsiveness. Accordingly, although the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commissions/transaction fees rates for client account transactions

i. RESEARCH AND OTHER BENEFITS

The Firm participates in Charles Schwab & Company's Schwab Institutional ("SI") services program ("Program"). The Firm may recommend that clients establish brokerage accounts with the Program to maintain custody of clients' assets and to effect trades for their accounts. The Firm is independently owned and operated and not affiliated with the Program. The Program provides the Firm with access to its institutional trading and custody services, which are typically not available to the Program's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at the Program, and are not otherwise contingent upon the Firm's committing to the Program any specific amount of business. The Program's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For the Firm's client accounts maintained in its custody, the Program generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the Program or that settle into the Program's accounts.

The Program also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. Some of these other products and services assist the Firm in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of the Firm's accounts, including accounts not maintained at the Program. The Program

also makes available to the Firm other services intended to help it manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Program may make available, arrange and/or pay for these types of services rendered to the Firm by independent third parties. The Program may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to the Firm. While as a fiduciary the Firm endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at the Program may be based in part on the benefit to the Firm and the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the Program, which may create a potential conflict of interest.

The Firm's clients do not pay more for investment transactions effected and/or assets maintained at SI as a result of this arrangement. There is no corresponding commitment made by the Firm to SI or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of these arrangements.

The Firm's Chief Compliance Officer, Sheryl L. Rowling, remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

ii. BROKERAGE FOR CLIENT REFERRALS

The Firm does not receive client referrals or any other incentive from any broker/dealer.

iii. DIRECTED BROKERAGE

Some clients may direct the Firm to a specific broker-dealer to execute securities transactions for their accounts. When so directed, the Firm may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Firm cannot negotiate favorable prices.

B. TRADING POLICIES

On occasions when selling the same security for multiple accounts, the Firm may aggregate orders to a single block order against an average price account. The average price account will allocate proportionate shares to each client's account.

ITEM 13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

The Firm's President, Ms. Rowling, reviews the general holdings of clients' portfolios on an ongoing basis. All clients (in person or via telephone) are encouraged to comprehensively

review financial planning, investment objectives, and account performance with us on an annual basis.

B. OTHER REVIEWS

All investment supervisory clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation.

C. REPORTS

The Firm provides quarterly written reports to each investment management client. The reports contain the client's portfolio balances and returns for the quarter. In addition, all clients will receive at least quarterly statements from their custodian. The Firm urges clients to carefully review such statements.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. OTHER COMPENSATION

The Firm does not receive any other compensation for providing investment advice to clients.

B. CLIENT REFERRALS

The Firm does not use the services of solicitors or pay for client referrals.

ITEM 15. CUSTODY

All client funds, securities and accounts are held at third-party custodians. The Firm does not take possession of a client's securities. However, the client will be asked to authorize the Firm with the ability to deduct fees directly from the client's account. The Firm follows the guidelines established by the Securities and Exchange Commission for directly debiting advisory fees from client custodial accounts so that the Firm will not be deemed to have custody of client funds and/or securities with the regard to the practice of debiting fees.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. The statements will show the fee withdrawn. The Firm urges each client to carefully review such statements and compare them to the reports provided by the Firm. Clients with any questions about their statements should contact the Firm at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify the Firm.

ITEM 16. INVESTMENT DISCRETION

The Firm manages client accounts on a discretionary basis, which is granted when the client signs its discretionary investment management agreement. The Agreement limits the Firm's discretionary trading authority to the type, price, time and amount of securities to be bought and sold. The Firm will be allowed to place trades without first obtaining the client's consent to each

trade. Directions will be given to the account custodian to complete the transaction.

ITEM 17. VOTING CLIENT SECURITIES

The Firm will not be responsible for responding to proxies for securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his or her investment adviser representative.

ITEM 18. FINANCIAL INFORMATION

A. BALANCE SHEET

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, it does not have to provide a balance sheet.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the Firm's financial condition. The Firm does not have a financial commitment that impairs its ability to service its clients.

C. BANKRUPTCY

The Firm has not been the subject of a bankruptcy proceeding.