



## Aon Retirement Plan Advisors, LLC

### Investment Adviser Firm Disclosure Brochure For Wealth Management Services (including Investment Supervisory Services and Furnishing Investment Advice through Consultations)

March 31, 2013

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**This brochure provides information about the qualifications and business practices of Aon Retirement Plan Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 939-1035. 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 Aon Retirement Plan Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

The terms "registered investment adviser" and "registered" are used throughout this document to convey the fact that Aon Retirement Plan Advisors, LLC has submitted certain regulatory filings with the U. S. Securities and Exchange Commission and certain state regulatory authorities, but do not imply a certain level of skill or training.

**Item 2 Material Changes**

The following material changes from the last annual update submitted on 3/30/2012 are included in this Investment Adviser Firm Disclosure Brochure:

- Effective May 1, 2012, Defensive Conservative, Defensive Balanced, and Defensive Growth Strategies (using Mutual Funds) were added as new investment options within the Freedom Account Program. These Defensive Strategies offer clients the opportunity to raise cash level in their account while maintaining continued market exposure. Please refer to Item 4 (section B) for additional information.
- Effective June 29, 2012, the Managed Completion Portfolios mutual fund wrap program was merged into the Freedom Account Program which added as new investment options within the Freedom Account Program Fixed Income, Alternative Investments, and International Equity Strategies (using Mutual Funds). These Strategies are designed to complement a client's existing equity allocations. Please refer to Item 4 (section B) for additional information.
- Effective November 15, 2012, Conservative Municipal Strategy (using Mutual Funds) was added as a new investment option within the Freedom Account Program. This Strategy is designed to replicate the equity and alternative allocation of the existing Freedom Conservative portfolio while offering the advantage of tax-free fixed income. Please refer to Item 4 (section B) for additional information.
- Effective November 15, 2012, Conservative Municipal, Conservative Balanced Municipal, Balanced Municipal, and Balanced with Growth Municipal Strategies (using ETFs) were added as new investment options within the Freedom Account Program. These Strategies are designed to replicate the equity and alternative allocations of the four existing Freedom ETF portfolios (Conservative, Conservative Balanced, Balanced, and Balanced with Growth) while offering the advantage of tax-free fixed income. Please refer to Item 4 (section B) for additional information.
- Effective October 1, 2012, the fee previously assessed on assets designated as Administrative-Only in Opportunity accounts was eliminated. Please refer to Item 5 (section B) for additional information.
- Please refer to Item 4 (section B) which includes updated/additional Advisory Business general and disclosure information for the Opportunity, Freedom, and Raymond James Consulting Services account programs.
- Billing on cash balances was updated to reflect the effect of the Cash Rule on the Freedom Defensive Conservative, Defensive Balanced, and Defensive Growth Strategies. Please refer to Item 5 (section B).
- Please refer to Item 5 (sections A, B & C) which includes updated/additional Fees and Compensation general and disclosure information for Opportunity, Freedom, and Raymond James Consulting Services account programs.

- Please refer to Item 8 (section A) which includes updated/additional Methods of Analysis and Risk of Loss general and disclosure information.
- Please refer to Item 12 (section A) which includes additional Directed Brokerage general and disclosure information for the Raymond James Consulting Services account program.

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**Item 4 Advisory Business**

- A. Aon Retirement Plan Advisors, LLC ("ARPA") was organized in 2005 as a Delaware subsidiary of Aon Consulting, Inc. Aon Consulting, Inc. is a wholly owned subsidiary of Aon Consulting Worldwide, Inc., which is a wholly owned subsidiary of Aon Group, Inc., which is a wholly owned subsidiary of Aon Corporation, a publicly traded corporation.

ARPA has two primary lines of business and files two Firm Brochures under Rule 204-3: 1) Retirement Plan Investment Advisory Services (described in a separate Brochure), and 2) Wealth Management Services (described in this Brochure). A copy of either or both Brochures is available upon request.

Wealth Management Services include advising clients on assets held at the clearing firm.

ARPA advises clients on various types of investments, including but not limited to: mutual funds, variable annuities, variable life insurance, insurance general accounts, collective investment trusts, other trust investments, and partnership investments. ARPA also advises clients on separate accounts and other investment vehicles managed by other advisors.

- B. ARPA's Wealth Management Services include:

**Financial Planning and Investment Advisory Consulting Services**

For clients seeking financial advice involving analysis of a particular investment, investment portfolio, or overall financial situation, ARPA (through its Investment Adviser Representatives, ("IAR")s, provides financial planning and consulting services designed to meet the client's specific financial needs and objectives. The consulting services typically take the form of a financial plan. These consulting services include review of aspects of an individual's current financial situation, with emphasis on income tax planning, estate tax planning, insurance planning, education planning, retirement planning and capital needs planning. To the extent other services are needed, the IAR will assist the individual in those areas in which the IAR is competent. IARs may also help the client coordinate the implementation of any recommendations made, including referral to other practicing professionals such as an attorney, accountant or insurance agent whose services may be required.

You should also consider the services provided, including fees charged, by other advisers to determine if their services better suit your needs.

**Fee-Based Programs****Opportunity Account:**

The Opportunity Account is a fee-based advisory account that offers clients, on a non-discretionary basis, the ability to pay an advisory fee on the assets in their accounts, a processing fee per transaction (generally absorbed by ARPA on behalf of the client), and a handling and postage charge per transaction for ongoing advice, monitoring of securities holdings and services provided by the IAR as part of the advisory relationship

in lieu of a commission for each transaction. Although the IAR, as part of the advisory relationship, may be providing additional financial and planning services and providing additional advice on assets and items outside of the assets held in the Opportunity account, the asset-based fee is based on the Account Value in the Opportunity account, independent of the level of trading activity.

By deciding to pay a fee based on services provided rather than transactions, you should understand that the fee may be higher than the cost of a commission alternative during period of lower trading activity. You should also consider the services provided, including fees charged, by other advisers to determine if their services and program better suit your needs.

Unlike the Freedom and Raymond James Consulting Services managed account programs, clients with non-discretionary Opportunity accounts maintain full investment authority and direct the individual investments made within their account. IARs provide clients non-discretionary investment advisory services including portfolio reviews and recommendations with respect to various investments. Investments held in the Opportunity account will be included in the asset value of client's account for the purpose of calculating the fee compensation to ARPA for advisory services. These investments may include open-end mutual funds offered with no sales commission or load, publicly traded closed-end mutual funds, common and preferred stocks, American Depository Receipts, options contracts, real estate investment trusts, corporate bonds, U.S. Government and Government agency bonds, mortgage backed and municipal bonds, and any other investments that may, from time to time, be designated as a Fee Investment.

Raymond James & Associates, Inc. ("RJA"), as Custodian, provides services for Opportunity accounts, including, but not limited to such items as establishing custodial facilities, providing accounting services, and providing account statements.

In addition to reviewing this disclosure brochure, please also review the Opportunity account agreement, which contains additional information about the program and services. The agreement is available by contacting your IAR or the ARPA Client Services Department at (800) 939-1035.

**Freedom Account:**

The Freedom Account is an investment advisory account that allocates client assets through discretionary mutual fund or exchange-traded fund ("ETF") management, based upon the investment Strategy chosen by the client. The Freedom program offers clients a broad selection of Strategies and allocation options within a given investment Strategy.

ARPA delegates discretionary authority to Raymond James & Associates, Inc. ("RJA"). Discretionary authority is provided to ARPA and simultaneously delegated to RJA when the client signs the Freedom account agreement. IARs help the client choose an appropriate investment Strategy based on the client's financial needs, investment objective, risk tolerance, time horizon, tax objective, liquidity needs, and overall financial

situation. Asset Management Services (“AMS”), a division of RJA, selects funds for investments and continuously manages the investments in the selected Strategy chosen by the client on a discretionary basis.

Leveraging off the research performed by AMS Manager Research & Due Diligence, the AMS Investment Committee constructs multiple investment Strategies comprised of a combination of Funds and/or ETFs representing a broad array of asset classes and investment styles. The AMS Investment Committee identifies asset classes and investment styles that perform differently under varying market conditions, yet are considered complementary to one another. The composition of a given Strategy may include domestic and international equity and fixed income Funds, as well as real estate investment trusts, commodity and other alternative investment Funds to enhance diversification.

Mutual Fund Strategies available in the Freedom program include Defensive Conservative Strategy, Conservative Strategy, Conservative Municipal Strategy, High Income Strategy, Conservative Balanced Strategy, Conservative Balanced Municipal Strategy, Equity Income Balanced Strategy, Defensive Balanced Strategy, Balanced Strategy, Balanced Municipal Strategy, Balanced with Growth Strategy, Balanced with Growth Municipal Strategy, Equity Income Strategy, Defensive Growth Strategy, Growth Equity Strategy, Flexible Equity Strategy, Flexible Equity Plus Strategy, Aggressive Equity Strategy, and Global Equity Strategy.

Retirement Income Solution Strategies (using Mutual Funds) available in the Freedom program include Early Retirement Strategy, Mid Retirement Strategy, and Senior Retirement Strategy.

ETF Strategies available in the Freedom program include Conservative ETF Strategy, Conservative Municipal ETF Strategy, Conservative Balanced ETF Strategy, Conservative Balanced Municipal ETF Strategy, Balanced ETF Strategy, Balanced Municipal ETF Strategy, Balanced with Growth ETF Strategy, Balanced with Growth Municipal ETF Strategy, Growth Equity ETF Strategy, Aggressive Equity ETF Strategy, and Global Equity ETF Strategy.

In addition to the above Strategies, the Freedom program offers Completion Portfolios Strategies for Fixed Income, Alternative Investments, and International Equity allocations (using Mutual Funds). Completion Portfolios are designed to complete a client’s asset allocation plan. For instance, if a client’s current equity allocation consists of domestic stocks only, a Completion Portfolios account offers clients the opportunity to diversify into an alternative investment, international equity-based and/or fixed income portfolio, if appropriate for their situation.

For additional information on the Freedom Strategy offerings, also review RJA’s Wrap Fee Program Brochure (Form ADV, Part 2A, Appendix 1) and the Freedom account agreement.

RJA, AMS and/or the AMS Investment Committee may develop and offer additional Strategies in the future, discontinue previously offered Strategies, may add or remove Funds, or modify the target allocations of the Strategies at any time.

The AMS Investment Committee's decisions will be based on recommendations provided by AMS Manager Research & Due Diligence, and the Strategies may include "Highly Recommended" Funds from the Raymond James Mutual Fund Research ("MFR") coverage list. However, the AMS Investment Committee is under no obligation to select Funds exclusively from MFR's "Highly Recommended" list. For Funds selected by the AMS Investment Committee that are not covered by MFR, it is reasonably likely that MFR will at some point in the future assume research coverage of the Fund(s), and that such Funds may be rated "Highly Recommended". AMS Manager Research & Due Diligence continually monitors the Funds in the Freedom program. If a Fund is downgraded by MFR, the Investment Committee will determine the appropriate course of action, which may include replacing the downgraded Fund in all Strategies, if necessary.

Freedom accounts offer investors asset allocation investment portfolios utilizing either mutual funds or ETFs. Clients should be aware that ETFs and mutual funds have unique distinguishing characteristics and their cost structures differ, sometimes significantly. Because mutual funds are typically actively managed, the underlying management fees and operating expenses assessed by the fund companies are generally higher than those for ETFs, which typically seek to track the performance of an index (typically 1% to 1.5% for mutual funds versus .20% to .40% for ETFs, although individual mutual funds and ETFs may have higher or lower expense ratios). However, the AMS Investment Committee considers the expense ratio when selecting funds and, where available, will select fund classes with the lowest expense ratio (institutional or advisor class), where available. Expense ratios for funds or ETFs selected are on average less than 1.00% for funds and less than 0.30% for ETFs, net of 12(b)-1 fees, if any, which if received by RJA are credited periodically to the client's account(s).

Clients most appropriate for the mutual fund version of Freedom are those willing to pay more (via higher fund management fees and operating expenses) for the potential to outperform the market or benchmark indices over the long term, but should also be aware the potential to underperform is just as great.

Clients most appropriate for the ETF version of Freedom are those willing to achieve market-/benchmark-like returns, less management fees and operating expenses, with little potential for the individual ETFs outperforming the respective indices they track.

Clients should be aware that only those mutual fund companies which RJA has a selling agreement with will be available for purchase within the Freedom program and are generally limited to those fund companies that provide RJA marketing services and support fees. As a result, not all mutual funds available to the investing public will be available for investment. However, RJA has selling agreements with over 200 fund companies, offering 9,000 separate mutual funds for potential investment.



RJA establishes custodial facilities and provides clients with accounting and other administrative services.

While the Freedom program offers a number of available Strategies, this offering is limited to those Strategies and the management by RJA/AMS. It is important to understand that ARPA does not offer the full spectrum of Managers, SMA Managers, investment strategies, investment disciplines or other managed account programs available throughout the financial services industry. Additionally, not all of the managed account programs available at RJA are offered by ARPA. You should also consider the services provided, including fees charged, by other advisers to determine if their services and program better suit your needs.

In addition to reviewing this disclosure brochure, please also review RJA's Wrap Fee Program Brochure (Form ADV, Part 2A, Appendix 1) and the Freedom account agreement, which contain additional information about the program and services. These documents are available by contacting your IAR or the ARPA Client Services Department at (800) 939-1035.

Additional information is also available in the fund(s') prospectus(es), which is (are) available upon request.

**Raymond James Consulting Services Account:**

The Raymond James Consulting Services Account, a separately managed account ("SMA") program, offers clients the opportunity to hire professional investment management firms (also called Money Managers or SMA Managers) to individually manage their designated accounts on a discretionary basis (that is, once hired, the SMA Manager will invest the assets in the account according to their stated investment Discipline without soliciting the client's consent prior to engaging in portfolio transactions). While an SMA is similar to a mutual fund in that a client pays a fee to a money manager for its services in managing their designated investments, an important difference is that an SMA provides clients the ability to segregate their assets from other investors (that is, the client directly owns the invested assets versus a mutual fund investor owning shares in a company that in turn owns the "pooled" investments).

In addition, an SMA offers clients the ability to impose reasonable restrictions on the investments made by the SMA Manager(s), contribute or withdraw securities and/or cash from their account, request that the manager sell individual securities for tax planning purposes (also called "tax harvesting"), and flexibility in developing a customized portfolio of accounts diversified across multiple investment Disciplines, or targeted to an individual or more concentrated investment Discipline.

ARPA delegates discretionary authority to the SMA Manager(s) chosen by the client. Discretionary authority is provided to ARPA and simultaneously delegated to the SMA Manager(s) when the client signs the Raymond James Consulting Services Account agreement.

As sponsor of the Raymond James Consulting Services ("RJCS") SMA program, Raymond James & Associates, Inc. ("RJA") enters into a subadvisory agreement with select Investment Advisers registered with the SEC ("SMA Manager(s)"), which includes SMA Managers affiliated with RJA, to provide investment advisory services upon their selection by a client. Asset Management Services ("AMS") is a division of RJA. AMS Manager Research & Due Diligence conducts a continuous, detailed analysis of the SMA Manager's portfolio(s). These SMA Managers' services are made available to clients based on AMS's familiarity with the SMA Managers' firm, portfolio management personnel, investment Disciplines offered, portfolio construction and AMS's overall belief that the participation of these SMA Managers in the program will provide prospective clients access to high quality investment firms.

In the event AMS changes its opinion of an SMA Manager or investment Discipline such that it no longer recommends that SMA Manager as a subadvisor or will no longer offer the SMA Manager's investment Discipline, the client will be notified and asked to select a new SMA Manager/investment Discipline. In the event the client wishes to retain an SMA Manager or investment Discipline against the recommendation of AMS, RJA will terminate the Investment Management Client Agreement upon either the termination of the SMA Manager's investment Discipline or its subadvisory agreement.

Based upon the client's financial needs, investment objective, risk tolerance, time horizon, tax objective, liquidity needs, and overall financial situation, the IAR provides assistance in evaluating available SMA Managers and investment Disciplines to determine their appropriateness, but ultimately it is the client that chooses the most appropriate SMA Manager and investment Discipline. The Investment Management Client Agreement is between ARPA and the client, and there is no direct agreement between the SMA Manager and the client. Clients may contact the SMA Manager(s), but generally do so through their IAR or the AMS Client Service Department.

RJA establishes custodial facilities and provides clients with accounting and other administrative services.

While the RJCS program offers access to an extensive list of SMA Managers and investment Disciplines, these offerings are limited to those SMA Managers that agree to participate in the program at the negotiated terms of the subadvisory agreement with RJA. It is important to understand that ARPA does not offer the full spectrum of SMA Managers or investment Disciplines and other managed account programs available throughout the financial services industry. Additionally, not all of the managed account programs available at RJA are offered by ARPA. A list of participating SMA Managers and available investment Disciplines is available through your IAR. You should also consider the services provided, including fees charged, by other advisers to determine if their services and program better suit your needs.

In addition to reviewing this disclosure brochure, please also review RJA's Wrap Fee Program Brochure (Form ADV, Part 2A, Appendix 1), the SMA Manager(s)' Form ADV, Part 2A, and the Raymond James Consulting Services Account agreement, which

contain additional information about the program and services. These documents are available by contacting your IAR or the ARPA Client Services Department at (800) 939-1035.

Additional information is also available in the fund(s') prospectus(es), which is (are) available upon request.

- C. ARPA tailors its investment advisory services to each account type or consulting services agreement. The scope of services provided to each client varies and is identified in the account agreement or consulting services agreement.

For Freedom accounts and Raymond James Consulting Services accounts, where discretion is delegated to Raymond James & Associates or a third-party SMA Manager(s), clients should be aware that you have the ability to impose reasonable restrictions on the investments made within your managed account(s), or reasonably modify existing restrictions you may have already imposed. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in your account (such as Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in your account. However, since investment discretion has been delegated to RJA or the third-party SMA Manager(s), RJA or the SMA Manager(s) may determine that the implementation of such a restriction may be impractical. If so, you will be notified promptly. RJA cannot accept instructions to prohibit or restrict the purchase of specific securities or types of securities held within mutual funds or ETFs purchased by Raymond James or an SMA Manager on the client's behalf.

- D. ARPA's Wealth Management Services does not provide portfolio management services for the Wrap Fee Programs it offers.

- E. Client Assets

As of December 31, 2012, ARPA's Wealth Management Services had the following amount of client assets in client accounts:

- \$2,347,262.38 (on a discretionary basis)
- \$1,470,527.85 (on a non-discretionary basis)

## **Item 5 Fees and Compensation**

- A. ARPA is compensated for advisory services.

For Opportunity, Freedom, and Raymond James Consulting Services accounts, RJA pays ARPA a portion of the fee that is deducted by RJA from the client's account(s). The IAR is compensated a portion of the amount that is received by ARPA.

Fees may be negotiated.

Fees may be higher or lower than comparable services offered elsewhere. A client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. In Opportunity accounts, by deciding to pay a fee based on services provided rather than transactions, you should understand that the fee may be higher than the cost of a commission alternative during period of lower trading activity.

You should also consider the services provided, including fees charged, by other advisers to determine if their services better suit your needs.

When making cost comparisons, clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise does not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Clients should bear in mind that asset-based fee arrangements, when compared with the traditional commission option, generally result in lower costs during periods when trading activity is heavier, such as the year an account is established. During periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on the level of trading activity, or turnover, in an account, a client that chooses an asset-based fee may pay more for transaction services than if they chose the commission alternative. Of course, the reverse is also true. The compensation arrangement will have no effect on the trading activity in the client's account. In other words, portfolio management is conducted independently of how the client pays for brokerage services. Some clients favor the asset-based fee because it fixes their brokerage cost at a predetermined level; whereas other clients may not find such an arrangement suits their needs because they anticipate their accounts will have low turnover. Clients should explore this subject thoroughly with their IAR in order to be able to determine whether an asset-based fee arrangement is appropriate for their needs.

ARPA believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

Participants in the Opportunity, Freedom, and Raymond James Consulting Services account programs may be entitled to discounted asset-based fees if they maintain one or more eligible Related Accounts. For a listing of "eligible" Related Accounts and to obtain information on how fees are determined for aggregated accounts, refer to the Opportunity, Freedom, or Raymond James Consulting Services account agreement and RJA's Wrap Fee Program Brochure, if applicable. "Related accounts" are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term

includes individually-owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan account in which an individual is the sole participant. It is the client's responsibility to include all related accounts for purposes of qualifying for an aggregated account fee discount. While ARPA may attempt to identify related accounts, it shall not be held responsible for failing to consider any related accounts not listed by the client.

**Opportunity Accounts** – The standard advisory fees for Opportunity Accounts are as follows (all fees are incremental):

**Blended Rate Fee Schedule**

*Opportunity Fee Investments:*

Account Value	Annualized Fee
First \$200,000	2.00%
Next \$300,000	1.50%
Amounts over \$500,000	1.00%

**Three Tier Asset Class Fee Schedule**

*Opportunity Fee Investments Excluding Open-End Mutual Funds, Bonds, & Cash:*

Account Value	Annualized Fee
First \$200,000	2.00%
Next \$300,000	1.50%
Amounts over \$500,000	1.00%

*Opportunity Fee Investments Open-End Mutual Funds and Cash:*

Account Value	Annualized Fee
First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Amounts over \$500,000	0.75%

*Opportunity Fee Investment Bonds:*

Account Value	Annualized Fee
First \$100,000	1.50%

Next \$100,000	1.25%
Next \$300,000	1.00%
Amounts over \$500,000	0.75%

**Freedom Accounts** – The standard advisory fees for Freedom Accounts are as follows (all fees are incremental):

All Strategies Except Defensive Conservative, Conservative Municipal, Conservative, Fixed Income & High Income	Annualized Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Amounts over \$500,000	1.00%

Defensive Conservative, Conservative Municipal, Conservative, Fixed Income & High Income Strategies	Annualized Fee
First \$200,000	1.25%
Next \$300,000	1.00%
Amounts over \$500,000	0.75%

**Raymond James Consulting Services Accounts** – The standard advisory fees for Raymond James Consulting Services (“RJCS”) Accounts are as follows (all fees are incremental):

Equity, Balanced & ETF Disciplines	Annualized Fee
Accounts Less Than \$500,000	
First \$200,000	3.00%
Next \$300,000	2.50%
Accounts equal to or greater than \$500,000	
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.60%
Next \$3,000,000	1.40%
Next \$5,000,000	1.30%

Greater than \$10,000,000	Negotiable
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Fixed Income Disciplines	Annualized Fee
First \$500,000	1.25%
Next \$500,000	0.90%
Next \$1,000,000	0.80%
Next \$8,000,000	0.65%
Greater than \$10,000,000	Negotiable

Short Term Conservative Fixed Income Disciplines*	Annualized Fee
First \$5,000,000	0.60%
Next \$5,000,000	0.50%
Greater than \$10,000,000	0.40%
*\$2,000,000 minimum investment	

**Financial Planning and Investment Advisory Consulting Services** – Client shall pay ARPA for the investment advisory consulting services provided in accordance with the Investment Advisory Consulting Services agreement. Fees are negotiable between the ARPA IAR providing the investment advisory consulting services and the client (The fee includes any state taxes applicable to financial planning services, where appropriate). ARPA reserves the right to offset or waive fees or a portion thereof.

The fee quoted in the Investment Advisory Consulting Services agreement is based on the good faith representations of both parties. Changes in client circumstances, omission of relevant facts or other information may require the agreement to be modified or updated at additional expense to client. Fees for investment advisory consulting services may be higher or lower than comparable services offered elsewhere.

Investment Advisory Consulting Services agreements may include client reimbursing ARPA for reasonable travel expense costs of the IAR. This is in addition to the fees outlined in the agreement. This would include air travel, rental car, hotel, meals, tolls and other ancillary expenses related to round trip travel to location(s) where investment advisory consulting services are provided. ARPA will submit all appropriate receipts within 30 days after the conclusion of travel.

- B. Opportunity, Freedom, and Raymond James Consulting Services accounts have fees deducted from the accounts.

**Investment Advisory Consulting Services** – Clients are billed directly for services. These fees may be fixed fees, hourly fees, and/or fees calculated as a percentage of assets under advisement.

**Opportunity Accounts** – The annual asset-based fee is paid quarterly in advance. When an account is opened, the account is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance and is based on the account value on the last business day of the previous calendar quarter, and becomes due the following business day. Client authorizes and directs Raymond James & Associates, Inc. (“RJA”), as Custodian, to deduct asset-based fees from the client’s account; client further authorizes and directs RJA, as Custodian, to send statements, at least quarterly, to the client showing all amounts disbursed from client’s account, including asset-based fees deducted from the account. Client understands that the account statement will show the amount of the asset-based fee, the value of the asset on which the fee was based, and the specific manner in which the fee was calculated. Please refer to the Opportunity account agreement for additional information.

Certain securities may be held in the client’s Opportunity account and designated “Administrative-Only” assets. Administrative-Only assets may be designated by IARs that do not wish to collect an advisory fee on certain assets or by RJA in conformance with RJA’s internal policy. For example, the IAR may make an arrangement with a client that holds a security that the IAR did not recommend or the client wishes to hold for an extended period of time and does not wish for their IAR to sell for the foreseeable future. In such cases, the IAR may elect to waive their advisory fee on this security, but allow it to be held in the account. Alternatively, RJA may determine that certain securities may be held in an advisory account but are not eligible for the IAR to collect an advisory fee (such as for mutual funds purchased with a front-end sales charge through RJA within the last two years). Such designated assets will not be assessed an advisory fee. Administrative-Only assets will be included in the account value when calculating applicable asset-based advisory fee rates. For example, a client whose Opportunity Account Value is \$250,000 and is comprised of \$50,000 of Administrative-Only assets will have the asset-based fee rate assessed based on a \$250,000 Account Value, however this rate will only be assessed to \$200,000 of the eligible assets in the account.

**Freedom Accounts** – The annual asset-based fee is paid quarterly in advance. When the account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly advisory fee is paid in advance, is based on the account value on the last business day of the previous calendar quarter, and becomes due the business day following the last business day of the previous calendar quarter. Client authorizes and directs Raymond James & Associates, Inc. (“RJA”), as Custodian, to deduct advisory fees from the account. Client further authorizes and directs RJA, as Custodian, to send statements, at least quarterly, to client showing all amounts disbursed from the account, including fees paid from account assets. Client understands that the statement will show the amount of the



advisory fee, the account value on which the fee was based, and the manner in which the fee was calculated. Please refer to RJA's Wrap Fee Program Brochure and the Freedom account agreement for additional information.

**Raymond James Consulting Services Accounts** – The annual asset-based fee is paid quarterly in advance. When the account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account value on the last business day of the previous calendar quarter, and becomes due the following business day. Client authorizes and directs Raymond James & Associates, Inc. ("RJA"), as Custodian, to deduct asset-based fees from client's account; Client further authorizes and directs RJA, as Custodian, to send statements, at least quarterly, to client which shows all amounts disbursed from client's account, including fees paid from account assets. Client understands that the statement will show the amount of the asset-based fee, the account value on which the fee was based, and the manner in which the fee was calculated. Should client transfer management duties from one SMA Manager to another SMA Manager within RJCS, any prepaid asset-based fees will be reimbursed for the period not earned by the previous SMA Manager and billed for the remainder of the period for the newly designated SMA Manager. Please refer to RJA's Wrap Fee Program Brochure and the Freedom account agreement for additional information.

**Account Statement and Performance/Billing valuation differences for Fee-Based accounts:**

For purposes of calculating and assessing asset-based fees, Raymond James & Associates, Inc. ("RJA"), as Custodian, uses the term "Account Value", which may be different than the asset value as reported on account statements provided by RJA to clients. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, including any declared dividend and interest income accrued during the period, with no offset for any margin or debit balances.

The Account Value on which the asset-based fee is based may be different than the asset value reported on the account statement, provided by RJA. There are several reasons for why these values may differ:

1. Trade Date versus Settlement Date – The account statement values all securities and cash balances based upon trades not being completed until settlement date (when the money is due), while the value used for billing is derived from the performance system, which values all securities and cash balances based upon trade date (initiation of cost basis for performance and tax reporting purposes.) For example, if a recent buy in an account has executed, but not yet settled at quarter end, the trade will still show as a cash position on the account statement. In contrast, the purchased security, and value, will be used for performance and billing calculations as of the trade date. Since the fee-based compensation is associated

with the performance of the account, performance-related values are used for billing instead of the account statement value.

2. Accrued Income – Accrued Income reflects payments due but not yet paid to the holder of a particular security, which includes interest payments, dividends and capital gains. The account statement does not include Accrued Income in its value, while the performance-related value (and consequently the billing) does include this figure. The rationale for including the Accrued Income in the billing value is based on the assumption that the client will be paid that money, whether they hold the underlying security or not on the actual payment date, which in turn affects the performance of the account, and must, therefore, be included in the performance value of the account.

3. Margin Balances and Short Sells – Because the account statement reads like a balance sheet, short sells and margin purchases are reflected as liabilities. For example, if a client buys a security on margin (or sells it short), they will have to pay for that security eventually, so the margin balance is shown as a liability (negative value) on the account statement. The performance-related value does not view shorts and margins in this manner. Rather, clients that employ margin are in fact utilizing the advisory services of their IAR, who in turn is compensated for it. For comparison purposes, a client with a retail commission-based account would be charged a commission on each margin trade /short sale because in essence a security position that did not exist before has now been created. While considered a liability on the account statement for valuation reporting purposes, these “new” positions are relevant from a performance and billing perspective and are therefore included for performance and billing purposes. As a result, the use of margin or short sells generally results in the largest discrepancy in terms of value between the account statement and performance/billing values. This can be seen in the fact that a client’s account statement “net” liquidation value is reduced by liabilities, while their performance/billing value is increased.

4. Options – Clients that write calls or puts, much like short sales, are creating a potential liability by doing so. While a client may understand that the net value of the account reflects what they would receive today if all securities were liquidated, it does not take into account the advisory or \*commission aspects of the securities that were “created”. \*Again, clients are charged commissions in retail non-fee-based accounts when writing calls or puts because a security is being created. The correlation in a fee-based account is to value the security based upon the liability of the client by taking the absolute value of the short option. For example, a call writer expects the value of a particular security to decrease. If it does, the liability gradually decreases until it becomes zero. By taking the absolute value of the liability (the opposite of the long option), the value of the short option is based on the client’s potential obligation to pay the option holder, and thus more accurately reflects the true “value” of the position.

Participants in the Freedom, Raymond James Consulting Services, and Opportunity programs with cash sweep balances ("cash") that exceed 20% of the billable account value of client's account at the time of billing will be included for fee purposes only if cash did not exceed 20% of billable account value at the end of the previous quarter. Otherwise the cash balance in excess of 20% will be excluded from the billable account value for fee purposes. This fee billing provision (or "Cash Rule") is intended to equitably assess advisory fees to client assets for which an ongoing advisory service is being provided; the exclusion of excess cash from the advisory fee is intended to benefit clients holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, for Opportunity accounts this provision may pose a financial disincentive to an IAR's recommendation as the portion of cash sweep balances in excess of 20% will be excluded from the asset-based fee charged to the account. This may cause an IAR's recommendation to reallocate a client account from cash or money market sweep investments to advisory fee eligible investments, or recommend against raising cash, in order to avoid the application of this provision and therefore receive a fee on the full account value.

Cash balances are generally expected to be a small percentage of the overall account value in Freedom and RJCS managed accounts, although cash balances may fluctuate at any given time at the discretion of the portfolio manager or the AMS Investment Committee, as applicable. However, Freedom offers the Defensive Conservative Strategy which includes a 50% cash allocation, as well as the Defensive Balanced and Defensive Growth Strategies which include a 20% cash allocation. These Strategies are intended to provide clients the flexibility of raising cash in their Freedom account while maintaining continued market exposure. Clients selecting one of these Defensive Strategies should understand the cash balance is subject to the asset-based advisory fee, although the Cash Rule will apply to clients that select the Defensive Conservative Strategy. Due to the high cash allocation of the Defensive Strategies, clients should periodically re-evaluate whether their selection of such a Strategy is appropriate in light of their financial situation and investment goals.

The aforementioned Cash Rule is applicable only to cash sweep balances and, therefore, non-sweep money market funds would not result in excess "cash" balances being excluded from the asset-based advisory fee calculation. As a result, non-sweep money market funds are generally prohibited as an investment option in fee-based accounts. However, certain money market funds may be approved as an investment option, but will be designated as Administrative-Only assets as long as these funds are held in a fee-based account. The IAR will receive no fee-based compensation on these funds.

**Financial Planning and Investment Advisory Consulting Services** – Fixed fees for investment advisory consulting services are payable upon receiving an invoice for service. Hourly fees for investment advisory consulting services are payable upon receiving an invoice for service.

Annual fee based on percentage of assets for ongoing or periodic investment advisory consulting services is payable quarterly in arrears, and will be based upon the market value of assets on the last business day of each calendar quarter. Upon termination of the agreement ARPA will only be due the applicable fee based on a pro-rata basis for the number of days during the quarter which the client received investment advisory consulting services.

Annual fixed fees for ongoing or periodic investment advisory consulting services are payable in advance. Upon termination of the agreement ARPA will be due the applicable fee based on a pro-rata basis for the number of days.

**C. Freedom, Raymond James Consulting Services, and Opportunity Accounts –**

Clients may also incur charges for other account services provided by Raymond James & Associates, Inc. (“RJA”) not directly related to the advisory, execution and clearing services provided including, but not limited to, custodian fees, IRA custodial fees, safekeeping fees, charges/interest for maintenance of margin and/or short positions, and fees for legal or courtesy transfers of securities. For a complete list of account service charges, please contact your IAR or visit RJA’s public website: [http://www.raymondjames.com/services\\_and\\_charges.htm](http://www.raymondjames.com/services_and_charges.htm) (Client Account Services and Charges). Please also refer to RJA’s Wrap Fee Program Brochure.

In Opportunity Accounts, there may be a Processing Fee (also referred to as a Transaction Fee) for the execution of each trade. Select fund companies have agreed to pay administrative fees to RJA in consideration for RJA’s waiver of the \$30 Processing Fee (also known as a “transaction fee”) assessed on certain Opportunity account mutual fund purchases (“Participating Funds”). ARPA does not receive any part of these payments. For a list of fund companies that have agreed to pay RJA administrative fees for eligible purchases of Participating Funds, please contact your IAR or visit RJA’s public website: [http://www.raymondjames.com/disclosure\\_mutual\\_funds\\_co.htm](http://www.raymondjames.com/disclosure_mutual_funds_co.htm).

If the Processing Fee in an Opportunity account has not been waived, ARPA generally absorbs the Processing Fees on behalf of its clients. The Processing Fees are as follows:

<u>Security Type</u>	<u>Processing Fee</u>
Exchange Traded Equities: Listed and OTC	\$30
Closed End Mutual Funds	\$30
Exchange Traded Funds	\$30
Mutual Funds	\$30
Real Estate Investment Trust / Unit Investment Trusts	\$30
Preferred Stocks	\$30
Options Contracts	\$50
Bonds: Government, Corporate, Municipal & Mortgage Backed	\$50

In addition to the foregoing processing charge for Opportunity accounts, the client will incur a charge per transaction for handling and postage charges. ARPA does not receive any part of the processing fee, handling or postage charges.

In Freedom, Raymond James Consulting Services, and Opportunity accounts, certain open-end mutual funds that may be acquired by clients, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. If received by RJA on advisory fee-eligible mutual funds, these fees will be credited periodically to the client's account(s) to offset advisory fees incurred by clients with accounts in Freedom and Opportunity account programs.

Clients should understand that the annual advisory fees charged are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a client intends to hold fund shares for an extended period of time, it may be more economical for the client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring the advisory fee, or where applicable, processing fees. When purchasing directly from fund families, clients may incur a front- or back-end charge.

If ARPA elects to absorb the Processing Fees in Opportunity accounts, they may also elect to receive trails paid by the fund company, if any, to defray the cost of the Processing Fees they absorb. If such an election is made, there may be a conflict of interest where the IAR may have an incentive to absorb all of the Processing Fees in consideration of the actual or anticipated trails they will receive. In order to address this potential conflict of interest, it is ARPA's policy that when ARPA elects to absorb the processing fees it does not elect to receive trails paid by the fund company.

Clients should understand that the shares of certain mutual funds offered in these fee-based programs may impose short-term trading charges for redemptions (typically 1-2% of the amount redeemed) made within short periods of time. These short-term charges are imposed by the funds (and not RJA or ARPA) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, may increase the overall cost to the client by 1-2% (or more), and are available in each fund's prospectus, which is available upon request.

Clients should be aware that Exchange Traded Funds ("ETF"s) incur a separate management fee, typically 0.20%-0.40% of the fund's assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and not by RJA. This management fee is in addition to the ongoing advisory fee assessed by RJA, and will generally result in clients which utilize an SMA Manager (Raymond James Consulting Services program) or Investment Strategy (Freedom

program) that invests in ETFs paying more than clients utilizing one that does not invest in ETFs, without taking into effect negotiated asset-based fee discounts, if any.

Certain ETFs may be classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting. Prospective or existing clients should consult their tax adviser for additional information regarding the tax consequences associated with the purchase, ownership and disposition of such investments. Additional information is also available in the ETF prospectus, which is available upon request.

Asset-based fees include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

In the RJCS account program, in the event an SMA Manager elects to utilize brokers or dealers other than RJA to effect a transaction in a recommended security ("trade away" from RJA), brokerage commissions and other charges for transactions not effected through RJA are generally charged to the client by the executing broker or dealer, whereas the wrap fee assessed by RJA covers the cost of brokerage commissions on transactions effected through RJA. Please refer to RJA's Wrap Fee Program Brochure and the SMA Manager(s)' Form ADV, Part 2A for additional information.

For Freedom and RJCS accounts, please also refer to RJA's Wrap Fee Program Brochure.

Please see Item 12 for additional information about Brokerage fees.

**Investment Advisory Consulting Services** – Agreements may include client reimbursing ARPA for reasonable travel expense costs of the IAR. This is in addition to the fees outlined in the agreement. This would include air travel, rental car, hotel, meals, tolls and other ancillary expenses related to round trip travel to location(s) where investment advisory consulting services are provided. ARPA will submit all appropriate receipts within 30 days after the conclusion of travel.

- D. Fees for Opportunity, Freedom and Raymond James Consulting Services accounts must be paid quarterly in advance. Accounts where fees are paid quarterly in advance and terminate sometime in the middle of the quarter will receive a refund based on the prorated portion of the fees paid for that quarter.

Annual fixed fees for Investment Advisory Consulting Services are payable in advance. Upon termination of the agreement, ARPA will only be due the applicable fee based on a pro-rata basis for the number of days during the year which the client received investment advisory consulting services. A refund will be made to the client on a pro-rated basis based on the number of days from termination to the end of the billing period.

- E. ARPA does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Neither ARPA nor its supervised persons accept performance based fees—fees based on the performance of client accounts.

#### **Item 7 Types of Clients**

ARPA serves the following types of clients:

- Individuals (including some individuals that are considered “high net worth”)
- Trusts or Charitable organizations; and
- Corporations.

#### **Account Minimums:**

**Opportunity Accounts** – There is a minimum investment of \$25,000 for Opportunity accounts, although smaller accounts may be accepted based on the specific circumstances of the account.

**Freedom Accounts** – There is a minimum investment of \$50,000 for Freedom accounts, although smaller accounts may be accepted based on the specific circumstances of the account.

**Raymond James Consulting Services Accounts** – Minimum investment amounts for RJCS accounts are generally as follows – Refer to the account agreement (although smaller accounts may be accepted based on the specific circumstances of the account): \$100,000 for Equity Disciplines; \$100,000 for Balanced Disciplines; \$350,000 for Managed Income Solution Disciplines; \$200,000 for Fixed Income Disciplines; \$2,000,000 for Short Term Conservative Fixed Income Disciplines; \$200,000 for Enhanced Fixed Income Disciplines; \$200,000 for Dynamic Equity & Balanced Disciplines; \$100,000 for Dynamic ETF Equity & Balanced Disciplines; \$1,000,000 for Tax Managed Disciplines; \$100,000 for Model Manager Disciplines.

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

- A. ARPA uses outside sources for research materials prepared by other firms, including Morningstar, periodicals, magazines, company reports, prospectuses, SEC filings, on-line services, paid subscriptions, press releases, review of financial newspapers, investment newsletters and other data available over the internet, and from our Clearing Firm, Raymond James & Associates, Inc. (“RJA”).

The investment programs, Strategies, and Disciplines recommended to clients and investment recommendations are made based upon an individual basis upon the client's financial needs, investment objective, risk tolerance, time horizon, tax objective, liquidity



needs, and overall financial situation, as identified during consultations with the IAR. It is important to review liquidity needs prior to selecting an investment product, program, Strategy or Discipline.

Currently, ARPA uses only the Asset Management Services ("AMS") platform through RJA, our Clearing Firm. AMS, a division of RJA, has proprietary fee-based programs, of which ARPA offers the Freedom, Raymond James Consulting Services, and Opportunity account programs.

No matter how stringent the screening methods, due to the effect adverse conditions can have on the markets, the economy, an industry or an individual company, loss will inevitably follow from time to time. Accordingly, the projected rate of return for a portfolio will vary depending on market conditions.

All investments carry a certain degree of risk and there is no single investment style or portfolio Manager that fits all types of investors.

ARPA may recommend investments that are not guaranteed by the FDIC or any other government agency and are subject to the risk of loss including the loss of principal.

Investing in securities involves risk of loss that you should be prepared to bear.

All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher



risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasuries are highly liquid, while real estate properties are not.

### **Risk Considerations for Managed Accounts: Freedom and RJCS Programs**

Investors considering any equity or equity-weighted objective within the Freedom or RJCS programs should recognize that equity disciplines are managed primarily to achieve capital appreciation and are managed more aggressively than disciplines managed to achieve income. Thus, equity investors should be willing to tolerate short-term volatility and the greater possibility of the loss of capital than disciplines seeking current income. An equity investor's time horizon should generally be long-term, but not less than 3 years.

Investors considering these programs should recognize that managers/disciplines which invest a portion or all of client assets with a sector emphasis may lead to increased volatility and a long-term time horizon (5+ years) is recommended. Investors should also be aware that concentrated accounts, also known as non-diversified or focused accounts, generally have less than 15 stocks. Therefore, accounts may have over-weighted sector & issuer positions, and may result in greater volatility and risk.

SMA Managers or disciplines which invest a portion or all of client assets in the technology sector may be more volatile than those investing in other sectors. The information technology sector has historically demonstrated higher volatility than many other sectors of the equity market. As a result, the securities selected within these portfolios will typically be more speculative in nature and thus have a greater potential for the loss of capital.

Investors considering small-cap managers or disciplines in which a portion or all of a client's assets are invested in these disciplines should recognize that the issuers of these securities may not have the business experience or may have businesses that are still in the early stages of the business life cycle, may be less liquid, have lower trading volume and greater spreads between the purchase and sale price of the securities, and may experience greater volatility than securities with larger market capitalizations. The securities selected for these disciplines will typically be more speculative in nature and thus have greater potential for the loss of principal.

Investors considering an international/global manager or discipline in which a portion or all of a client's assets are invested in international securities should recognize that investing in international securities markets involves additional risks not typically associated with domestic securities. Exchange rate fluctuations, currency controls, political and economic instability, and greater volatility are risks commonly associated with international investing. Exchange rate risk between the U.S. dollar and foreign currencies may cause the value of investments to decline. Investing in emerging markets

can be riskier than investing in well-established foreign markets. Prospective investors should carefully review their asset allocation objectives and risk tolerance before selecting a manager or discipline that invests internationally.

Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments. These risks are potentially greater and substantially different than those associated with traditional equity or fixed income investments.

The use of derivatives such as swaps, commodity-linked structured notes and futures entails substantial risks, including risk of loss of a significant portion of their principal value, lack of a secondary market, increased volatility, correlation risk, counterparty risk, liquidity risk, interest-rate risk, market risk, credit risk, valuation risk and tax risk. Derivatives, primarily futures and forward contracts, generally have implied leverage (a small amount of money to make an investment of greater value). Because of this, extensive use of derivatives may magnify any gains or losses on those investments as well as the risk of any fund using derivatives.

The Freedom Completion Portfolios Alternative Investments Strategy invests in funds which utilize various non-traditional investments strategies, including those that employ trading techniques to “short” the market, those that include exposure to non-traditional asset classes such as commodity futures and currency forwards, or those that seek to capture the average risk and return of hedge funds through replication strategies.

The goal of these alternative fund strategies is diversification through lower correlation, along with the added benefits of daily liquidity, transparency, and lower cost structure inherent in mutual funds. Due to the relative complexity of alternative strategies, allocations to the Alternative Investments Completion Portfolio should generally comprise no more than 20% of an investor’s total investment portfolio. Further, certain Freedom Strategies may employ the use of alternative investment mutual funds. Clients should consider their overall allocation to alternative investments when determining the appropriateness of such a Strategy.

Arbitrage strategies traditionally involve no net investment (although there is some margin or collateral that must be posted) by shorting a position and using the funds to purchase the same or similar position in another market. Common applications of arbitrage include convertible arbitrage, where a manager will buy the convertible bond and sell the stock or vice versa because of perceived mispricing. Another arbitrage strategy is merger arbitrage, where managers buy the new company and sell the acquirer.

Global macro strategies invest in financial derivatives and other securities, on the basis of movements in global financial markets. The strategies are typically based on forecasts and analysis about interest rates trends, movements in the general flow of funds, political changes, government policies, inter-government relations, and other broad systemic factors.

Hedge fund replication strategies attempt to replicate the beta (market risk) of the hedge fund market. These “alternative beta” funds employ sophisticated quantitative engines that use algorithms to determine which investments best explain the movement of the hedge fund index to produce a number of factors they feel drive the beta of the hedge fund universe. These funds typically have higher traditional market correlations but still maintain lower betas over volatile periods.

**Long Short:** Long/short is a strategy in which investment managers can go long (buy) and short (sell) stocks or bonds, but are traditionally focused on equity securities. Long/short funds offer the potential for upside participation with the ability to protect assets in difficult market environments and they exhibit varying levels of correlation to traditional markets.

Managed futures strategies utilize the global futures markets to implement their systems and take positions based on expected profit potential in a variety of futures including: currencies, commodities, interest rates and others. These strategies have been shown to produce very low correlations to the equity and fixed markets over time.

Markets for precious metals and other commodities have historically been volatile. There may be sharp price fluctuations even during periods when prices overall are rising, creating the potential for losses regardless of the length of time the shares are held, and therefore should only comprise a small part of a diversified portfolio. Among the factors that may affect the value of commodity investments are cyclical economic conditions, sudden political events, and adverse international monetary policies.

Investors considering a fixed income manager or discipline generally seek consistent returns with low risk, and their tolerance for risk/volatility will accept only infrequent, minimal losses. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Because of the less volatile nature of the disciplines, a fixed income investor may have a shorter investment time horizon than equity and balanced investors, although the objective can accommodate investors with longer time horizons as well.

Investors considering managers/objectives that primarily invest in high-yield fixed income, collateralized mortgage obligations (“CMOs”), asset-backed and/or convertible securities should be aware that additional risks exist with these types of investments. These securities may be rated below investment grade or not rated, which reflects the greater possibility that the financial condition of the issuer, or adverse changes in general economic conditions, may impair the ability of the issuer to pay income and principal. To the extent that no established secondary market exists, there may be thin trading of high-yield bonds, which increases the potential for volatility. Periods of rising interest rates or economic downturns may cause highly leveraged issuers to experience financial stress, and thus markets for their securities may become more volatile.

AAA-implied rated CMOs will have more volatility than AAA-rated Treasuries or corporate bonds during periods of rising interest rates because of negative convexity -- slowing prepayments causing increased duration, or “extension risk”. CMOs may not be

appropriate for some investors, especially if timing of return of principal is a primary concern. The yield and average life of a CMO will fluctuate, depending on the actual prepayment experience and changes in current interest rates.

For example, a rise in interest rates may cause the duration and average life to greatly increase and cause a loss of value. Convertible securities combine the fixed characteristics of bonds and preferred stock with the potential for capital appreciation and may be subject to greater volatility than pure fixed-income instruments. The aforementioned securities may be illiquid when selling small positions and withdrawals may take several weeks.

### **Investment Considerations for Managed Accounts: Freedom and RJCS Programs**

It is important to review investment objectives, risk tolerance, tax objectives and liquidity needs before selecting a managed program, an SMA Manager, investment Strategy or Discipline. In general, the following guidelines should be applied:

- (1) The amount allocated to any one objective should be reasonable in light of overall asset allocation and the investor's overall investment goals.
- (2) The investor's age, net worth and annual income should be compatible with their objective and primary goals.
- (3) The investor's tolerance for risk and volatility should be reasonable in light of their objective and primary goals.
- (4) The investor's time horizon should be consistent with his or her objective and goals.

RJCS account programs are considered separately managed accounts ("SMAs") since the SMA Manager manages the client's account on an individual and segregated basis. SMAs may not be appropriate for all investors. SMA minimums are typically \$100,000 and greater, thus SMAs may be more appropriate for affluent investors with \$300,000 or more to invest. While diversification may be achieved within an individual SMA, due to holdings typically numbering between 50 and 100 securities, it is recommended that clients utilize multiple SMAs with varied investment disciplines (growth, value, large-cap, mid-cap, etc.) to achieve greater diversification. However, clients are not limited in utilizing individual or style-specific SMAs as part of their overall portfolio allocation, where additional asset class or investment discipline exposure is addressed in non-SMA accounts. Diversification and asset allocation does not ensure a profit or protect against a loss.

### **SMA Funds: RJCS Program**

Certain SMA Managers may invest a portion of a SMA client's account in mutual funds or exchange traded funds affiliated with the SMA Manager. RJA generally limits such investments by SMA Managers due to the additional fees and expenses typically associated with these securities (assessed by the fund company or trust, such as management fees and operating expenses). However, should an SMA Manager wish to invest in such a security to achieve greater portfolio diversification than would generally be available by purchasing individual securities, particularly fixed income and international securities, RJA may accommodate such investments, provided the affiliated

security is available exclusively for investment by SMA clients ("SMA Fund") and neither the SMA Manager nor their affiliate(s) may receive additional compensation as a result of investing in the SMA Fund. In addition, the SMA Manager, or the SMA Fund's affiliated Adviser/Trustee, must waive its management fee, and the SMA Manager/Sponsor must pay or reimburse the SMA Fund for the operating expenses of the SMA Fund, excluding certain extraordinary expenses that may be incurred. The SMA Manager may only receive compensation on SMA account assets via the SMA program's applicable asset-based fee. Additional information regarding SMA Funds is available in the SMA Manager's Form ADV Part 2A or equivalent disclosure document, and the SMA Fund's prospectus(es) and/or statement of additional information, each of which are available from your ARPA IAR. Upon termination of an account holding SMA Fund shares, RJA will immediately redeem any shares, as these securities may not be held outside of an SMA account.

Clients or prospective investors organized as a registered investment company or other registered investment vehicle under the Investment Company Act of 1940 are not eligible to select an investment discipline that invests in SMA Funds. Please consult the RJCS Investment Management Agreement for a list of such investment disciplines. In the event a SMA Manager invests in an SMA Fund in an eligible discipline, clients should be aware the SMA Fund may have, at the time of investment or any time thereafter, relatively low assets under management. Depending on the total investment in such SMA Fund, eligible and participating RJCS program client accounts may collectively become a significant majority shareholder of the SMA Fund.

This could result in potential illiquidity in the event the SMA Manager determines a program-wide redemption or liquidation is warranted, or RJCS recommends a termination of an investment discipline utilizing an SMA Fund. Additionally, firms other than ARPA may offer the SMA Manager's investment discipline(s) utilizing SMA Funds, and in the event one or more of these firms recommend a termination of such investment discipline(s), the resulting SMA Fund redemption may impact the net asset value and performance of the remaining SMA Fund's shareholders, including, potentially, RJCS program clients.

Certain SMA Managers may elect to purchase exchange traded funds ("ETFs"), and generally do so when harvesting capital losses or when investing newly opened accounts. These ETF purchases are typically held for short periods of time in order to achieve market participation in lieu of cash or cash equivalent yields. In addition, a select number of SMA Managers utilize ETFs, which may include ETFs affiliated with the SMA Manager, as a primary or significant and ongoing part of their managed portfolios, in order to gain timely and broadly diversified access to specific asset classes or market sectors.

SMA Managers that invest in ETFs affiliated with the SMA Manager may only invest in such ETFs where no management fees or operating expenses are assessed by their affiliated sponsor or trustee.

### **Buying Securities on Margin and Margin Interest**

When clients purchase securities they may either pay for the securities in full or borrow part of the purchase price from Raymond James & Associates, Inc. ("RJA"). Clients that choose to borrow funds for purchases must open a margin account with RJA, upon approval based on the firm's analysis of, among others things, the client's creditworthiness and the suitability of margin use by the client. The securities purchased on margin are RJA's collateral for the margin loan. If the securities in the client's account decline in value, so does the value of the collateral supporting the margin loan, and as a result, RJA may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity.

It is important that clients fully understand the risks involved in trading securities on margin (including selling short). Upon approval, where applicable, clients will receive a Truth In Lending Statement from RJA disclosing such risks, as well explaining the details and conditions under which interest will be charged, the method of computing interest and the conditions under which additional collateral may be required. Clients should understand that the extension of credit by RJA to clients will appear as a debit balance on the monthly account statement. While the value of the margined security will appear as a debit, clients with a margin balance in an account(s) in the Opportunity account program will be assessed asset-based advisory fees based on the gross value of the account without any offset for margin or debit balances. With respect to short sales, the client will be assessed asset-based advisory fees based on the value of the security sold short, but not on the proceeds received upon initiation of the short sale. (It is noted that short sales are not currently done by ARPA in the Opportunity account, but this disclosure information is being provided as it relates to Margin accounts.)

As a result of the foregoing, the ARPA IAR and RJA may have a financial incentive to recommend the acquisition of securities on margin or otherwise have margin credit extended (including selling short). In the event of such margin credit extension, the costs incurred by the client, as well as the compensation received by the client's ARPA IAR and RJA, will generally increase as the size of the outstanding margin balance increases.

In addition, clients may be extended special purpose loans by RJA using the securities in their managed Freedom and/or RJCS account(s) as collateral. While such loan balances are not included in the value of the account for billing purposes because the loan proceeds are not used to purchase securities, the client should understand that margin interest will still be applicable to such loan balances, which is in addition to the asset-based advisory fee assessed for ongoing management of the securities maintained in the account(s).

### **Options Contracts**

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying security at a specific price (i.e., strike price) on or before a certain date (i.e., expiration date). An option, just like a stock or bond, is a security. It is also a binding contract with strictly defined terms and properties. The two types of options available are calls and puts. A call option gives the holder the right to buy a security at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls believe that the stock will increase substantially before the option expires



and thereby allow them the option of buying the security at a price below the current market. A put option gives the holder the right to sell a security at a certain price within a specific period of time. Puts are similar to having a short position on a stock. Buyers of puts believe that the price of the stock will fall before the option expires, and thereby allow them the option of selling the security at a price above the current market.

People that buy options are called holders and those who sell options are called writers; furthermore, buyers are said to have long positions, and sellers are said to have short positions. Call holders and put holders (buyers) are not obligated to buy or sell. They have the choice to exercise their rights if they choose, although their options may be automatically assigned/exercised if the option is "in the money" (i.e., current price above the strike price for call options, or the current price is below the strike price for put options) at expiration and has not been closed out as of the expiration date. Call writers and put writers (sellers), however, are obligated to buy or sell. This means that a seller may be required to make good on a promise to buy or sell. The price of an option is determined by many factors including: (1) the remaining life of the option, (2) the volatility of the underlying security, (3) the relationship between the strike price of the option and the market price of the underlying security, as well as (4) the underlying company's dividend payment record. With respect to option buyers, the client will be assessed asset-based advisory fees based on the value of the call or put option. With respect to option sellers, the client will be assessed asset-based advisory fees based on the absolute value of the call or put option and on the proceeds/premium received upon the writing of the option.

Clients interested in employing the use of options in their account must be approved in advance by ARPA, and may require the use of margin for higher risk strategies. Options involve unique and potentially significant risks and are not suitable for everyone. Option trading can be speculative in nature and may carry substantial risk of loss. RJA limits the use of options to hedging strategies in managed and discretionary accounts (e.g., covered calls and put purchases with limited downside risk), although clients may employ, upon pre-approval by ARPA, more sophisticated and higher risk option strategies in their Opportunity account based on their individual circumstances. Prior to accepting an account for options activity the client must be given the Option Disclosure Document titled "Characteristics and Risks of Standardized Options" and must complete and submit an Option Agreement and Suitability Form for ARPA review and approval prior to transacting option trades. Clients may only employ those strategies that have been approved.

- B. ARPA does not have a specific "significant" investment Strategy or "method of analysis". ARPA takes a holistic approach with its clients in determining an appropriate financial investment plan suitable to the client's needs. The investment Strategies, method of analysis and material risks involved are stated above.
- C. ARPA does not primarily recommend a particular type of security.

**Item 9 Disciplinary Information**Aon Corporation – Item 1

Beginning February 11, 2010, Aon Corporation ("Aon") and its subsidiaries and affiliates entered into amended and restated agreements (the "amended settlement agreement") with the Attorney General of the State of New York, the New York Department of Insurance, the Attorney General of the State of Illinois, the Illinois Department of Insurance, the Attorney General of the State of Connecticut, and the majority of other Departments of Insurance, which supersedes earlier agreements.

The amended settlement agreement allows various forms of compensation that were previously prohibited, and lessens the disclosure obligations which were required under the prior settlement. The amended settlement agreement requires compensation disclosure that complies with any rules, regulations or guidance promulgated or issued by the attorneys general or insurance departments in the states in which Aon conducts business.

The original comprehensive settlement agreement was entered into March 4, 2005, regarding business practices that may have created actual or potential conflicts of interest. The amended and restated settlement agreement was entered into on February 11, 2010. Initial settlement agreement ordered settlement payment. Other sanctions: compensation disclosure and training.

The March 4, 2005 comprehensive settlement involved no fines or penalties, but included the creation of a \$190 million fund to provide compensation to eligible U.S. clients with policies inception or renewed between January 1, 2001 and December 31, 2004.

Aon Corporation – Item 2

From 1983 to 2007, subsidiaries of Aon Corporation in a number of countries made improper payments to various parties as a means of obtaining insurance business in those countries. These payments were not accurately reflected in Aon's books and records. Aon failed to maintain an adequate internal control system reasonably designed to detect and prevent these payments. These acts violate sections 13(b)(2)(a) and 13 (b)(2)(b) of the Securities Exchange Act of 1934.

Beginning in 2007, Aon Corporation reported in its filings with the SEC that following inquiries from regulators, it had commenced an internal review of its compliance with certain U.S. and non-U.S. anti-corruption laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"). An outside law firm with significant experience in the area oversaw the review. On December 20, 2011, Aon announced that it had agreed to finalize these matters by paying approximately \$14.55 million to the U.S. Securities & Exchange Commission ("SEC") in disgorgement and interest to settle civil action relating to certain payments made in overseas jurisdictions between 1983 and 2007. Since beginning its internal review of these issues in 2007, Aon has put in place a comprehensive, global and robust anti-corruption program designed to prevent and detect improper conduct. Throughout the course of its review, Aon cooperated fully with all relevant agencies.



Hewitt Financial Services

SEC RULES 15C2-1, 17A-3, 17A-5, FINRA RULES 2110, 3110(A) – Hewitt Financial Services LLC, an affiliate of ARPA, used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities when it failed to maintain sufficient net capital. The findings stated that Hewitt Financial Services failed to prepare accurate books and records by preparing inaccurate net capital computations and by improperly calculating its level of available capital and amount of aggregate indebtedness. The finding also stated that Hewitt Financial Services filed a financial and operational combined uniform single report (FOCUS report) Part II which failed to report accurate net capital computations and failed to accurately report Hewitt Financial Services' level of capital and aggregate indebtedness.

Without admitting or denying the findings, Hewitt Financial Services consented to a censure and paid a fine.

**Item 10 Other Financial Industry Activities and Affiliations**

ARPA has arrangements with the following related persons, which may be material to ARPA's advisory business clients:

1. Aon Benfield Securities, Inc. – the broker-dealer through which securities' brokerage services are provided;
2. Aon Financial & Insurance Solutions, Inc. – financial planning and insurance-related services are provided through this business unit.

ARPA IARs that also serve as Registered Representatives for Aon Benfield Securities could have a conflict of interest where recommending brokerage services to clients results in greater compensation to the firm than the compensation resulting from investment advisory services (or vice versa). In order to address this potential conflict of interest, ARPA has instituted procedures for monitoring accounts on a regular basis to determine how a client is better served (by a brokerage account or an advisory account). These procedures undergo compliance review.

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

ARPA's Code of Ethics consists of a statement of missions and values and statements dealing with conflicts of interest, gifts and third party benefits, personal trading, insider trading, and outside business activities. The Codes of Ethics is designed to ensure that ARPA provides objective and independent consulting services to its clients, with no actual or perceived conflicts of interest, except to the extent such conflicts of interest have been disclosed to clients in writing. A copy of the Code of Ethics is available to any client or prospective client upon request.

Other Important Information

ARPA does not recommend and has no knowledge of a related person recommending securities to clients where it or a *related person* has a material financial interest. ARPA

representatives may from time to time purchase the same or similar securities that it recommends to clients; however, it is important to note that these representatives do not have control over the timing of client investments, which minimizes any potential conflict of interest. The IARs review and make recommendations for investment advisory accounts on a regular basis and, for those clients that maintain discretionary authority over their accounts, clients use the information to make their own decisions and execute them based on their own timing. Trading of open-end mutual funds occurs at the end of the day. Furthermore, recommendations made by IARs undergo compliance review on a regular basis along with the review of IARs personal trading accounts. This helps minimize any conflicts of interest.

ARPA has related SEC-registered investment advisers that manage limited partnerships or limited liability companies. Complete and accurate information about those limited partnerships or limited liability companies is available in Form ADV Part I of these related SEC-registered advisers. ARPA clients are not solicited to invest in any of those limited partnerships or limited liability companies.

## **Item 12 Brokerage Practices**

### **A. Factors considered in selecting or recommending broker-dealers**

ARPA performs due diligence on broker-dealers who are selected or recommended for client transactions based on a variety of criteria, which may include, but is not limited to: on-site visit of broker-dealer meeting with key members; investigating whether the broker-dealer appears to be in good standing with securities regulators; conducting a thorough review of the broker-dealer's qualifications, expertise, and fees; determining if fees are reasonable in view of the potential value brought to the client's account; determining if fees are reasonable compared to other broker-dealers offering similar programs; make certain that there are controls in place governing the broker-dealer's cash movement and accounting practices; review controls designed to ensure the accuracy of the broker-dealer's pricing and valuations, as well as trading policies and procedures; examine broker-dealer's internal or external compliance audit reports for recent years – if those reports indicate that compliance policies and procedures are weak or deficiencies have not been corrected, ARPA will consider another broker-dealer; request documentation of any relevant litigation, including client complaints; review sample account statements and portfolios summaries to ensure they are clear, concise and thorough; if there are unanswered questions, ARPA will meet with the broker-dealer's compliance personnel, either in person or by phone.

### Research and Other Soft-Dollar Benefits

ARPA, as a matter of policy and practice, does not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

### Brokerage for Client Referrals

ARPA and related persons do not receive client referrals from broker-dealers or third parties.

### Directed Brokerage

Aon Retirement Plan Advisors, LLC ("ARPA") provides investment supervisory services and has a clearing agreement with Raymond James & Associates, Inc. ("RJA"). As currently structured, \*all client trades are processed through RJA. Not all advisers require their clients to direct brokerage. Although ARPA has established procedures to monitor the best execution for trades, clients may forgo any benefit of lower execution and transaction costs that might be obtained through another broker. By directing brokerage, you may be unable to achieve most favorable execution of transactions, which may result in additional cost. Clients may also forgo the services and benefits of other advisory programs offered through other advisers as a result of this directed brokerage arrangement. ARPA receives compensation for accounts that are opened at RJA, as disclosed herein.

\*Note: SMA Manager(s) of the RJCS account program has discretion to select brokers or dealers other than RJA when necessary to fulfill their duty to seek best execution of transactions for its subadvised clients' accounts. Please refer to RJA's Wrap Fee Program Brochure and SMA Manager(s)' Form ADV, Part 2A for additional information.

- B. ARPA does not currently aggregate the purchase or sale of securities for various client accounts due to the volume of equity trades typically executed. ARPA does not anticipate having the volume needed to do this.

### **Item 13 Review of Accounts**

#### A. Periodic Reviews of Accounts

ARPA Investment Adviser Representatives ("IAR") will strive to conduct a formal review of each account every quarter (and not less frequently than every 6 months) to identify situations that may warrant specific actions be taken on behalf of a client's investments or their overall portfolio. Reviews include items such as, historical investment performance (net of all fees and expenses), adherence to investment Strategy (asset allocation that was chosen), adherence to stated objective, performance/trading activity relative to risk tolerance, subjective (personal) review, performance of Raymond James as wrap account provider, whether clients would be better served in a commission-based account or with another wrap account provider, suitability, performance, asset allocation, change in investment objectives and risk tolerance, concentrations and prohibited products. In addition, the IAR providing regular investment advice or investment supervisory services, reviews client portfolios and communicates with clients at least annually (or as often as necessary) for conformity with the respective portfolio objectives, investment objectives, changes in a client's financial situation, account performance and any reasonable restrictions to be imposed as to the specific assets or types of securities to be included or excluded from client portfolios.

#### B. Other than Periodic Account Review

A special review may be triggered if client notifies IAR of a material change in their situation or objectives.

### C. Content and frequency of regular reports

At least quarterly, clients receive a brokerage statement from the firm's Custodian, Raymond James & Associates, Inc. ("RJA"). The brokerage statement contains the cash balance, type, name and amount of each security, the current market value of each security, account activity for the period, and when available, the unrealized gain or loss of each security. The client also receives a confirmation of each transaction from RJA, or if available and elected by the client, a monthly or quarterly trade confirmation report. Fees charged to the accounts are disclosed on the statements.

### **Item 14 Client Referrals and Other Compensation**

In cases where an HEK client is referred to HEK by certain affiliates of Aon, such as certain groups within Aon Consulting, or Aon Risk Services, HEK may compensate the affiliated party for the referral. Such compensation is in the form of internal credits to the affiliated party. The amount of the internal credits that may be generated by a referral varies depending on the agreement between the parties, but is typically in the range of 10% to 25% of the fees paid by the referred client during the first year after the referral, with an ongoing credit in certain cases. Aon Consulting may allocate CRS's net profits between Aon Consulting and Aon Risk Services. The allocation is based on set percentages and is not dependent upon the genesis of the client generating the revenue. This is not a payment for referrals but a corporate profit allocation.

### **Item 15 Custody**

ARPA does not custody client assets or securities. ARPA's clearing firm, Raymond James & Associates, Inc., as Custodian, has custody of client assets or securities. Clients receive account statements, at least quarterly, directly from Raymond James & Associates, and clients should carefully review those statements.

### **Item 16 Investment Discretion**

**Freedom Accounts** – The Freedom Account is an investment advisory account that allocates client assets, through discretionary mutual fund or exchange-traded fund ("ETF") management, based upon the investment Strategy chosen by the client. ARPA delegates discretionary authority to Raymond James & Associates, Inc. ("RJA"). ARPA does not trade for the account. Discretionary authority is provided to ARPA and simultaneously delegated to RJA when the client signs the Freedom account agreement. Asset Management Services, a division of RJA, selects funds for investments and continuously manages the investments in the selected Strategy chosen by the client on a discretionary basis without soliciting the client's consent prior to engaging in portfolio transactions.

**Raymond James Consulting Services Accounts** – The Raymond James Consulting Services Account, a separately managed account program, offers clients the opportunity to hire professional investment management firms (also called Money Managers or SMA Managers) to individually manage their designated accounts on a discretionary basis. That

is, once hired the SMA Manager will invest the assets in the account and continuously manage the account according to the selected investment Discipline chosen by the client without soliciting the client's consent prior to engaging in portfolio transactions. ARPA delegates discretionary authority to the SMA Manager(s) chosen by the client. ARPA does not trade for the account. Discretionary authority is provided to ARPA and simultaneously delegated to the SMA Manager(s) when the client signs the Raymond James Consulting Services agreement.

For Freedom accounts and Raymond James Consulting Services accounts where discretion is delegated to Raymond James & Associates, Inc. ("RJA") or a third-party SMA Manager(s), clients should be aware that you have the ability to impose reasonable restrictions on the investments made within your managed account(s), or reasonably modify existing restrictions you may have already imposed. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in your account (such as Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in your account. However, since investment discretion has been delegated to RJA or the third-party SMA Manager(s), RJA or the third-party SMA Manager(s) may determine that the implementation of such a restriction may be impractical. If so, you will be notified promptly. RJA cannot accept instructions to prohibit or restrict the purchase of specific securities or types of securities held within mutual funds or ETFs purchased by RJA or a third-party SMA Manager(s) on the client's behalf.

#### **Item 17 Voting Client Securities**

ARPA does not have authority to vote securities.

**Opportunity Accounts** – For clients with Opportunity accounts, the client retains the right to vote all proxies solicited for the securities held in the client's account. Neither ARPA nor the IAR will take any action with respect to the voting of proxies on the behalf of client.

**Freedom Accounts** – If the security or property held in an account is accompanied by voting rights, the client has the right to retain the authority to exercise or delegate such voting rights to a third party, as they may choose. Unless otherwise indicated by the client, the Asset Management Services division of Raymond James & Associates, Inc. shall exercise such voting rights in the manner it deems appropriate. Asset Management Services shall have no responsibility to exercise such voting rights with respect to securities for which the proxy materials are not available. Please refer to RJA's Wrap Fee Program Brochure for additional information.

**Raymond James Consulting Services Accounts** – If the security or property held in an account is accompanied by voting rights, the client has the right to retain the authority to exercise or delegate such voting rights to a third party, as they may choose. Unless otherwise indicated by the client, the SMA Manager or AMS shall exercise such voting rights in the manner it deems appropriate. SMA Manager and AMS shall have no responsibility to exercise voting rights with respect to securities for which the proxy materials are not available to AMS or SMA Manager, including securities for which the Manager has not been authorized

by client to exercise investment discretion. Please refer to RJA's Wrap Fee Program Brochure and the SMA Manager's Form ADV, Part 2A for additional information.

Clients should contact ARPA about any questions they have regarding a solicitation, so their questions can be directed to the appropriate party.

**Item 18 Financial Information**

Not Applicable (ARPA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.)

**Item 19 Requirements for State-Registered Advisers**

ARPA is an SEC-registered investment adviser and is not a state-registered adviser.