

**Form ADV Part 2A Appendix 1  
Wrap Fee Program Brochure –  
Dated September 17, 2013**

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This wrap fee program Brochure provides information about the qualifications and business practices of Brookstone. If you have any questions about the contents of this Brochure, please contact us at (630) 653-1400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority.

Additional information about Brookstone Capital Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Brookstone Capital Management is a registered Investment Advisor. However, please note that registration as an Investment Advisor does not imply any level of skill or training.

## ITEM 2 - MATERIAL CHANGES

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This Brochure, dated September 17, 2013 has material changes to:

Item 4 – Advisory Business – has been updated to include those services whereby Brookstone may, from time to time, utilize a Third Party Adviser to manage a portion or all of a client’s assets. Additionally, language has been included in this Item describing how the Firm may participate as a sub-advisor under an independently sponsored Wrap Program.

Item 5 – Fees and Compensation – updated to reflect inclusion of “technology fee” for all clients holding managed accounts with the Firm. Also, fees describing relationships whereby Brookstone either participates as a sub-advisor under an independently sponsored Wrap Program, or utilizes a Third Party Adviser to manage a portion or all of a client’s assets have been included.

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

The purpose of this brochure is to describe certain details relating to the Wrap Fee Program of Brookstone Capital Management, LLC (“Brookstone”) and your participation in the program.

A wrap program is a program where this firm ‘wraps’ both the asset management fees for advisory services and the transaction fees for execution services into a single fee charged to the client. Under a Wrap Fee arrangement, a client’s costs are the same regardless of the number of transactions in an account. (Conversely, in a non-wrap fee advisory account, a client would pay an asset management fee and a separate transaction fee for each transaction within the account).

As of April 2012, Brookstone offers its securities management program exclusively in a wrap fee program. Brookstone offers its asset management program as a wrap fee and a non-wrap program. There is no difference in the management of wrap and non-wrap programs. The only difference is pricing and how a client will pay for asset management and transaction costs. The wrap fee program is mandatory and available for any Brookstone managed models excluding the Bond, CD and Note portfolios. As such, Brookstone client accounts in Brookstone managed models do not have a choice between a Wrap or a Non-Wrap account, and all client accounts in this strategy will be charged on a Wrap Fee basis, as outlined below.

The wrap program does not cover anything held outside a Brookstone Model, such as a legacy position or client initiated purchases.

Wrap Programs may be more expensive to clients where there is little trading activity in the account, where a buy & hold strategy is applied, or where no or low transaction cost investments are utilized. Alternatively, a Non-Wrap Program may be more expensive if there is frequent trading activity in the account, if many transaction based investments are utilized in the management of the account, or if there is frequent re-balancing within the account.

Since your costs are the same regardless of the number of transactions actually effected in your account in any given quarter, the wrap fee (described below) may be lower or higher than the separate commission expense and management fee would be for the same transactions. Clients should determine their level of trading activity relative to the potentially higher rates charged in a wrap account to determine whether a wrap account is cost effective, or whether the client would pay more, or less, outside the program or at another firm.

### A. Asset Management Services

Brookstone’s principal service is providing fee-based investment advisory services. The advisor practices management of portfolios, on a discretionary basis, according to the client’s objectives. The advisor uses mutual funds, exchange traded funds, unit investment trusts, real estate investment trusts, Structured Products (including certificates of deposit and notes), and options in securities to accomplish this objective. The advisor’s primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. A client’s portfolio is allocated according to the client’s risk profile. The advisor measures and selects mutual funds based on length and verifiability of track record, the fund manager’s tenure and/or overall career performance, the fund management continuity, investment philosophy and process, fund expenses, and other factors believed to effect fund performance. The advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The advisor may recommend specific investments to increase sector weighting and/or dividend potential. The advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The advisor may recommend selling positions for reasons that include, but are

not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

In some instances, Brookstone's Managed Strategies (please see Form ADV Part 2A, Item 8 for further information on such Strategies) are also offered through certain wrap programs (each, a "Wrap Program"), which are sponsored by unaffiliated multi-service financial institutions (each, a "Wrap Sponsor"). A list of such Wrap Programs may be found in Part 1 of our Form ADV. For further information on Wrap Programs please refer to the section below on "Asset Management Fees."

#### 1. Recommendation of Independent Advisers

In addition to serving as a sub-adviser to certain wrap programs, Brookstone may, from time to time and based upon information received from the client, utilize the services of an independent third-party investment adviser ("TPA") to manage some or all of a client's assets. In these situations, Brookstone offers consulting and advisory services in overseeing such TPAs. The Firm makes recommendations regarding the suitability of a TPA and their investment style based on, but not limited to, the client's financial needs, long-term goals and investment objectives.

The TPAs selected by Brookstone are diversified among multiple strategies, asset classes, regions, industry sectors and securities. Once a TPA is selected, Brookstone continues to monitor the chosen managers to ensure that they adhere to the philosophy and investment style for which they were selected and to ensure that the TPA's performance portfolio strategies and management remain aligned to the client's overall investment goals and objectives. Brookstone will retain discretionary authority to hire and fire TPAs and reallocate the client's assets to other TPAs, where such action is deemed to be in the best interest of the client. Brookstone's ongoing review includes, but is not limited to, assessment of the TPA's disclosure brochure, performance information, materials (including questionnaire responses) supplied by the TPA, evaluation of the manager's investment strategies, personnel turnover, regulatory events, ownership changes and corporate earnings reports.

For more information on Brookstone's use of TPAs, please see Item 4 of Brookstone's Form ADV Part 2A.

#### B. Asset Management Fees

Pursuant to an investment advisory contract signed by each client, the client will pay Brookstone a quarterly Management/Wrap Program Fee, payable in arrears, based on the amount of the assets to be managed by the advisor as of the opening of business on the first business day of each quarter. In the event a client should withdraw from a strategy mid quarter the prorated advisory fee will be charged at that time. Please see the "Fee Schedule" below for more information.

##### 1. Additional Fees

In those instances where Brookstone utilizes a TPA, the fees charged by a TPA will be in addition to those charged by the Firm and will be deducted from the client's custodial account. Fees for using a TPA vary depending upon the TPA selected, the size of the account and the services provided. For information regarding the TPA's minimum account size, requirements, management services and associated advisory and referral fees, please refer to the TPA's client disclosure brochure and other TPA materials.

Additionally, all accounts receiving Asset Management services will be charged an annual \$50 technology fee, subject to change based on the terms, conditions, and fees of providers. For those client accounts not receiving

Asset Management services from Brookstone, but having their assets held by Brookstone's custodian as part of the clients overall portfolio, a \$95 annual fee will be assessed for these technology services. These fees will be deducted automatically from client accounts and shall be used by Brookstone to utilize software allowing the Firm and its Investment Adviser Representatives to consolidate all accounts through a portfolio accounting system and create consolidated, on-demand performance reports. Moreover, clients will have the capability to create an online profile allowing them to login to Brookstone's portfolio accounting system and view their own account in "real time" on a consolidated basis.

## FEE SCHEDULE I (Wrap Fee Program)

*This Fee Schedule is for the following portfolios (break points are per account):*

<b>BCM Portfolios:</b>	Income and Growth	Retirement Income Ultra-Short Range
Current Income	Moderate Growth	Retirement Income Short Range
Municipal Bonds	Growth	Retirement Income Mid Range
Best Ideas	Aggressive Growth	Retirement Income Long Range
Inflation Protection	ETF Conservative	
	ETF Income and Growth	
	ETF Moderate Growth	
<b>Morningstar Portfolios:</b>	ETF Growth	<b>Other</b>
Absolute Return	ETF Aggressive Growth	Swan Defined Risk Fund

	Up to \$500,000	Next \$500,000	Next \$1MM	Next \$3MM
<b>Brookstone Annual Fee</b>	0.80%	0.70%	0.50%	0.40%
<b>Advisor Annual Fee</b>	1.00%	0.90%	0.75%	0.50%
<b>Total Annual Fee</b>	1.80%	1.60%	1.25%	0.90%

## FEE SCHEDULE III (Wrap Fee Program)

*This Fee Schedule is for the following portfolios (break points are per account):*

<b>Separately Managed Accounts:</b>	Zega High Probability Options
BTS Bond Asset Allocation	<b>Morningstar Portfolios:</b>
Canterbury Portfolio Thermostat	Tortoise Select Stock
CMG Opportunistic All Asset	Hare Select Stock
OceanPark High Yield Corporate Bond	Dividend Select Stock
SMARToption Classic & Select	U.S. Wide Moat Select Stock
Van Hulzen Covered Call/Covered Call ETF	

	Up to \$500,000	Next \$500,000	Next \$1MM
<b>Brookstone Annual Fee</b>	1.25%	1.15%	1.00%
<b>Advisor Annual Fee</b>	1.00%	0.85%	0.75%
<b>Total Annual Fee</b>	2.25%	2.00%	1.75%

The Client agrees to pay a fee quarterly, in arrears, for the advisory services provided by Brookstone pursuant to this agreement. The fee will be calculated based on the value of the account on the last day of the quarter, prorated to the number of days the account is funded. The Client understands to the extent that the assets are allocated to mutual fund shares, exchange traded fund shares and unit investment trusts certain costs may be associated with the ownership of such shares as described in each prospectus. Certain services of the custodian may require the customer to pay cost in addition to the advisory fee paid to Brookstone. Client will be responsible for paying any transaction fees in the account that the Custodian charges. This includes overnight fees and any other transactions that the Custodian charges per their Institutional Fee Schedule. The Client agrees to be charged the above-referenced fees applicable with the Investment Account.

Fees may be negotiated by the advisor under unusual circumstances, at the sole discretion of the advisor. Asset management fees will be automatically deducted from the client account on a quarterly basis by the custodian.

All fees paid to Brookstone for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor in the case of variable insurance products. These fees and expenses are described in each fund's or variable product's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client may pay an initial or deferred sales or surrender charge. A client could invest in these products directly, without the services of Brookstone. In that case, the client would not receive the services provided by Brookstone which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Brookstone to fully understand the total fees to be paid.

Clients may request to terminate their advisory contract with Brookstone, in whole or in part, by providing 30 days advance written notice. If the Form ADV Part II is not delivered at least forty eight (48) hours before the client enters into the contract, then the client has the right to terminate the contract within five (5) business days after entering into it without penalty. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. Client's advisory agreement with the Advisor is non-transferable without Client's written approval.

Brookstone may pay referral fees to any other advisor or third party who might recommend your participation in this wrap fee program. Should the wrap fee (described above) be higher than the commission expense for the same transactions, the portfolio manager has an economic incentive to recommend your participation in this program. Please review your previous level of transaction activity and related expenses to determine whether you will likely benefit from the complete line of services being provided under this wrapped fee program. Please note that Brookstone offers management services on a Wrap Fee only basis.

While you will not be charged brokerage commissions under this Wrap Fee Program, please note that your brokerage account may be charged a service charge by the clearing firm, as well as potential account opening, closing, or similar servicing fees, in addition to your wrap fees. Certain IRA accounts may be charged custodial or other service fees as well. If your account is invested in mutual funds, the mutual fund company may assess administrative charges against your investment in that fund. These fees are not charged by Brookstone, but rather by the product sponsor, brokerage firm, or custodian firm. In the normal course of effecting transactions, prices for certain trades made on behalf of your account may include mark-ups, mark-downs, and spread differentials.

In addition from time to time, we initiate incentive programs for Investment Advisor Representatives. These programs may compensate them for attracting new assets and Clients promoting investment advisory services. We may also initiate programs that reward Representatives who meet total production criteria, participate in advanced training and/or improve Client service. Representatives who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, marketing assistance and recognition trips.

## ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Brookstone provides its Advisory Services to individuals, families, retirement plans, trusts, estates, charitable organizations, or other business entities. While Brookstone Capital Management enforces no minimum account size, the firm recommends a cumulative household minimum account size is \$25,000. Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor.

## ITEM 6 – PORTFOLIO MANAGER

Your Portfolio Manager is a person, with relevant securities industry experience and industry required licenses, who is associated with Brookstone as a licensed investment advisory representative. This wrap fee program does not use the services of managers who are not associated with Brookstone. Therefore, the agent with whom you have been dealing at Brookstone will be your portfolio manager.

While your Brookstone advisory representative assists in the suitability and on-going review of your account performance, the advisory representative does not directly manage or effect the trading of the investment portfolios. The Senior Portfolio Manager, Mr. Dean Zayed (“Mr. Zayed”), directs the management of all portfolios, including all trading decisions, decisions related to holdings, and rebalancing.

Mr. Zayed reviews the performance of each portfolio on at minimum a weekly basis. He also reviews the performance of each portfolio manager. He will do this review quarterly. He will compare the performance of each manager to securities industry benchmarks such as the S&P 500 for growth funds and accounts with “growth” as the investment objective of the account; and other comparable peer group benchmarks.

Should you wish a portfolio manager other than the person with whom you have been regularly dealing, you may contact Mr. Zayed at any time, who will ensure that you are re-assigned to a mutually agreed portfolio manager. To make such a change in portfolio managers, all you need to do is make your request in writing and submit it to Mr. Zayed at Brookstone’s main office address, as listed on the Cover page of this Brochure.

### A. Advisory Business

In addition to providing the Wrap Fee Program described in this Brochure, the firm also provides Financial Planning Services, as outlined in the Form ADV Part 2A. Please refer to Brookstone’s Form ADV Part 2A for additional information related to the Planning Services offered, including fees charged for this service.

The above listed advisory services can be tailored to each client – as such, if any client requires any restrictions on any types of stocks or market segments, the client needs to inform their Advisory Representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.



## B. Methods of Analysis, Investment Strategies, and Risk of Loss

Investing in securities of any kind involves risk, including loss of investment, which clients must be prepared to accept. Brookstone's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a significant loss or depreciation to the value of the client's account, and that at any given time, the value of the client's portfolio may be worth more or less than the amount invested. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. In addition, there is no assurance that any investment purchased for the client's account will achieve its objective. Past performance of investments is no guarantee of future results.

Brookstone provides investment advice based upon long-term investment strategies that incorporate the principles of Modern Portfolio Theory. Generally, the Firm provides advice on the following types of securities: stocks (exchange listed, over-the-counter, and foreign issues); bonds (corporate debt); certificates of deposit; municipal securities; variable annuities; mutual funds and exchange traded funds (ETFs); Options contracts; and partnerships investing in real estate. In addition, in certain instances the Firm purchases put options on the market.

## C. Voting Client Securities

Brookstone will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Brookstone cannot give any advice or take any action with respect to the voting of these proxies. The client and Brookstone agree to this by contract.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, Brookstone cannot give any advice or take action with respect to the voting of these proxies.

## D. Performance Based Fees and Side-By-Side Management

Brookstone does not charge any performance based fees of any kind (those fees that are based upon a share of capital gains or capital appreciation of client assets).

## ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Your financial history, and related background information, such as social security number, account numbers, account holdings, personal and family background, work history, tax status, and numerous other items necessary for us to provide you with suitable investment advice and establish any investment account, are gathered by your Advisory Representative at the inception of the relationship, and is updated on a regular basis thereafter.

You are responsible for insuring that we have accurate, current information about your financial condition, your holdings and other investments, your investment objectives and goals and all other information which has a bearing on your investments and participation in this investment program. Your portfolio manager will receive a copy of all information which you supply us. Your portfolio manager will receive notice of any change to any item of your account information when you inform Brookstone of such change.

Due to the nature of the services being offered under this program and our desire to provide you the best service, we must stress the importance of your providing us with accurate and current financial information. If at any time any of your information changes, please notify your Advisory Representative immediately.

## ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGER

Your Portfolio Manager is your Advisory Representative at Brookstone. You may contact your Portfolio Manager at any time. In fact, we encourage you to work closely with your Portfolio Manager and to contact him/her with any questions or items of particular concern or interest to you. In addition, as noted above, you must notify your Portfolio Manager of any changes to your background or account information.

## ITEM 9 – ADDITIONAL INFORMATION

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

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

Advisor also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Morningstar Advisor Workstation, Albridge Solutions, and Tamarac.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Advisor’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor’s Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor’s receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

On behalf of Registrant, Registrant serves on the TD Ameritrade Institutional Advisor Panel (“Panel”). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional (“TDA Institutional”) on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for two year terms by TDA Institutional senior management. An investment advisor may serve longer than two years if appointed to additional terms by TDA Institutional senior management. Registrant’s current term expires on January 18, 2014. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. (“TD Ameritrade”) does not compensate Panel members. However, TD Ameritrade pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant’s recommendation of TD Ameritrade for custody and brokerage services.

#### A. Disciplinary Information

Firms are required to report any legal or disciplinary events that are material to a client’s evaluation of our advisory business and the integrity of our management.

In February of 2008, the Kentucky Division of Securities found the firm and advisory representative James Jones in violation of Kentucky rules for permitting Mr. Jones to transact business in the state without prior registration. The firm paid a \$2,000 fine in May of 2008, and both the firm and the advisory representative were permitted to register in the state.

In addition, there are certain advisory affiliates of this firm that do have reportable events that are reportable under this item. The advisory affiliate related items are reported below.

Matthew Rettich: Hawaii Division of Insurance found Mr. Rettich in violation of disclosure rules for failing to disclose a trespassing charge on Mr. Rettich’s record from when he was 18 years of age. The Division issued a letter of reprimand.

Stacey Munderloh: Commission of Insurance for the State of Texas fined Ms. Munderloh \$2,300 in July of 2002 for violations of advertising rules for failing to report a change of address and report additional offices, as well as accepting commissions from an unlicensed entity for insurance services.

Bonnie Griffith: In January of 2005, Ms. Griffith was fined \$1,500 by the Illinois Division of Insurance for selling 2 insurance contracts with unauthorized insurer in the state of Illinois.

Additional information regarding the above reportable events can also be found at the SEC's public disclosure website, which can be accessed at [www.advisorinfo.sec.org](http://www.advisorinfo.sec.org).

#### B. Other Financial Industry Activities and Affiliations

President Dean Zayed ("Mr. Zayed") of Brookstone, and other advisory agents of the Firm, are also registered representatives of Center Street Securities, a non-affiliated firm engaging in the business of selling life, health, long-term care, disability and annuity insurance products as well as securities. Moreover, other Investment Adviser Representatives of Brookstone may also be registered representatives of different non-affiliated broker/dealers or insurance companies engaged in the business of selling securities, life, health, long-term care, disability and annuity products. As registered representatives, associates may receive separate yet typical compensation in the form of commissions for the purchase of securities through their affiliated broker-dealer as well as for the sale of insurance products.

Additionally, Mr. Zayed is a shareholder in the law firm of Perkins & Zayed, PC. From time to time, Perkins & Zayed, PC may provide legal services for clients of Brookstone. These agreements will be disclosed by Brookstone at the time the advisory agreement is entered into by delivery of Brookstone's Form ADV Part 2 to the client. Mr. Zayed is also a shareholder of CD Revolution, Inc., an Illinois Corporation engaged in the design and distribution of structured products, including market linked certificates of deposit and various structured notes. CD Revolution Inc. may earn a consulting fee in this capacity and some of the products it helps design and distribute may be purchased as part of the portfolio that Brookstone manages for its clients.

Depending on the client's overall investment guidelines and needs, Mr. Zayed and/or an Investment Adviser Representative of the Firm may recommend that a client purchase certain insurance products through that individual's non-affiliated insurance agency. This creates a conflict of interest since Firm representatives will receive regular and customary insurance commissions and other compensation for these services. Clients are under no obligation to implement such recommendations and/or implement the recommendations through the representative's non-affiliated insurance carriers and should understand that other insurance agencies may offer similar services and the costs of such services may be higher or lower than those obtainable from representatives of the Firm.

These outside activities and affiliations create an additional conflict of interest in that the Firm's President and Investment Adviser Representative's obligations to these outside interests may either conflict with the advisement provided by the Firm or take up a substantial amount of their time and therefore the time spent on providing the advisory services described herein may be limited by virtue of their obligations to these outside interests. Although the Firm's President and Investment Adviser Representatives will devote as much time to the business and affairs of the Firm as is reasonably necessary to deliver the advisory services described herein, they may devote a significant portion of their time to the affairs of these other activities and affiliations.

The Firm has adopted policies and procedures to address the conflicts presented by these relationships. For example, as part of the Firm's fiduciary duty to its clients, the Firm and its representatives will endeavor at all times to put the interest of its investment advisory clients first. Additionally, the conflicts presented by this

practice are disclosed to clients at the time of entering into an advisory agreement. Please refer to Item 11 for additional information.

### C. Code of Ethics

Brookstone maintains a companywide Code of Ethics. Brookstone's Code includes various prohibited activities, requires all firm employees to adhere to high ethical standards, and requires that covered persons place client interests ahead of their own. The Code also requires all employees subject to the Code to comply with all applicable laws related to the firm's advisory business, and requires that all employees be bound by the Anti-Fraud Provisions of federal securities law.

In addition, the Code requires that certain transactions by firm personnel be pre-approved, and that firm personnel report all reportable holdings and transactions to firm management on a regular basis. A copy of Brookstone's Code of Ethics is available to existing and prospective clients upon request at the firm's main office address and phone number, as listed on the Cover Page of this Brochure.

### D. Participation or Interest in Client Transactions and Personal Trading

Principals and/or officers of Brookstone may manage his/her own accounts in the same manner Brookstone uses to manage client assets. As such, firm personnel may own the same securities or other investments that client accounts contain. Client transactions are executed either prior to or simultaneously with those of the principals. All employee transactions are reviewed by the Compliance Department to ensure that any conflicts can be identified and addressed.

Brookstone and/or its advisory representatives may from time to time purchase or sell products that they may recommend to clients. Brookstone has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Brookstone deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Brookstone are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates. Brookstone collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest.

Additionally, when executing securities trades in personal securities accounts, Investment Advisor Representatives and supervised persons must be especially careful to make sure that such trading activities are:

1. not conducted in advance of client transactions in similar securities.
2. not in opposition to recommendations made for client securities transactions.
3. not based upon inside information or research analyst reports that the adviser prepared.
4. not otherwise in violation of applicable securities laws or fiduciary duties owed to clients.

Where acting in the capacity of a registered representative of a registered broker/dealer, advisory representatives of Brookstone may as broker or agent effect securities transactions for typical and customary compensation. Clients are not obligated to use advisory representatives of Brookstone to execute such securities transactions.

Brookstone does not conduct 'Principal' transactions, does not engage in Cross-Trades between advisory clients, and does not participate in Agency Cross Transactions.

#### E. Review of Accounts

Brookstone investment professionals periodically review their designated client accounts on a regular basis and no less than annually. Client accounts are reviewed for suitability in light of each client's investment objectives, risk tolerance and financial goals. Brookstone's president, Mr. Zayed, is responsible for the general oversight of all supervised persons, and has ultimate authority over portfolio management, fundamentals, model portfolio constituents, asset allocation and areas of potential concern.

In addition to periodic reviews, reviews may be triggered when Brookstone becomes aware of a change in client's investment objective, a change in market conditions, change of employment, re-balancing of assets to maintain proper asset allocation and any other activity that is discovered as the account is reviewed. The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.

The client will receive written statements no less than quarterly from the trustee or custodian. In addition, the client will receive other supporting reports from Mutual Funds, Asset Managers, Trust Companies or Custodians, Insurance Companies, Broker/Dealers and others who are involved with client accounts.

Brookstone has the ability to prepare written quarterly reports reflecting current positions and valuations which are provided to all clients for managed accounts. Third party custodians also provide monthly. Financial planning clients receive a written copy of their financial plan with all supporting analyses.

#### F. Client Referrals and Other Compensation

Other Advisory firms may refer suitable potential advisory clients to Brookstone. Brookstone in return provides compensation to those firms, in accordance with SEC Rule 206(4)-3 of the Investment Advisers Act of 1940. Written agreements are entered into between Brookstone and Solicitors as required by SEC Rule 206(4)-3. Pursuant to such arrangements, Brookstone provides the Solicitor with the ADV Disclosure Document and an "Additional Disclosure Statement" which are to be furnished to prospective clients at the time of solicitation by the Solicitor.

Clients therefore are herein made aware that Brookstone may pay a solicitation fee for the introduction of advisory clients. The Solicitor would be paid cash compensation amounting to a percentage of the base annual fee on assets under management, collected from clients referred to Brookstone by the Solicitor, as outlined and disclosed to each client in the Disclosure Statement that all solicited clients receive.

Additionally, as described in Item 10 of Brookstone's Form ADV Part 2A, Principals and Investment Adviser Representatives of Brookstone may receive compensation from other non-affiliates. Such compensation shall only be received in conjunction with those services provided to such non-affiliates.

Brookstone is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. Brookstone may enter into these "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Brookstone in its investment decision-making process. The receipt of such services may be perceived to serve as an economic benefit to Brookstone, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Please refer to Item 12 of Brookstone's Form ADV Part 2A which more fully describes these benefits and how Brookstone addresses the conflicts of interest.

#### G. Financial Information

Brookstone does not require prepayment of more than \$1,200 in fees per client six months or more in advance – as such, a Balance Sheet is not required and therefore not attached. There is also no known financial condition that is reasonably likely to impair this firm’s ability to meet contractual commitments to clients, and the firm has not been the subject of a bankruptcy proceeding.

#### ITEM 10 – STATE REGISTERED ADVISORS

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As Brookstone is an SEC registered advisor and not a State registered advisor, this Item is not applicable.