



WRAP FEE PROGRAM BROCHURE

**FORM ADV PART 2A
APPENDIX 1**

VISIONARY ASSET MANAGEMENT WRAP FEE PROGRAM II

June 30, 2013

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This wrap fee program brochure provides information about the Visionary Asset Management Program and the qualifications and business practices of Visionary Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 866-940-4932. 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.

Additional information about Visionary Asset Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for the firm is 147304.

Visionary Asset Management, Inc. is a Registered Investment Adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

NOTE FOR ERISA PLANS: Visionary Asset Management, Inc. acknowledges its status as a registered "investment adviser" with the SEC. With respect to services provided to your managed account, Visionary also acknowledges its status as a "fiduciary" within the meaning of ERISA section 3(21).

Summary of Material Changes

The purpose of this page is to inform clients of any material changes since the previous version of this wrap fee program brochure. This brochure, dated June 30, 2013, contains updates of material changes made since the last annual updating amendment brochure, dated March 26, 2013. The changes are as follows:

1. Merger

Effective June 30, 2013, AlphaSource Investment Counsel, Inc ("ASIC") intends to merge into its sister company, Visionary Asset Management, Inc. ("Visionary"). Visionary will sponsor both wrap fee programs, the Visionary Asset Management Wrap Fee Program I, which is currently the AlphaSource wrap fee program and the Visionary Asset Management Wrap Fee Program II, which is currently the Visionary/Argentus wrap fee program. The only surviving entity for both wrap fee programs will be Visionary.

2. AUM

The total AUM as of May 31, 2013 is \$663,716,118, which includes the AUM for both ASIC and Visionary.

3. Web Site Address

The Firm has modified its web site address. The new web site address is:

<http://visionaryassetmanagement.com>.

4. Email Address of Contact Person

The new email address is: rd@vamsupport.com.

In the future, this section will discuss only the specific material changes that have occurred since the last annual update to the brochure and will, as a reference, include the date of the last annual update of the brochure. If you would like to receive additional copies of our brochure, please contact us by telephone at 866.940.4932.

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Services, Fees and Compensation

I. Introduction

This brochure describes the Visionary Asset Management Wrap Fee Program II (the "Visionary II Program"), a wrap fee program, sponsored by Visionary Asset Management, Inc. ("Visionary").

Visionary is the sponsor for the Visionary II Program and is registered as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"). Visionary is a wholly-owned subsidiary of WE2, Inc. which is a wholly-owned subsidiary of NEXT Financial Holdings, Inc. The Visionary II Program is offered by solicitors who are investment adviser representatives of NEXT Financial Group, Inc. ("NEXT") and solicitors acting as investment adviser representatives of other unaffiliated broker-dealers and registered investment advisers. NEXT is registered as an investment adviser with the SEC and as a broker-dealer with the SEC and the Financial Industry Regulatory Authority (FINRA). As a wholly-owned subsidiary of Next Financial Holdings, Inc., NEXT is an affiliate of Visionary. As of May 31, 2013, Visionary has \$663.7 million in assets under management and services in discretionary assets under administration. The Visionary II Program is offered as a fee-based program in two ways:

1. Solicitors Affiliated with NEXT

One of the ways the Visionary II Program is offered is through investment advisers who are affiliated with NEXT and who are solicitors for the Visionary II Program. Investment adviser representatives who offer the Visionary II Program are also referred to in this brochure as "Solicitors." Some Solicitors who are not affiliated with Visionary may also be registered representatives of a non-affiliated broker-dealer. In addition to recommending client to the Visionary II Program, Solicitors will assist client with opening their accounts, selecting investment models and, will, on an ongoing basis, provide information to them about their Visionary II Program accounts.

2. Unaffiliated Solicitors

A second way the Visionary II Program is offered is through investment advisers who are unaffiliated with Visionary and who are solicitors for the Visionary II Program. Investment adviser representatives, who are not affiliated with Visionary, and who offer the Visionary II Program are also sometimes collectively referred to in this brochure as "Solicitors." Some Solicitors who are not affiliated with Visionary may also be registered representatives of a non-affiliated broker-dealer. In addition to recommending client to the Visionary II Program, Solicitors will assist client with opening their accounts, selecting investment models and, will, on an ongoing basis, provide information to them about their Visionary II Program accounts.

THE VISIONARY II PROGRAM PORTFOLIOS

Clients participating in the Visionary II Program grant discretionary investment authority to Visionary to be exercised in a manner consistent with the stated investment objectives of the particular client's account. When selecting securities and determining amounts, Visionary observes the investment policies, limitations and restrictions of the client. Clients participating in the Visionary II

Program will have a choice of three types of portfolios: a Multiple Manager portfolio, a mutual fund portfolio, or an ETF portfolio described below. Subject to minimum investment requirements, a client's account can be invested entirely in one type of portfolio or in a combination of two or three types.

A. Multiple Manager Portfolios

For clients selecting multiple manager portfolios, the client is offered portfolios consisting of investment models from multiple asset managers that combine multiple managers across style and asset classes into one portfolio. The goal of the multiple manager portfolios is to deliver broader diversification than a single asset manager within an individual style category or asset class. Working with Argentus Advisors, LLC and Argentus Capital Management, LLC ("Argentus") whose services are described below, Visionary creates personalized portfolios for client based upon asset allocation strategies and models. The portfolio that Visionary may propose for the client will be based on specific profile data that the client discusses with their solicitor.

The multiple manager portfolio accounts in the Visionary II Program include services offered by sub-advisers who provide investment advice to both individual and institutional client. Each sub-adviser has been selected through a proprietary due diligence process offered through Argentus. Collectively, the sub-advisers represent a wide range of styles and philosophies. By using several sub-advisers in a portfolio strategy, Visionary attempts to create for its client's diversification and promote stable investment performance over time. Visionary and Argentus will periodically add new sub-advisers to the Visionary II Program, and have discretion to remove any sub-adviser that we deem to underperform expectations.

Based on discussions with a client and the client's responses to Visionary's Client Profile Questionnaire (discussed in Section II below), the client's solicitor will compile information concerning a client's investment experience, anticipated need for liquidity, anticipated need for retirement funds, and other investment needs and parameters. Visionary and Argentus will use that information to target a client's risk tolerance and rate of return objective for the Visionary II Program and to formulate, by way of proposal, an appropriate mix of sub-adviser models.

Both the client and their solicitor will receive a written description of each sub-adviser listed in the proposal. For each sub-adviser, this information will include a brief history of the firm, an overview of key investment management personnel, and a summary of the prior Visionary II Program performance record of the sub-adviser's model over a certain period.

The client and their solicitor must review and understand each sub-adviser's investment style before the client accepts the Visionary and Argentus proposal for investing the client's assets. Either of the client or solicitor may accept or reject any recommended Sub-adviser, and at any time may diverge from our suggested allocations. The client also may impose reasonable restrictions on our ability to buy and sell certain individual securities or asset classes.

B. Mutual Fund and ETF Portfolios

The Visionary II Program also offers portfolio accounts that are comprised of open-end mutual funds and ETFs.

- ETFs are managed baskets of securities, tracking a wide variety of sector-specific, country-specific, and broad-market indices that are traded as individual securities on a national exchange.
- Each of the mutual funds used in the Visionary II Program is either a no-load mutual fund or a mutual fund that may be purchased through the Visionary II Program at net asset value and without sales charges.

Argentus monitors the performance of the mutual funds and ETFs in the Visionary II Program and will periodically adjust and rebalance the client's account in accordance with the client's asset allocation. Visionary and Argentus, in their sole discretion, may add or delete mutual funds and ETFs from the Visionary II Program.

Clients participating in the Visionary II Program will enter into an investment management agreement with Visionary giving it discretion to provide investment management services that include trade execution, custodial and advisory services. In offering the Visionary II Program, Visionary has entered into a separate agreement with Argentus, a third-party investment manager, who will provide services to the Visionary II Program. Prior to entering into an investment management agreement with Visionary, clients will receive both Visionary's and Argentus disclosure brochure, privacy notice, and a disclosure of the referral arrangement between Visionary and the Solicitor, including the compensation that Visionary and Argentus will receive for investment management services. The fees that Argentus receives for its services under the Visionary II Program are also described below.

Once a client chooses their portfolio type, the client also can choose from among three specific strategies to apply to their account: tax efficient management, tactical overlay, and values-based overlay as described below. Clients are not required to select any of these options, but a client may choose one, two, or all three strategies for the client's account. This selection will be made when the client opens their account, but the client can add or remove optional strategies at any time by notifying Visionary or their Solicitor, in writing. As discussed below in the section on fees, clients will be charged an additional fee for each optional strategy they select.

THE VISIONARY II PROGRAM STRATEGIES

Argentus is an investment adviser registered with the SEC, and serves as a sub-adviser to the Visionary II Program. The sub-advisory agreement between Visionary and Argentus permits Argentus to actively manage and supervise client accounts utilizing an asset allocation strategy that provides client with a personal investment management program tailored to the client's individual needs. Clients will have access to multiple managers ("sub-advisers") who will provide investment advice regarding individual stocks exchange-traded funds ("ETFs"), bonds, and mutual funds.

Argentus provides Visionary and Solicitors with services that include:

- client profiling and proposal capability tools;
- access to tools for viewing and managing client data and producing desktop performance reports;
- research, timely information, and recommendations regarding the qualification, investment philosophies, policies, and performance of the Sub-advisers;

- model portfolios for accounts receiving management services;
- field sales and education resources;
- preparation and distribution of periodic performance measurement reports with respect to client assets invested through the Visionary II Program;
- information systems;
- calculation services to assist with investment rebalancing;
- operational and administrative services in connection with account set-up and maintenance; and
- calculation services for fees.

With the services offered by Argentus, Visionary seeks to provide discretionary investment advice to meet its clients' investment objectives by tailoring investments to meet individual client needs. As described below, this is done in three ways: through overlay portfolio management services and tax overlay management services. What this means is that through overlay portfolio management services, Argentus seeks to manage all or a portion of a client's account (a "sleeve") according to a model portfolio so that the risk and return characteristics of the account or sleeve tracks, as is reasonably feasible, the risk and return characteristics of such model portfolio. The model portfolio is based on the recommendations of one or more investment managers or strategists that act as investment advisers and/or sub-advisers to Argentus ("Model Portfolio Advisers").

Once a client chooses a portfolio type, the client can also choose from among three specific strategies to apply to their account: tax efficient management, tactical overlay, and values-based overlay, as described below. Clients are not required to select any of these options, but the client may choose one, two, or all three strategies for the client's account. This selection will be made when a client opens their account, but clients can add or remove optional strategies at any time by notifying Visionary or their Solicitor, in writing. As discussed below in the section on fees, clients will be charged an additional fee for each optional strategy the client selects.

A. Overlay Portfolio Management Services

Argentus overlay portfolio management services include discretionary investment management through a single custodial account, usually called a "unified managed account" or "UMA," which may contain individual securities, mutual fund shares, exchange-traded funds ("ETFs") and other investment products. In providing overlay portfolio management services, Argentus uses its proprietary investment technology and processes to coordinate and implement the recommendations of the Model Portfolio Advisers.

B. Tax-Overlay Management Services

Clients may elect to have their accounts managed in a manner that attempts to minimize their potential tax burden by realizing losses and deferring realization of short-term gains. If clients choose this option, tax overlay management services may be provided to an account or sleeve. Often, these accounts will also receive overlay portfolio management services as described above. The end goal of tax overlay management services is to improve the after-tax return for the client while staying as consistent as possible with the risk/return characteristics provided by the model portfolios. Tax overlay management

is not designed to eliminate taxes, merely to ensure that Argentus takes tax consequences into consideration in determining whether and how to rebalance an account. If Argentus determines that the tax consequences would outweigh the potential benefits of rebalancing, the account may not be rebalanced in accordance with the rebalancing schedule. However, Visionary and Argentus do not provide general tax planning advice or services.

II. The Client Profile Questionnaire

The asset allocation proposal for the Visionary II Program is based upon client responses to the Client Profile Questionnaire, and is provided to assist clients in making informed asset allocation decisions. Clients should consider all of their assets, income, and investments when they decide whether to adopt, modify, or reject a proposed asset allocation. Clients may impose a ceiling on the percentage of assets they are willing to allocate to certain asset classes. However, if a client imposes such a restriction, they may receive an asset allocation proposal that differs from the allocation their solicitor would otherwise consider appropriate. Clients who do not impose any restrictions are likely to receive asset allocation proposals that are similar to proposals presented to other client with similar investment profiles.

III. The Custodian

All or a portion of client assets may reside in one or more accounts for the client's benefit custodied with the custodian listed on Exhibit A of the client's Investment advisory agreement or such other firm selected by Visionary and Argentus in their sole discretion (the "Custodian"). The Custodian will debit advisory fees from the client's account, on our behalf, and will credit the client's account(s) with all interest, dividends, and other distributions that it receives on the client's assets. The Custodian will also provide you with an account statement not less than quarterly or monthly if there is activity in the account such as dividend payments, buy/sell transactions or management fee withdrawals.

IV. Fees and Compensation

A. The Advisory Fee

Investment Advisor Representative receives a portion of the advisory fee for their services as Solicitors and for qualifying client to invest in the Visionary II Program. The advisory fee that the client pays is negotiable and will vary, at Visionary's discretion, among Solicitors depending on many factors, including the size and complexity of the client's account and prior relationships and services.

Visionary has the discretion to combine the account values of family members living in the same household to determine the applicable investment management fee that the client will be charged. For example, Visionary may combine account values for the client and their minor children, joint accounts with the client's spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in the client paying a reduced advisory fee based on the available breakpoints referenced in the fee schedule provided below. Clients may receive comparable services from other sources for fees that are lower or higher than those charged by Visionary.

B. Timing and Calculation of Fees

The client's initial fee will be based on the market value of their assets on the date of their initial investment in the Visionary II Program. This fee will be deducted by the Custodian within 30 days of account inception.

The initial fee will cover the period from the date the client's account was funded until the last day of the initial calendar quarter, and will be calculated proportionately with respect to the number of days in the initial billing period. Thereafter, the client's fees will be based on the value of their assets on the last business day of each quarter. In computing the market value of assets, mutual fund shares will be calculated at their respective net asset value as of the valuation date in accordance with each applicable prospectus.

Additional contributions (whether in kind or in cash) to a client's assets will be charged a pro rata fee based upon the number of days remaining in the quarter. If a client withdraws funds from the client's account, the fee will be adjusted—again on a pro rata basis. Fees will not be adjusted for account appreciation or depreciation during a quarter.

If a client terminates their account, Visionary will provide the client with a pro rata refund of fees paid for that calendar quarter, based on the number of days remaining in the quarter after the termination date.

SCHEDULE OF ACCOUNT FEES FOR MULTI-MANAGER PORTFOLIOS

<u>Value Per Category</u>	<u>Program Fee for Securities</u>			<u>Program Fee for Securities</u>	<u>Program Fee for Mutual Funds</u>	<u>Program Fee For Core Market Exposure</u>
	Domestic Equities, Int'l Equities, Individual Taxable Fixed Income			Individual Non-Taxable Fixed Income	Domestic Equity, Int'l Equity, Fixed Income	Money Market Funds, Index Mutual Funds, Domestic ETFs, Int'l ETFs, Fixed Income ETFs
	A	B	C			
First \$500,000	1.10%	1.20%	1.30%	0.80%	0.70%	0.70%
Next \$500,000	1.10%	1.20%	1.30%	0.75%	0.65%	0.65%
Next \$1,000,000	0.95%	1.10%	1.20%	0.70%	0.60%	0.55%
Next \$3,000,000	0.90%	1.05%	1.15%	0.65%	0.55%	0.30%
\$5,000,001+	0.90%	1.03%	1.09%	0.55%	0.25%	0.20%

Columns A, B and C above correspond to the following managers:

Column A

Ariel Investments, LLC
Herdon Investment Advisors
Congress Asset Management (Large Cap Growth)
Kayne Anderson Rudnick
Mastrapasqua Asset Management
Navellier & Associates (Large Cap Growth)
SMH Capital Advisors
St. James
Argentus
Suncoast Equity Management
Wilson-Bennett Capital Management

Column B

Navellier & Associates (International Growth, Small-Mid Cap Growth)
Congress Asset Management (Mid Cap Growth)
Riverbridge Partners (Small-Mid Cap Growth)
W.E. Donoghue
Ellessar Investment Management (Small-Cap Value)

Column C

Contravisory Research & Management
Emerald
Hahn Capital Management
Ironwood Investment Management
Polaris Capital Management
Riverbridge Partners (Small Cap Growth)
PPM America
The London Company

SCHEDULE OF ACCOUNT FEES FOR TACTICAL and STRATEGIC STRATEGIES (The Management fee includes Visionary Fees, Argentus fees, and custodial fees)

<u>Strategy</u>	<u>Value Per Category</u>	<u>Management Fee</u>
Argentus ETF Tactical Strategies	\$0-\$250,000	0.85%
Argentus ETF Tactical Strategies	\$250,001 - \$1,000,000	0.80%
Argentus ETF Tactical Strategies	Over \$1,000,000	0.75%
Argentus ETF Strategic Strategies	\$0-\$250,001	0.80%
Argentus ETF Strategic Strategies	\$250,000 - \$1,000,000	0.75%
Argentus ETF Strategic Strategies	Over \$1,000,000	0.70%
W.E. Donoghue Tactical Strategy	Flat	0.95%

W.E. Donoghue – Power Income Fund	Flat	0.75%
Emerald Asset Advisors Tactical Strategy	Flat	1.00%
Frontier Investment Management	Flat	0.90%
Provident Capital Management	Flat	1.10%
Good Harbor Financial	Flat	1.10%
Astor Asset Management	Flat	1.05%
CORE Capital Markets	Flat	1.10%
Stewardship Partners	Flat	1.30%
Argentus Adaptive Portfolios	Flat	1.10%
Scientific Advisors	Flat	1.10%
Metropolitan Capital Strategies	Flat	0.95%
Clark Capital Management	Flat	0.95%
Longview Capital Management	Flat	0.90%

SCHEDULE OF ACCOUNT FEES FOR 401K SERVICES*
(TOTAL VALUE MANAGED)

Argentus 401K	Flat	0.85%
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C. Additional Fees and Expenses

A client's fees may differ from fees paid by other client. Fees may be negotiated, and may vary due to factors such as the investment strategies utilized by the selected sub-adviser(s), the amount of assets invested, and the services to be provided. Fees also may differ if the fee schedule changes and Visionary does not apply the new rates to existing client. The fee clients pay under the Visionary II Program may be more or less than if the client purchased services separately and not under the Visionary II Program.

The Fee stated above includes the costs of brokerage commissions/ticket charges for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, short term redemption fees, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The client will be responsible for these additional fees and expenses.

The client's assets may be invested in mutual funds (including money market funds), and other collective investment funds that have advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses. These fees and expenses, which will be explained in the applicable fund's prospectus, are paid by the funds, but ultimately are borne by the client as a fund shareholder. These fees and expenses are in addition to the fee clients pay Visionary, and generally will not be deducted from the Visionary fee. If the client's assets are invested in a money market fund, the client may have been able to save on expenses if the client had invested in that fund directly.

In some cases, clients can purchase securities directly from the issuer, its principal underwriter, or a

distributor without establishing an account in the Visionary II Program or paying the Program Fee. Certain mutual funds are offered to the public without a sales charge. The sales charge for other mutual funds may differ from the fee for the Visionary II Program.

V. The Custodian

All or a portion of a client's assets may reside in one or more accounts for their benefit custodied with the Custodian listed on Exhibit A of their investment advisory agreement or such other firm selected by Visionary and Argentus in their sole discretion (the "Custodian"). The Custodian will debit advisory fees from the client's account, on our behalf, and will credit their account(s) with all interest, dividends, and other distributions that it receives on the client's assets.

VI. Wrap Fee Program Disclosures

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on the client's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations.
- The benefits under a wrap fee program depend, in part, upon the size of the account, the management fee charged and the number of transactions likely to be generated in the account. For example, a wrap fee program may not be suitable for accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for a client, the client should compare the fees and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Visionary Program.
- Participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties.
- Our firm and solicitors receive compensation as a result of our clients' participation in the Visionary II Program. This compensation may be more than the amount our firm or solicitor would receive if the client paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and solicitor have a financial incentive to recommend the Visionary II Program.

Account Requirements and Types of Client

The Visionary II Program is open to individuals, trusts, estates, 401(k) plans, pension and profit-sharing plans, charitable organizations, corporations, partnerships and other entities.

The standard minimum investment for a multiple manager portfolio account generally will be \$150,000. The standard minimum investment generally will be \$50,000 for mutual fund accounts, and \$25,000 for ETF accounts. Visionary and Argentus reserve the right, in their sole judgment, to accept investments below that threshold. However, a client whose account is below the standard minimum may not get the

benefits of all available investments due to the practical limitation that smaller allocations of money may create.

Portfolio Manager Selection and Evaluation

Manager Evaluation

Regarding asset management and investment vehicle evaluation, Visionary primarily utilizes information gathered by Argentus through their initial and ongoing research and due diligence process. The due diligence material is reviewed and either approved, disapproved or removed from the platform by the President, with guidance from Visionary's Due Diligence/Investment Committee.

Program Investments

Argentus has established relationships with various sub-advisers and may establish relationships with new sub-advisers from time to time. Argentus evaluates sub-advisers specializing in asset categories which include individual stocks, exchange-traded funds ("ETFs"), bonds, and mutual funds. Visionary and Argentus cannot guarantee the continued availability of Managers under the program. Please see the Section entitled Services, Fees and Compensation for additional information on the types of investments in the Visionary II Program.

Visionary II Program Investment Risks

Risk of Loss

General Risk. Investing in securities involves risk of loss that the client should be prepared to bear. We do not represent or guarantee that we can or will predict future results, successfully identify market tops or bottoms, or insulate client from losses due to market corrections or declines. We cannot offer any guarantees or promises that the client's financial goals and objectives will be met. Past performance is in no way an indication of future performance. The value of a client's assets will be subject to a variety of factors, such as the liquidity and volatility of the securities markets. Portfolio transactions may give rise to tax liability, for which the client is responsible.

Asset Allocation Risk. Asset allocation risk is the risk that a client's assets may be allocated to an asset class or mandate that underperforms other asset classes. For example, fixed-income securities may underperform equities. Model Portfolio Advisers that have been selected by a client or its Financial Adviser. Accordingly, asset allocation risk may greatly depend on the allocation among Model Portfolio Advisers and other investment options chosen by such persons. In some cases, Visionary or Argentus may, on behalf of a client, deviate from the target allocations to Model Portfolio Advisers and investment options due to other mandates on the account such as tax management or restrictions. Such deviations may cause the portfolio to deviate from the risk/return profile of its model portfolio. In such circumstances, Visionary or Argentus may introduce greater asset allocation risk to a sleeve or an account.

Investment and Market Risk. Recommendations are subject to investment risk, including the possible

loss of the entire principal amount invested. A recommendation to invest in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like other market investments, may move up or down, sometimes rapidly and unpredictably. Recommended investments at any point in time may be worth less than the original investment, even after taking into account any reinvestment of distributions.

Information Risk. Advice is based in large part on information received from client, Model Portfolio Advisers, Financial Advisors, Sponsors and other third parties. In addition, recommendations are based on model portfolios by Model Portfolio Advisers. Therefore, advice given relies significantly on the accuracy and completeness of the information provided by such persons and the skill and analytical ability of the Model Portfolio Advisers.

Reporting

Visionary or Argentus will provide clients with a quarterly account statement with separate confirmations of each transaction, a list of the assets in the client's account(s), and related information. A client may elect to receive a periodic statement of all transactions that are executed for their account(s) in lieu of separate transaction confirmations, and to have a copy of the confirmations sent to Visionary. At any time a client can elect to receive individual confirmations for transactions effected during a period in which the client originally chose not to receive separate transaction confirmations. The client may pay a different fee based on this election and may rescind this election at any time upon written notice to Visionary. In addition, if the client elects to receive paper confirmations and statements for accounts custodied at FOLIO FN, an additional annual fee of \$150 will be charged.

In addition to the client's quarterly account statement, the client will receive a quarterly report that compares the performance of assets in the client's account against certain indices, and periodic statements indicating, among other things, the valuation of the Visionary II Program assets. The pricing information used in preparing these reports assumes that all fixed income purchases and sales will be aggregated whenever possible among Visionary II Program client. If orders are not aggregated, those prices may not be attainable.

Sub-adviser strategy performance information disseminated by Visionary and Argentus is calculated by or on behalf of Argentus. Neither Visionary nor Argentus reviews the performance information to determine whether the methodology used was appropriate or whether the information is accurate.

Proxy Voting

We will not vote proxies on behalf of client advisory accounts. If the client owns shares of common stock or mutual funds, the client is responsible for exercising their right to vote as a shareholder.

In most cases, the client will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to the client by mail, unless the client has authorized our firm to contact them by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Class Action Lawsuits

We do not determine if securities held by clients are the subject of a class action lawsuit or whether the client is eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on their behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by the client.

Client Information Provided to Portfolio Managers

Solicitors will use Argentus Client Profile Questionnaire to determine each client's financial situation, investment objectives, time horizons, risk tolerance, and other information necessary to define that client's investment needs. Client profiles are a series of questions, which are designed to help determine the return objectives and investment goals/needs of client. The information on this questionnaire is provided to both Visionary and Argentus.

Client Contact with Portfolio Managers

Clients may contact or consult directly with Visionary or Argentus or a sub-adviser, but such meetings typically are arranged by the client's solicitor.

Additional Information

Disciplinary Information

Neither our firm nor our management persons have any legal or disciplinary events which are required to be disclosed in this Brochure Appendix.

I. Other Financial Industry Activities or Affiliations

A. *Affiliated Portfolio Managers*

Certain Sub-advisers may be affiliated with NEXT. Visionary may have a conflict of interest in including these sub-advisers in the Visionary II Program. If the client selects one of the strategies offered by such sub-advisers, Visionary and its affiliates may receive greater aggregate compensation.

B. *Other Business Relationships with Portfolio Managers and Portfolio Funds*

Sub-advisers may have other business relationships with Visionary or its affiliates, and may compensate Visionary or its affiliates. Similarly, Visionary or its affiliates may receive compensation from other parties in connection with services Visionary provides in these relationships, such as trading, lending, prime brokerage, and custody services. Sub-advisers may direct trades for other accounts outside the Visionary II Program to NEXT as broker-dealer, subject to their duty of best execution. As a result of these relationships, Visionary may have a conflict of interest in determining which sub-advisers to include in the Visionary II Program.

A third-party review vendor retained by Visionary also may have a conflict of interest by helping Visionary review sub-advisers or making recommendations to Visionary about which sub-advisers to include in the Visionary II Program because the third party review vendor or its affiliates may provide other services to sub-advisers or their affiliates.

Visionary, NEXT, or their affiliates may, from time to time, enter into joint marketing activities with Sub-advisers or service providers to the Visionary II Program. These sub-advisers or service providers may pay for, or may reimburse Visionary or its affiliates for, all or a portion of the cost of the activities.

C. Other Affiliations

NEXT, an affiliate of Visionary is registered as an investment adviser and as a broker-dealer. NEXT Financial Insurance Company ("NFISCO"), an affiliate of NEXT and Visionary, is an insurance agency. NEXT and NFISCO provide a wide range of financial services to individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities, and states, municipalities, and other governmental entities. Client in the Visionary II Program may also be client of NEXT and NFISCO. Fees charged by NEXT and NFISCO are distinct from the fees charged by Visionary.

Some members of the Board of Directors for NEXT Financial Holdings, Inc. and WE2, Inc. serve as Board members for Visionary, as well as for NEXT and WE2 themselves. There may be a perceived conflict of interest. However, client should be aware that the Board of Directors does not make decisions for Visionary without following the process set forth in the company's by-laws. The Board Members are Registered Persons, IARs and shareholders of NEXT Financial Holdings, Inc. and WE2 Inc.

The Board Members of NEXT Financial Holdings, Inc. and WE2, include:

- Gordon D'Angelo;
- Norman Grant, Jr.;
- David Holtz;
- Cary Cowan;
- Arthur Farr; and
- Jeffrey Saline.

The above-listed Board of Directors receives compensation for the services they perform as members of the Board of Directors of these two entities. This compensation is paid by NEXT Financial Holdings, Inc., and is not dependent upon the amount of assets under their management, or upon their production as Registered Persons of the broker-dealer. Any compensation they receive in their capacity as Registered Persons of the broker-dealer or as investment adviser representatives of the registered investment adviser is received only as payment for services rendered to client.

D. Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect the client's interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with the client. All of our Associated Persons are expected

to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about clients or their account holdings by persons associated with our firm.

Our Code of Ethics is available to clients upon request. Clients may obtain a copy of our Code of Ethics by contacting us at (866) 940-4932.

II. Personal Trading Practices

Our firm, our associated persons, or solicitors may buy or sell the same securities for clients at the same time we buy or sell such securities for our own accounts. A conflict of interest exists in such cases because we have the ability to trade ahead of a client and potentially receive more favorable prices than the client would receive. To mitigate this conflict of interest, we shall not have priority over a client's account in the purchase or sale of securities.

III. Principal Transactions

Certain clients in the Visionary II Program may have brokerage accounts with NEXT for which NEXT does not act in an advisory capacity. In providing brokerage services to these client separate and apart from their participation in the Visionary II Program, NEXT may enter into transactions as principal and may solicit these client, as brokerage client, to invest in products or services in which NEXT or one of its affiliates has a financial interest. These activities are unrelated to Visionary's advisory activities.

IV. Account Reviews

Solicitors are primarily responsible for ongoing review of the accounts that they service. In addition, Visionary and Argentus will perform periodic supervisory reviews to ensure that the account is allocated properly.

Visionary regularly responds to client inquiries, consults with solicitors regarding any updates in client financial information and investment objectives, reviews the activity in and investment results of client accounts with solicitors who will relay the information to their client, and helps client decide whether to make changes to their respective portfolio strategies. A solicitor will contact the client on at least an annual basis to determine whether there have been any changes to the client's investment objectives, risk tolerance, and other relevant information, but clients are encouraged to contact their solicitor or Visionary sooner if there are any changes to discuss.

V. Client referrals and Other Compensation

A portion of the client's fee under the Visionary II Program generally is paid to their solicitor. The amount of this compensation may differ from what their solicitor would receive if the client paid separately for investment advice, brokerage, and other services.

Solicitors affiliated with NEXT may have a personal ownership stake or have an option to obtain such a stake in Visionary's parent company. In addition, Visionary and/or WE2, an affiliated company, may reimburse and/or pay for expenses including travel, lodging, entertainment and other related costs associated with solicitors' attendance at conferences which are sponsored by WE2. Invitations to such conferences are based upon the amount of client assets that are referred to the Program by solicitors. Visionary and/or WE2 may also reimburse Solicitors for marketing expenses they incur in marketing the

Visionary II Program or increase their compensation based on the amount of assets their client have under Visionary's management. While the client does not pay for such expense reimbursements or increased compensation, these payments do represent a form of compensation to the solicitor and may be more than what the solicitor would receive if a client participated in other programs. Therefore, the receipt of such benefits may give solicitors a financial incentive to recommend the Visionary II Program over other programs or services. Client should consult their solicitor for additional details if they have questions about benefits or compensation the solicitor receives.

Additionally, Visionary may receive expense reimbursement from portfolio strategist used on the Visionary platforms for conferences sponsored by WE2. Clients should be aware, however, that the receipt of economic benefits by Visionary in and of itself creates a potential conflict of interest.

Given the above arrangements and given that NEXT and Visionary are affiliates and under common ownership, some solicitor may have a financial incentive to recommend the Visionary II Program over other programs and services.

VI. Cost Basis Reporting

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Custodians will default to the FIFO (First In First Out) accounting method for calculating the cost basis of for client investments. The client is responsible for contacting their tax adviser to determine if this accounting method is the right choice for them. If the client's tax advisor believes another accounting method is more advantageous, please provide written notice to the client's solicitor immediately and we will alert the client's account custodian of the client's individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

VII. Financial Information

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to clients. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.



Covered Service Provider Disclosure Report for ERISA Plans (408b-2)

- This report is being provided to you because our records indicate that you are the appropriate contact for the ERISA plan sponsor of a “covered plan” (within the meaning of Department of Labor Rule 408b-2(c)) which is the client of an account managed by Visionary Asset Management, Inc. (“Visionary”) in the unified managed account or similar program. If you are not the appropriate contact, please let us know by calling (713) 328-4807 or by email at rd@vamsupport.com.
- The following table contains information and references to additional information about Visionary’s services and compensation as required by Rule 408b-2. It also includes information about the services and compensation of Sub-Adviser/Overlay Manager, Argentus Capital Management, LLC. (“Argentus”) and Model Portfolio Advisers which act as sub-advisers to Argentus and Visionary therefore are “sub-contractors” to Argentus and Visionary for purposes of the Rule.
- You will receive, as a separate document, the Argentus Capital Management, LLC 408b-2 disclosure as Sub-Adviser/Overlay Manager.

• Information	• Where to Find It
<ul style="list-style-type: none"> • Description of Visionary services. 	<ul style="list-style-type: none"> • Visionary’s Wrap Fee Form ADV Part 2A, specifically “The Visionary II Program Portfolios” (Pages 1-3), “The Visionary II Program Strategies” (Pages 3-5), The Client Profile Questionnaire” (Page 5) “Fees and Compensation” (Pages 5-9), “Wrap Fee Program Disclosures” (Page 9) and “Visionary II Program Investment Risk” (Pages 10-11). • See also the managed account agreement or similar document regarding the role of Visionary and the overlay manager, investment strategies; tax overlay management services, account restrictions, consultation and reporting, and custody, trading and execution. • For the specific strategies, services and features selected for your Account see the Proposal or similar document and any model portfolio change forms submitted.
<ul style="list-style-type: none"> • Statement concerning services Visionary will provide as an investment adviser, ERISA fiduciary and registered investment adviser. 	<ul style="list-style-type: none"> • See the cover page of the Form ADV Part 2A brochure for Visionary’s acknowledgement of its status as a registered “investment adviser” with the SEC. With respect to services provided to your managed account, and its status as a “fiduciary” within the meaning of ERISA section 3(21).
<ul style="list-style-type: none"> • Direct Compensation Visionary will receive from your Account. 	<ul style="list-style-type: none"> • Visionary’s fees for sponsoring or otherwise servicing the investment management program are individually negotiated with each sub-adviser based on aggregate assets in the program. As described further in this brochure.

	Visionary charges a fee of 0.23% annually for its platform services.
<ul style="list-style-type: none"> Indirect compensation that Visionary will receive from non-affiliates in connection with its services to your Account. 	<ul style="list-style-type: none"> Visionary's ADV Part 2A, "Client Referrals and Other Compensation" (Pages 14-15); Visionary may receive expense reimbursement from portfolio strategist used on the Visionary platforms for conferences sponsored by Visionary.
<ul style="list-style-type: none"> Compensation Visionary will receive if you terminate Visionary's management of your account. 	<ul style="list-style-type: none"> None.