



DISCIPLINE
ADVISORS, INC.

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March 29, 2013

This Brochure provides information about the qualifications and business practices of Discipline Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (507) 625-5876 or joem@disciplineadvisors.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Discipline Advisors, Inc. is a SEC registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Discipline Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This brochure, dated March 29, 2013, is an update to our previous brochure dated March 16, 2012. Changes to this brochure include the following:

- Assets under management were updated to reflect regulatory assets under management calculated pursuant to SEC guidance and reported as of December 31, 2012. (Item 4)
- DAI no longer acts as sub-advisor to any collective investment trust funds. (Item 4)
- Retirement Plan Services were added as a type of advisory business offered by the firm. (Item 4)
- A description of the fees earned for Retirement Plan Services was added in Item 5.
- An additional financial industry activity was under for Mr. Joseph Michaletz under Item 10. Mr. Michaletz now serves as a member of the Board of Directors for the First National Bank Minnesota.
- Related persons of DAI no longer serve as Trustee for advisory clients. The Custody section (Item 15) was updated to disclose that DAI is therefore no longer deemed to have custody in the capacity of a trustee.

The above list includes a description of material changes made to the firm's current Disclosure Brochure (Form ADV Part 2A). Currently, our Brochure may be requested by contacting Joseph G. Michaletz, President, at 507-625-5876 or joem@disciplineadvisors.com. Additional information about Discipline Advisors, Inc. is available by accessing the SEC's web site at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with DAI who are registered, or are required to be registered, as investment adviser representatives of the firm.

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Item 4. Advisory Business

Discipline Advisors, Inc. ("DAI") was established in March, 2006, as a SEC Registered Investment Advisory firm. The principal owner is Joseph G. Michaletz, who serves as the firm's President and primary advisor. As of December 31, 2012, DAI was providing continuous and regular asset management services to \$95,864,831 held in 214 accounts.

Discipline Advisors, Inc. provides wealth management and investment management for clients using primarily separately managed accounts and individual securities. The individual securities include, but are not limited to equities, both foreign and domestic, Exchange Traded Funds (ETFs), Mutual Funds and alternative investments, such as managed futures, REITs, private placement offerings, and variable annuities. Each investment portfolio can be tailored to meet the needs of the individual client by varying the percentages of the client's total assets invested in each asset class. In addition, the client may place restrictions on the purchase of certain securities; however, placing too many restrictions could potentially negate the benefits of the services offered by the firm and therefore may be impractical. The programs that DAI uses to manage clients assets are described in more detail below. In general, minimum account size is \$100,000. DAI may accept accounts that are less than \$100,000 at its sole discretion. Program options may be limited for clients with less than \$100,000. In addition, account balances may be aggregated across client accounts to reach the minimum.

Investment Management Services

DAI offers clients a fee-based investment management program administered through Envestnet Asset Management, Inc. (Envestnet). DAI has entered into an agreement with Envestnet whereby DAI will use Envestnet's internet based services which include performance reporting, fee billing, and a platform of approved SMAs, Mutual Funds, ETFs, and Mutual Fund Wrap programs. Envestnet has customized a web site for DAI and its clients. In addition to providing clients with access to their individual accounts, this web site also provides online analytical tools to assist Investment Advisor Representatives of DAI (IARs) in conducting research on the various platform investment options and suitability analyses with respect to the client. The IAR will assist the client in determining, among other things, the Client's investment objectives, time horizon, and risk tolerance. Each IAR uses his/her own analysis and research investment style and strategy as well as ongoing management philosophy. Based on the results of this analysis, the IAR will assist the client with the selection of one or more of the investment programs offered through DAI that will meet the client's investment objectives. Upon entering into a program agreement, the client acknowledges that it is his/her responsibility to provide the IAR with updated information about his/her investment objectives and agrees to notify DAI or the

IAR of any changes in his/her circumstances or investment objectives that would cause a change in the portfolio to which his/her account assets have been allocated.

Triple Discipline Portfolios

The Triple Discipline Portfolios (“the Program”) offers several different alternatives for clients, which include Separately Managed Accounts (SMAs), Unified Managed Accounts (UMAs), Mutual Fund Wrap programs, and custom portfolios (including Advisor Directed portfolios), managed by DAI or its IARs. In some cases, clients may have a combination of one or more of the above alternatives in their portfolio.

The SMA alternative offers portfolios of individual stocks and bonds that are managed by Money Managers contracted through Envestnet. Additional money managers may be added and may contract through Envestnet to provide management services for clients' portfolios.

The UMA alternative allows DAI to act as an overlay manager and customize a combination of SMAs, ETFs, and Mutual Funds into a single portfolio.

The Mutual Fund Wrap alternative offers professionally managed, model portfolios of mutual funds and ETFs to match the clients' investment objectives.

The Advisor Directed alternative offers clients an asset management account in which the IAR directs and manages specified client assets either on a discretionary basis or upon direction from the client (non-discretionary). The portfolios will be comprised of investment options that may include individual stocks, bonds, ETFs, Mutual Funds, and Alternative Investments. Using independent research to select stocks, DAI also manages its own Advisor Directed portfolio, the DAI Large Cap Equity Model. DAI executes trades for clients in the Advisor Directed program through Fidelity.

With the exception of the Advisor Directed alternative, Envestnet acts as a sub-advisor for the Program. In its capacity as sub-advisor, Envestnet is solely responsible for effecting transactions for DAI clients' accounts based on the program(s) selected by the clients and communicated to Envestnet by the individual Money Managers within the programs referenced above. These transactions will be executed by Envestnet unless a DAI client has placed restrictions on the account.

DAI clients are not clients of the Money Managers. The Money Managers have contracted with Envestnet to make their strategies available for use with clients of DAI. In certain circumstances, Envestnet may not execute the trades as directed by the Money Managers in

investing client funds, due to trading restrictions, insufficient funds or other events. In these situations, Envestnet will use discretion and not mirror the trades of the Money Managers for all or certain DAI clients.

Clients receive quarterly performance reports that are posted to the firm's advisor web site, which can be accessed by clients at any time. In addition, DAI, through its clearing firm, transmits trade confirmations and account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. The Client participation in the Program may cost the client more or less than purchasing program services separately. Factors that impact the overall cost of the Program in relation to the cost of the same services purchased separately, may include the size of the account, expected size or number of trades, the type of investments and the scope of advisory and other services rendered by the IAR. In addition, certain securities including mutual funds and ETFs have additional fees and expenses, such as management fees and operating expenses that may be incurred by the client that are in addition to the fees charged by DAI. The IAR receives compensation as a result of the client's participation in the Program. The amount of compensation may be more or less than what other advisors would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services.

Retirement Plan Services

DAI offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. In these circumstances, DAI is a covered service provider under Section 408(b)(2) of ERISA. For a corporate sponsor of a retirement plan, DAI's retirement plan services can include, but are not limited to, the following services:

Fiduciary Advisory Services

DAI provides the below fiduciary advisory services to a plan, as selected, as a fiduciary under Section 3(21)(A)(ii) of ERISA and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances.

- Development of an investment policy statement ("IPS"). DAI will review plan objectives, risk tolerance and goals of the plan with the plan sponsor. DAI will help plan sponsor establish an investment policy statement to state the investment policies and objectives of the plan.
- Recommendations to select investment alternatives. DAI will provide non-discretionary investment advice with regard to different investment options and asset classes available to help plan sponsor select investment options consistent with the IPS. If applicable, DAI will provide investment recommendations to help

plan sponsor establish qualified default investment alternatives (“QDIAs”) for plan participants.

Fiduciary Investment Management Services

Pursuant to a written investment advisory agreement and if selected by a retirement plan client, DAI will provide fiduciary management services as an investment manager as defined by ERISA section 3(38). In this capacity, DAI acknowledges that it is a fiduciary with full discretionary authority to manage plan assets and make investment selections. The services provided by DAI in this capacity include:

- Discretionary Investment Advice. DAI will monitor and evaluate the performance of the investment options and investment managers available in the plan and will have discretionary authority to select investments for plan assets. DAI will have discretionary authority to add or remove investment options for plan participants. DAI will have discretionary authority to develop investment models for plan assets and to rebalance models when necessary. In this case, DAI is not acting as plan “administrator” as defined by ERISA, and is not the plan custodian, trustee, third party administrator or recordkeeper. DAI does not have any authority or responsibility to vote proxies for securities held in the plan, or take any action relating to shareholder rights regarding those securities.

Non-Fiduciary Services

In addition to the above described fiduciary services, DAI offers the following non-fiduciary services solely in a capacity that is not considered a fiduciary under ERISA or any other applicable law. Retirement plan clients may select one or more of the following services:

- Investment Education. DAI will provide education for plan sponsor and plan participants regarding asset classes and types of investments available to the plan.
- Participant Education. DAI will assist plan participants in the plan enrollment process and will be available for participant meetings and to answer participant questions.
- Benchmarking. DAI will benchmark investment performance of plan assets vs. similar investment alternatives.
- Plan Due Diligence. DAI will assist plan sponsor in evaluating plan service providers and third party administrators, including reviewing fees and plan expenses.

Written Financial Plans

DAI may also provide written financial planning services to individual clients. The financial planning service involves collection of personal and financial data from the client and providing investment and financial advice based upon such data designed to facilitate

achievement of the Client's stated financial objectives. A plan is presented to the Client for his/her review. IARs will make general recommendations as to diversification and other general principles of prudent financial planning. Should a Client choose to implement the recommendations contained in the plan, the IAR will strongly suggest to the Client that he/she work closely with his/her attorney, accountant, insurance agent, stockbroker and/or other advisors. Implementation of the financial plan recommendations is entirely at the Client's discretion.

Consulting Services

IARs may also provide consultation on various financial advisory topics that address the Client's financial needs and objectives. In analyzing a Client's current financial situation and investment goals, IARs will present strategies and recommendations to help the Client attain his/her stated investment goals. The IAR may discuss with the Client any one or more of the following planning topics: investment planning, insurance planning, retirement planning, estate planning, business ownership and succession planning. The IAR may use a variety of tools to provide the agreed upon consulting services. Development of a written plan is not generally included with this consultation service.

For any of the investment advisory services offered by DAI, the firm does not limit its investment recommendations to any specific type of product or security. A Client's individual needs and objectives are analyzed to determine appropriate investments and products for the Client. DAI may recommend that Clients purchase shares of mutual funds and exchange traded funds. DAI may also recommend that Clients purchase individual stocks, individual bond positions, certificates of deposit, REITs, options, warrants, limited partnerships, variable annuities and variable life insurance products. The firm may also provide advice on other products not listed above, as is appropriate for the specific Client. In some cases, these products may be non-securities products.

Item 5. Fees and Compensation

Investment Management Services

The Client will pay a Total Annual Account Fee (Fee) in accordance with the Schedule provided with the Program Client Agreement. The Fee is the DAI Administrative Fee plus the IAR's Investment Advisory Fee. Transaction/trading costs are not included in the fee, and additional fees may apply as noted in Exhibit A of the Program Client Agreement. The Fee (excluding transaction/trading costs and miscellaneous fees) may not exceed 2.50% of the value of the portfolio at the time the fee is calculated. Account Fees are negotiable and

may vary based on such factors as overall assets in the program, size of the account, and other services provided. Account Fees charged by the IAR may be higher or lower than the Account Fees charged by other IARs offering the same or similar services. The Account Fee is paid to DAI. The Client will pay the Total Annual Account Fee (Fee) in accordance with the fee schedule provided with the client agreement. The Annual Administrative Fee covers costs of the program, including costs for services from Envestnet and the Money Managers. Fees charged by mutual funds and ETFs, such as management fees or operating expenses are in addition to the fees charged for the Program.

All fees are paid quarterly, in advance, and will be prorated if applicable. An Agreement may be terminated by any party effective upon receipt of written notice to the other parties. If an Agreement is terminated within five business days of signing, any prepaid fees will be refunded in full to the client. If an agreement is terminated after five days, any prepaid fees will be prorated and the Client will receive the unearned portion. All account fees paid to DAI for advice are separate from additional fees and expenses that may be charged to shareholders of mutual funds. See the mutual fund prospectus for detailed information.

DAI does not receive compensation from the sale of mutual funds or other securities, nor is DAI paid any fees for providing research or other services to product sponsors. Individual securities may be purchased by the clients through other firms, and the trading costs or other costs associated with their purchase may be more or less than the costs associated with purchasing securities through DAI and its advisory programs.

Retirement Plan Services

DAI will charge an annual fee based as a percentage of assets under management, for the fiduciary and non-fiduciary services provided to the plan. Fees will vary based on the type of program selected by the client, and fees may be negotiable at the sole discretion of DAI. Fees are billed quarterly, in arrears, and are based on the total fair market value of plan assets as reported by the custodian as of the last business day of the preceding calendar quarter. Fees for the initial quarter will be pro-rated based on the number of days advisory services are provided to the plan. DAI believes its fees are fair and reasonable based on the services provided to plan sponsor but fees charged by other advisors may be higher or lower than those charged by DAI for similar services.

The plan may be subject to other fees and charges imposed by account custodians, third party administrators, recordkeepers, product sponsors (such as mutual fund management fees or fund expenses), and brokerage account transaction charges imposed in conjunction with transaction processing, clearing or custody. These fees are separate and distinct from

advisory fees charged by DAI. The plan custodian or third party administrator will send account statements to the plan sponsor at least quarterly, which show all fees charged to plan accounts.

Clients are given the option of having fees deducted directly from the plan, or DAI will send a detailed billing invoice to the plan sponsor and the plan sponsor agrees to remit payment to DAI within 30 days of receipt of the invoice. If the plan sponsor elects to have fees debited from the plan account pursuant to a written authorization, DAI agrees to send a fee billing invoice that shows the amount of fee that will be deducted, the method of fee calculation, the value of assets on which the fee was based, and any applicable adjustments or pro-rations made to the fee. Regardless of whether fees are deducted from an account or a plan sponsor is invoiced, the plan sponsor agrees that it is responsible for verifying the accuracy of the calculation of the fees and that DAI is not liable to the plan, plan participants or beneficiaries, or any other fiduciary of the plan for the calculation of the advisory fees.

Written Financial Plans

Fees for written financial plans may be fixed or based on an hourly rate at a suggested range from \$50 to \$250 per hour, depending upon the complexity of the plan and what is negotiated between the Client and the IAR. The specific fee arrangement will be described in the Agreement signed by the Client and the IAR. The Client will pay either one half of the estimated total hourly fee or, if the Client elects to pay the flat fee, one half of the flat fee, in advance, with the balance to be paid upon presentation of the financial plan. The Client shall pay all such fees to DAI. The IAR may elect to waive any fee for this service in the event the Client decides to implement the financial plan recommendations by purchasing products that result in a commission or fee paid to the IAR.

Consulting Services

Consulting fees may be fixed or based on an hourly charge ranging from \$50.00 to \$250.00 per hour depending upon the complexity of the situation. The Client shall pay all such fees to DAI. A Consulting Fee Invoice must be completed and signed by the IAR and the Client at each consultation. The Client will pay fees upon execution of the Consulting Fee Agreement. The IAR may provide these services without charging a fee.

Item 6. Performance-Based Fees and Side-By-Side Management

DAI does not charge performance-based fees.

Item 7. Types of Clients

DAI provides investment advice primarily to individual investors. DAI also serves trust clients, foundations and endowments, corporations, and 401(k)/profit sharing plans.

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

DAI uses various methods to perform analysis of clients' portfolios. DAI performs ongoing due diligence of both the money managers within the program and the program sponsor. This includes regular review of performance, style drift and a review of total assets under management by each manager. DAI may customize the UMA accounts by varying the percentage of participation of each manager in the portfolio, and may rebalance the portfolio to be consistent with the original objective. DAI uses correlation analysis to determine the proper mix of managers in the portfolio.

DAI also subscribes to periodicals, research newsletters and other reports and uses research recommendations to make decisions on stocks to purchase or sell for clients within its Advisor Directed program. DAI uses information from Morningstar and other corporate rating services, to review and analyze performance of managers, mutual funds and other investments. DAI uses both technical and fundamental analysis and trading techniques, and utilizes research materials prepared by outside vendors, or materials prepared by individual issuers of securities, such as prospectuses, SEC filings, and company press releases. DAI does not receive any additional compensation from any research providers nor does DAI provide research for a fee.

The investment strategies used to implement any investment advice given to clients include both long term and short term strategies. Each strategy carries certain risks, including the risk of market movement and possible loss of principal. Investing in the stock market carries with it certain risks, which clients must accept before investing. There is no guarantee that past performance is indicative of future results. The prices of securities can fluctuate and there is no guarantee that your initial investment will be returned. Clients must understand that day to day fluctuations can occur, and are encouraged to treat investments as long term.

DAI may also offers alternative investments such as managed futures, REITs, private placement offerings, and variable annuities. Prices on these types of investments may fluctuate and they may be less liquid than other types of securities. Clients investing in

alternative investments should understand the risks associated with purchasing an investment with limited liquidity.

Item 9. Disciplinary Information

There is no disciplinary information to report.

Item 10. Other Financial Industry Activities and Affiliations

Advisors of DAI are also registered representatives with Triad Advisors, Inc., a FINRA registered broker/dealer. As such, advisors may also act as representatives of Triad and offer securities through them. In some cases, compensation may be earned for transactions executed as a registered representative. This may create a conflict of interest, which would be disclosed to the client.

DAI may refer clients to lawyers and accountants from time to time. While DAI does not receive any compensation for making these referrals, Joseph Michaletz may receive additional compensation through another business entity for referring clients to certain outside professionals. Therefore a conflict of interest may exist; however, DAI does not differentiate among clients based on legal or accounting services used.

Joseph Michaletz is also President of J.G. Michaletz Agency, Inc. which acts as an insurance agency and receives commissions on life and health insurance related products. A conflict of interest may exist if insurance products are recommended, as additional compensation will be earned. Clients are free to implement insurance products through any agent of their choice.

Joseph Michaletz serves on the Board of Directors of First National Bank of Minnesota. He is compensated for his role as a Board member, but he does not provide any type of investment advice to the Bank and he does not act in an advisory role.

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

Pursuant to SEC rule 204A-1, DAI has adopted a Code of Ethics that applies to all employees and advisors of DAI. The code of ethics addresses such topics as prohibitions against trading ahead, insider trading and privacy issues surrounding the protection of clients'

information. A copy of DAI's code of ethics will be provided to clients upon request and may be posted on DAI's web site.

DAI is prohibited from acting as principal for buying securities from or selling securities to clients. No officer or employee of DAI is a partner in any securities offered to clients nor acts as investment advisor to an investment company offered to clients.

The DAI Code of Ethics prohibits an advisor from trading ahead of clients. This means that an advisor may not trade a security before effecting a client's trade in that same security in order to benefit from any price fluctuation caused by the trade. DAI monitors this activity by requiring all officers, employees and advisors to disclose all personal securities transactions. These are reviewed by DAI's chief compliance officer.

Officers, employees or advisors of DAI may invest in the same securities or investment models as clients of DAI. Trading is done on a block or batch trade basis and no preference is given to any one client. All trades are reviewed by DAI on a regular basis to insure fairness and quality of execution.

Item 12. Brokerage Practices

DAI does not receive "soft dollars" based on where trades are executed on behalf of clients. Soft dollars refers to payment for order flow by offering research, reports or other monetary or non-monetary benefits in return for directing client orders through a particular brokerage firm. DAI uses Fidelity Investments for clearing and executing trades. While Fidelity may direct orders to certain brokerages for execution, DAI does not participate in those transactions nor does DAI receive any compensation for those transactions. However, because DAI only uses Fidelity, it is possible that transaction costs may be more or less than those at other firms. Clients should take into account the transaction fees charged when reviewing the overall cost of DAI's advisory programs.

Item 13. Review of Accounts

Performance information is reviewed by a DAI IAR and by an Officer or designee. The review process is consistent with DAI's policies and procedures and consists of periodic sampling of accounts so as to detect and prevent irregularities and abuses. The client accounts will be periodically reviewed for correct performance and fee calculations and may review accounts for suitability. Triggering events for more frequent reviews may be the account value falling below the minimum, frequent withdrawals, or other activity that

is inconsistent with the client's original objectives. The IAR will typically meet with the client annually to discuss the account, review performance and review the client's investment objectives.

For clients who have contracted with DAI for financial planning or consulting services, no further review is performed once the terms of the agreement are fulfilled.

Triple Discipline Portfolios

Clients will receive quarterly evaluation reports describing account performance and positions. These reports are posted on line and must be accessed via the internet. They are archived on Envestnet's DAI web site. If a client does not have internet access, DAI will print the report and mail it to them on a quarterly basis. Envestnet, through its agreement with DAI, will provide on the web site a quarterly report of the Client's account showing historical performance, positions and activity. These quarterly reports are prepared solely for informational purposes and to assist the Client in reviewing his/her account. In addition to the quarterly performance reports, DAI, through its clearing firm sends brokerage statements to clients at least quarterly. In the event of a discrepancy between the information on the account statements produced by the clearing firm and the quarterly reports produced by Envestnet, the clearing firm account statements will control and such discrepancies will be resolved promptly.

Statements and confirmations produced by Fidelity as clearing agent may also be viewed electronically. New clients will automatically be enrolled in electronic transmission of statements and confirms at the time the account is open, unless they prefer to receive them via mail. As incentive to receive electronic transmission of statements and confirms, trading costs may be reduced for those opting out of the paper version of these documents. Clients are urged to contact their advisor for a review anytime that their investment objectives or financial situation changes. Reviews are typically done face to face but may be done over the phone or via a web meeting if that is more convenient.

Item 14. Client Referrals and Other Compensation

DAI may pay Solicitor's fees for client referrals. A solicitor must be qualified to provide referrals and must enter into written Solicitor's Agreements with DAI, pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. Solicitors are compensated in the form of a Solicitor's Fee, which is fully disclosed to the client at the time of the referral. Use of Solicitors will not increase or decrease the level of advisory fees charged to a client who was referred by a Solicitor.

Item 15. Custody

Custody of clients' assets is maintained by Fidelity Investments. Checks for deposit to clients' accounts are made payable to Fidelity and immediately transmitted from our office to theirs. Fidelity will send monthly or quarterly statements directly to clients. In addition, Envestnet, through its agreement with DAI, prepares performance reports including cost basis, realized and unrealized gains and losses, positions and transaction information on the client's web site. Both reports should be carefully reviewed by the clients and any discrepancies should be brought to the attention of DAI.

Item 16. Investment Discretion

Clients may grant the IAR discretion to rebalance the portfolios in accordance with the program selected. This may include buying and selling mutual funds, stocks and bonds to maintain the clients' investment objectives. If a particular security is underperforming or no longer fits the criteria needed to be included in the model, the IAR may substitute another security to maintain the asset allocation. The client grants the IAR discretion by signing the client agreement. This also allows the IAR to debit the accounts for advisor fees and to reallocate funds among accounts with the same registration. It does not allow the advisor to withdraw funds payable to a third party which requires the signature of the client.

Item 17. Voting Client Securities

DAI does not vote proxies. With the exception of the Advisor Directed alternative, Envestnet will vote proxies for securities held in a Client's account. The Client agrees that neither DAI nor Envestnet will be responsible or liable for Envestnet's failure to vote a proxy where Envestnet has not received such proxy or related shareholder communication on a timely basis. In connection with its responsibility to vote client proxies, Envestnet has adopted a set of Proxy Voting Policies and Procedures. The proxy procedures specify that Envestnet will exercise voting rights on all decisions that Envestnet determines have a material effect on the value of the securities. Clients may obtain a copy of Envestnet's Proxy Voting Policies and Procedures and/or information on how Envestnet voted specific proxies, by sending a written request to: Envestnet Asset Management, 35 E. Wacker Dr. #1600, Chicago, IL 60601. Clients in the Advisor Directed alternative understand and agree that the Client retains the right to vote all proxies that are solicited for securities held in the

Client's account. DAI is expressly precluded from voting proxies for securities held in a Client's account and will not be required to take any action or render any advice with respect to the voting of proxies.

Item 18. Financial Information

DAI does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. DAI is therefore not required to include a financial statement or balance sheet with this brochure.

DAI does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. DAI has not been the subject of any bankruptcy petition.

Privacy Policy

DAI maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. DAI collects nonpublic information about clients from the following sources: information we receive from clients verbally, on applications or other forms and information about client transactions with others or us. We may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, we may have to provide information about clients to regulatory agencies as required by law. Otherwise, DAI will not disclose any client information to an unaffiliated entity unless a client has given express permission for us to do so.

DAI is committed to protecting client privacy. We restrict access to clients' personal and account information to those employees who need to know the information. We also maintain physical, electronic and procedural safeguards that we believe comply with Federal standards to protect against threats to the safety and integrity of client records and information.