



CAREY, THOMAS, HOOVER & BREAUTL^{INC.} A D V I S O R S

8080 E. CENTRAL, SUITE 200

WICHITA, KANSAS 67206

TELEPHONE: (800) 397-2220

www.cthb.net

BROCHURE

Form ADV, Part 2A

January 30, 2013

This Brochure provides information about the qualifications and business practices of Carey, Thomas, Hoover & Breault Advisors, Inc. If you have questions about this Brochure, please contact us by email at customerservice@cthb.net, or by telephone at (800) 397-2220, or by mail at the address above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Carey, Thomas, Hoover & Breault Advisors, Inc., is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply that Carey, Thomas, Hoover & Breault Advisors, Inc., or any person associated with our Firm has achieved a certain level of skill or training.

Additional information about Carey, Thomas, Hoover & Breault Advisors, Inc., is available on the SEC's website at www.adviserinfo.sec.gov, either by searching our Firm name or our Firm IARD/CRD number, 155330.

ITEM 2: MATERIAL CHANGES

This Item summarizes the material changes in our policies, practices, and conflicts of interest since the filing of our annual amendment of this Brochure on February 16, 2012, and last annual amendment on January 1, 2013.

Addition of Managed Account Solutions Program

Beginning in the first quarter of 2013, we are very pleased to announce we will begin offering the Carey, Thomas, Hoover & Breault Advisors, Inc., Managed Account Solutions program through a new relationship with Envestnet Asset Management, Inc. ("Envestnet"). Envestnet offers a wide array of investment services, technology, and access to institutional investment managers that we will use as the platform for two new services:

Rep as Portfolio Manager Program

The **Rep as Portfolio Manager Program** is a new discretionary investment management program that will be managed separately from our current Tactical Asset Allocation Program. Through our new relationship with Envestnet, our Representatives now have access to sophisticated tools for developing and managing investment portfolios, establishing parameters to control portfolio "drift" and rebalancing accounts, and enabling various system-generated alerts. Clients interested in the Rep as Portfolio Manager Program should contact their Representative for further information.

Separately Managed Account Program

Through the **Separately Managed Account Program**, we will work with the client to identify one or more third-party institutional investment managers available through the Envestnet Managed Account Solutions Program to manage a portion of the client's portfolio. This is a wrap fee program, and as such, it is more fully described in a separate disclosure document, Part 2A Appendix I of Form ADV: Wrap Fee Program Brochure. Clients interested in the Separately Managed Account Program should contact their Representative for further information.

Removal of Portions of the Brochure Discussing Financial Planning Services

We have removed from this Brochure the portions discussing Financial Planning Services. Although we have always considered financial planning concepts as part of the overall services we provide, we have not recently charged for a formal financial plan and have decided to streamline the Brochure by removing these portions. However, if at any time a client would like us to prepare a formal financial plan, we would be happy to do so, on terms to be negotiated at that time.

New TAA Program Accounts Opening in the BAA Portfolio

We currently manage two Portfolios in our Tactical Asset Allocation Program (the "TAA Program"):

- High Yield Bond Fund Portfolio
- Bond Asset Allocation Portfolio

However, we are no longer accepting new clients into the High Yield Bond Fund Portfolio. We are opening new TAA Program accounts only in the Bond Asset Allocation Portfolio, except in the exercise of our discretion. We have found that the liquidity and other characteristics of the Bond Asset Allocation Portfolio make it a suitable investment for a wide range of accounts seeking income, growth and income, or growth.

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ITEM 4: ADVISORY BUSINESS

A. This Brochure & Our Firm's Background

This Brochure

This Brochure provides important information about Carey, Thomas, Hoover & Breault Advisors, Inc. (referred to as the "Firm," "we," or "us"), our services, our compensation, the costs of participating in our advisory programs, and situations where our interests may conflict with the interests of our clients.

Clients should pay particular attention to the discussions about the various conflicts of interest because these can affect our judgment in managing the client's account, in choosing brokers to execute trades for the account, and in recommending custodians, among other important considerations.

Clients should also keep in mind that a number of separate businesses provide the various investment products and services described in this Brochure. The legal, contractual, and regulatory obligations differ in important ways depending on whether an investment adviser, broker-dealer, custodian, or insurance company is providing the product or service.

If you have questions about the information in this Brochure, you can reach your Representative at the email address, telephone number, or street address shown in the **Brochure Supplement** you received at the time you received this Brochure. You can reach our senior management, including our Chief Compliance Officer, at the email address, telephone number, or street address shown on the front of this Brochure.

Our History and Our Affiliate

We are a Kansas corporation headquartered in Wichita, Kansas. Prior to 2011, our investment advisory business was operated as a division of our sister corporation, Carey, Thomas, Hoover & Breault, Inc. ("CTHB"), an SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). CTHB has been in business since 2001 and was itself formed from the merger of two predecessor firms, Carey, Thomas & Hobson, founded in 1983, and Hoover, Breault & Company, founded in 1995.

In 2010, our principals recognized the need to provide additional resources for our investment advisory business, and separately incorporated our Firm and registered us as an investment adviser with the United

States Securities and Exchange Commission. Today, the CTHB companies provide investment advisory services through this Firm and provide brokerage and insurance services through CTHB.

In 2012, the CTHB companies continued to expand the investment products and services available for their clients by selecting National Financial Services ("NFS") to serve as the clearing broker-dealer for CTHB's brokerage business and as the custodian for our advisory clients. NFS is part of the Fidelity Investments family of companies, ranked among the world's largest financial services organizations. Our investment advisory clients and CTHB's brokerage customers have benefitted from the improvements in technology and access to the variety of financial products and services available through NFS and Fidelity Investments.

For 2013, we are pleased to announce that through our relationship with NFS we have been introduced to Envestnet Asset Management, Inc., the sponsor of the Managed Account Solutions platform of services. Through the Managed Account Solutions platform, we will be able to offer two new investment advisory services to help our clients in achieving their financial goals.

Ownership

The following individuals and entity own, directly or indirectly, 25% or more of CTHB Advisors:

Direct Owner:

- CTHB Investments, Inc.

Indirect Owners:

- J. Rigby Carey
- Stephen D. Thomas
- Thomas P. Hoover
- Jeffrey A. Breault

B. Our Advisory Services

As of the end of 2012, all of our advisory clients participated in our Tactical Asset Allocation Program ("TAA Program"). In 2013, we will continue to offer the TAA Program, and have added two new investment advisory programs:

- **Rep as Portfolio Manager Program**
- **Separately Managed Account Program**

Both of these new programs are offered through the Envestnet Managed Account Solutions Program. Information about the Separately Managed Account

Program is contained in a separate disclosure document, **Part 2A Appendix I of Form ADV: Wrap Fee Program Brochure**. Clients interested in the Separately Managed Account Program should contact their Representative for further information.

Below, we provide information about the TAA Program and the Rep as Portfolio Manager Program. However, because this information is necessarily general and does not address all details, clients should refer to their individual Advisory Agreement for specific terms that apply to them.

1. Tactical Asset Allocation Program

TAA Program Overview

In the TAA Program, the client's account is invested according to one of the "TAA Portfolios" available from time to time in the TAA Program. Each of the TAA Portfolios is managed according to the TAA Program "Strategy." In general, the Strategy involves buying and selling account investments based on investment signals we receive from a third-party research service.

For clients interested in the TAA Program, our Representative will obtain information regarding the client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the account that will be managed through the TAA Program, and any reasonable investment restrictions the client wishes to impose (all referred to as the "Suitability Information").

If the Representative determines the TAA Program is suitable for the account, he or she will explain the types of investments used in the TAA Program, the overall program investment objectives, the advisory fees and other costs and expenses the client should expect to incur, and the potential risks of the program, among other matters. The client must sign an Advisory Agreement to establish an account with us to participate in the TAA Program, and enter into a custodial and brokerage arrangement, as described below.

Current TAA Program Portfolios

We currently manage the following two Portfolios in the TAA Program;

- High Yield Bond Fund Portfolio
- Bond Asset Allocation Portfolio;

however, we are not accepting new clients into the High Yield Bond Fund Portfolio. We are opening new TAA

Program accounts only in the Bond Asset Allocation Portfolio, except in the exercise of our discretion:

We have found that the high liquidity and other characteristics of the Bond Asset Allocation Portfolio ("BAA Portfolio") make it a suitable investment for a wide range of accounts seeking income, growth and income, or growth.

Portfolios we develop for the TAA Program consist primarily of mutual funds (currently emphasizing high yield bond funds, which may be rated or unrated, of any duration or yield), money market funds, as well as government bond funds (or similar subaccounts of approved variable annuities); and if appropriate, "sweep" arrangements where cash balances are transferred into money market funds, money market deposit accounts, or bank accounts for cash management purposes (which may be advised by or maintained with the Custodian or an affiliate of the Custodian). Although not currently used, TAA Portfolio investments may also include: exchange-traded funds ("ETFs"); closed-end funds; unit investment trusts; and direct obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises.

Clients are not required to purchase a variable annuity to participate in the TAA Program; however, certain investments are only available as subaccounts of a variable annuity.

The Strategy

The principal investment strategy (the "Strategy") for the TAA Program is to attempt to minimize unfavorable performance in a falling market and to provide appreciation possibilities in a rising market by purchasing, selling, exchanging, and redeeming account investments based upon investment signals ("Signals") we receive from a third-party research service selected by us (the "Signal Provider").

The Strategy involves discretionary purchases and sales by us in and out of positions based on the Signals, and is not a "buy and hold" or long-term investment strategy (although there may be periods where positions are held for months or longer). We expect to follow the Signals in managing accounts. However, we may, in our discretion, reject, delay implementation, or modify, in whole or in part, actions suggested by a Signal and engage in other transactions, as we deem appropriate. There is no set minimum or maximum number of positions that will be held for an account or specific frequency that account positions will be traded.

Discretion Over Account Investments

In the Advisory Agreement, the client grants us full authority and discretion to engage in the Strategy to manage the account guided by the TAA Portfolio, as modified by us from time to time in our discretion. We have the authority and discretion to buy, sell, exchange, redeem, or otherwise effect transactions for the client's account, to accept or reject the Signals, in whole or in part, and to allocate and reallocate the account and account investments, as we deem appropriate, in our sole discretion, without prior notice or consent of client.

We may also add to, remove, or otherwise change the mutual fund families (or funds of a particular fund family), variable annuities (or subaccounts of a variable annuity), or other investments or types of investments that comprise a TAA Portfolio or in which we invest the client's account, without prior notice or consent of the client.

We may revise the TAA Program, change the Strategy, change the investment objectives, investment allocation, or other characteristics of a TAA Portfolio, designate a different TAA Portfolio for an account, and add or close a TAA Portfolio, without prior notice or consent of the client. At least annually, we will notify client of material changes in the TAA Program.

12b-1 Fees of Mutual Funds We Select

When investing in mutual funds, we will generally invest an account in load-waived funds. However, as discussed below, we will select share classes that pay 12b-1 Fees (and in some cases, other compensation) to our affiliated broker-dealer, Carey, Thomas, Hoover & Breault, Inc., **even if that means the share class we purchase for the client's account pays higher internal expenses than another share class the account was eligible to purchase.**

* * *

IMPORTANT NOTICE ABOUT 12B-1 FEES AND OUR INVESTMENT POLICIES

When we invest in mutual funds, we generally invest in share classes for which initial sales charges have been waived ("load-waived funds"). However, it is not our objective to invest in mutual funds that have the lowest internal fees or expenses. The load-waived funds we select still charge a number of expenses against the assets of the fund,

including Distribution and Shareholder Service Fees (referred to as "12b-1 Fees"), as explained below.

"Distribution Fees" are amounts that mutual funds deduct from the fund's assets to compensate brokers and others who sell fund shares and to pay for advertising, printing and mailing of prospectuses to new investors, and printing and mailing of sales literature. "Shareholder Service Fees" are amounts that funds pay as compensation for responding to investor inquiries and providing investors with information about their investments. Distribution Fees and Shareholder Service Fees are collectively referred to as "12b-1 Fees," named for the SEC rule that adopted them.

Typically, some share classes of a mutual fund will pay 12b-1 Fees to broker-dealers for their marketing, distribution, and shareholder servicing services. The costs of the 12b-1 Fees reduce the net asset value of those shares.

By contrast, other classes of the same fund may not pay any 12b-1 Fees, and as a result, the internal expenses of those share classes will be lower and the value of the shares will be higher. The internal expenses of a share class that pays 12b-1 Fees is usually about 25 basis points higher than the expenses of a share class in the same fund that does not pay 12b-1 Fees, unless other exceptional conditions apply.

In the TAA Program, if an account is eligible to purchase shares in a class that pays 12b-1 Fees, we will purchase shares of that class, even if the account is eligible to purchase another share class without 12b-1 Fees. Consequently, as long as the account owns these shares, it will pay the higher internal expenses of the share class we purchase rather than the lower costs of the class we did not purchase.

This is a conflict of interest. As an investment adviser, we have a fiduciary obligation to disclose this conflict of interest to our clients. The Advisory Fees we charge for the TAA Program have been set, in part, after taking into account an expectation of the 12b-1 Fees to be received from the mutual fund companies. Without the 12b-1 Fees to be

received by our affiliated broker-dealer, we would charge higher Advisory Fees for the TAA Program.

We believe our clients benefit from this arrangement because it permits us to charge lower annual Advisory Fees (which apply to all account investments for the entire year), even though an account will sometimes incur higher internal expenses while it owns a fund that charges 12b-1 Fees.

Although the amounts can differ from fund to fund, the 12b-1 Fees are generally 25 basis points annually (one-fourth of one percentage point). For comparison purposes only, on a \$100,000 investment, if held for an entire year, the 12b-1 Fees would be \$250.

Of course, not all mutual funds charge 12b-1 Fees. For example, money market funds and similar funds we use in the TAA Program usually do not charge 12b-1 Fees. While accounts are invested in these types of funds (which may be for periods of weeks or months each year), the client will usually not incur 12b-1 Fees.

When evaluating the overall costs of the TAA Program and the total compensation we receive, clients should consider the amount of our Advisory Fees, the internal expenses charged by the mutual fund and variable annuity companies, plus the additional 12b-1 Fee compensation our affiliated broker-dealer receives, as well as the other economic benefits our affiliated broker-dealer receives. Please refer to Item 5.C and Item 12 for further information.

* * *

2. Rep as Portfolio Manager Program

As discussed above, through our relationship with NFS, we have been introduced to Envestnet Asset Management, Inc. Envestnet offers an extensive range of investment advisory services and programs that other advisers, such as our firm, are able to offer to their clients. Among these services, Envestnet offers its Managed Account Solutions platform that provides access to sophisticated portfolio modeling, analysis and allocation tools.

Beginning in 2013, through our **Rep as Portfolio Manager Program** ("RPM Program"), our Representatives have access to the resources of the Envestnet Managed Account Solutions platform and the additional investment options available to help in meeting our clients' investment needs.

For clients interested in the RPM Program, our Representative will obtain information regarding the client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the account that will be managed through the RPM Program, and any reasonable investment restrictions the client wishes to impose (all referred to as the "Suitability Information").

In some cases, the Representative may choose to obtain from the client an Envestnet account profile, and may elect to use certain Envestnet account profiling and asset allocation tools. However, the Representative may elect not to use the Envestnet account profiling or asset allocation tools, depending on the Representative's familiarity with the client, the client's personal and financial situation, the Suitability Information, the account's investment objective and risk tolerance, and information the Representative determines is sufficient to determine the suitability of his or her recommendation.

Based on the Suitability Information and any other information the Representative determines is appropriate under the circumstances, the Representative will assist the client to identify a suitable allocation of the client's RPM Program assets, and an investment style and strategy that are suitable for the account in view of the account's investment objective, liquidity needs, investment time horizon, risk tolerance, and any reasonable investment restrictions imposed by the client.

Clients should take care to ask the Representative questions about the RPM Program to be sure they understand the risks, potential rewards, fees, and expenses of the Program, the strategy the Representative expects to use, and the types of investments that are expected. Where available, clients should request copies of the prospectuses for the investments expected to be used for the account, and then ask questions about these investment before deciding to participate in the Program.

Subject to the Firm's supervision, the Representative will provide continuous and regular investment management services of the RPM Program account

assets consistent with such allocation, investment style and strategy, as rebalanced and modified from time to time by the Representative, in the Representative's discretion, in a manner intended to achieve the account's objective.

The Representative and client may agree that a portion of the RPM Program account may be invested outside of the usual parameters of any allocation identified for the account. In such case, the client shall provide such instructions in writing and identify the portion of the account and any investment instructions or restrictions for such assets.

Clients who desire to participate in the RPM Program will enter into an Advisory Agreement to establish an account with us, and will also establish an account with NFS as the Custodian. Unless otherwise directed by the client, our affiliated broker-dealer, and its clearing broker-dealer will serve as the brokers for the client's account. The client will also be required to enroll as a participant in the Envestnet Managed Account Solutions platform.

Generally, client is expected to deliver only cash or cash equivalents to the Custodian. With our consent, client may transfer securities to the Custodian, but the securities will be liquidated to cash as soon as reasonably practical. Client may not transfer or deposit to the RPM Program account any securities that are not publicly traded or that cannot be promptly sold. Client will grant us, Envestnet, and the Custodian the authority, in our respective discretion, to liquidate securities transferred into the RPM Program account.

Discretion Over Account Investments

In the Advisory Agreement, client will grant us, including the Representative, full discretion to select the investments, to designate the strategies, and to buy, sell, or otherwise invest the assets of the RPM Program account, all without prior notice or consent of the client. The RPM Program agreements with Envestnet may also require the client to grant Envestnet discretion over the client's account to fulfill its administrative responsibilities.

If we agree to accept a non-discretionary account, we will recommend to client the strategies and transactions for the account, and will obtain the client's consent prior to making investments for the account; provided, even in non-discretionary accounts, the client may provide written authorization for us to make certain

investments without prior consent of the client under specific circumstances.

Unless separately negotiated, the Advisory Agreement will provide that we retain the authority to recommend for the account (for non-discretionary accounts) or to invest (for discretionary accounts) in any of the following: listed or over-the-counter, domestic or foreign, common, preferred, or convertible stock; warrants; corporate debt securities; commercial paper; certificates of deposit; shares of open-end investment management companies ("mutual funds"); shares of closed-end investment management companies or unit investment trusts ("UITs"); exchange-traded funds ("ETFs"); covered options on securities; subaccounts of variable annuity or variable life insurance contracts (all "variable products"); municipal securities; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises; and temporary "sweep" arrangements where cash balances are transferred into money market funds, mutual funds, or bank accounts.

Clients who participate in the RPM Program are required to grant to the Firm, Envestnet, and Representative: full discretionary investment authority to rebalance a client's account as any of them determines appropriate; to liquidate sufficient assets to pay the Advisory Fee or any costs or expenses of the RPM Program, when necessary; and to carry out any other actions that the Firm, the Representative, or Envestnet deems necessary or appropriate to fulfill their responsibilities.

Differences Among Representatives' Accounts

Representatives follow different investment strategies and styles, and adjust their investment selections depending on their clients' personal and financial situation, and the investment objective, risk tolerance, liquidity needs, and investment time horizon of the account they are managing.

Consequently, it is expected that the portfolios, levels of volatility, fees, expenses, returns, and performance will vary significantly among accounts managed by the same Representative and among those accounts managed by different Representatives.

The Representative will be acting on behalf of the Firm; and any discretion granted by the client to the Representative will be deemed to be granted to, and may be exercised by, the Firm. The Firm, as the Representative's supervisor, will have the authority to

direct any act of the Representative in the performance of any service through the RPM Program. Although the Representatives are supervised by the Firm and the Firm monitors the accounts of each Representative, the Firm does not direct or mandate the investment strategy or style followed by a Representative.

3. Additional Information About the TAA Program and RPM Program

Custodian and Custodial Account

We will not have possession of the client's account assets. To participate in the TAA Program or RPM Program, the account's assets must be maintained in an account (the "Custodial account") under client's name with one or more qualified custodians (the "Custodian") acceptable to us (and to Envestnet, for the RPM Program).

An account's initial Custodian will be identified in the Advisory Agreement or related account documents. The Custodian for most accounts will be National Financial Services, LLC ("NFS"), which also serves as the clearing broker-dealer for our affiliated broker-dealer. For accounts invested directly through a mutual fund company or variable product company, the Custodian will be the mutual fund or variable product company or their transfer agent. In some cases, account assets may be held by another qualified custodian affiliated with NFS' parent corporation, Fidelity Investments ("Fidelity").

The Custodial account will be governed by separate agreement between the client and Custodian, and client will be solely responsible for negotiating the terms of such agreement. The Custodial account will bear all fees and expenses of its Custodian and of transactions for such account, according to client's agreement with the Custodian, all of which will be separate from and in addition to the Advisory Fees.

For the TAA Program only, the client may designate any qualified custodian reasonably acceptable to us and with which we are able to enter into an agreement for efficient management of the account and payment of the Advisory Fees according to the Advisory Agreement.

4. Other Services

In addition to the services described above, we may also agree to provide other advisory services upon request by a client, in which case, the client and we will enter into a written agreement describing the specific services

to be provided, the terms and conditions, and the fees to be charged, all of which will be negotiated on a case-by-case basis. Our fees may be calculated on an hourly, fixed, or other basis as stated in the agreement. Our current maximum hourly rate is \$450 per hour.

5. Securities About Which We Offer Advice

We offer advice regarding a wide variety of investment products, including:

- exchange-listed or over-the-counter debt or equity securities of domestic or foreign issuers;
- money market funds, open-end investment companies (mutual funds), closed-end funds, unit investment trusts, and exchange-traded funds;
- variable life insurance, variable annuities, and their investment subaccounts;
- certificates of deposit; municipal securities;
- securities issued by the US Treasury, agencies, or government sponsored enterprises;
- option contracts on securities; and
- privately issued or publicly traded interests in limited partnerships or limited liability companies investing in real estate, oil and gas, and other businesses.

Although we advise our clients about the types of investments listed above, this list is more extensive than the types of investments we generally recommend for our clients' accounts. Please refer to Item 8 for information about the investments and strategies we typically recommend for our clients.

C. Tailored Services & Restrictions

For the TAA Program and RPM Program, we tailor our investment management services and advice to the specific needs of the client, based on information about the client's personal and financial situation, and the account's investment objective, tolerance for risk, liquidity needs, and investment time horizon. The Representative assists the client to identify a suitable available portfolio in the TAA Program or allocation of the client's RPM Program assets, and will answer the client's questions about the TAA Program or the RPM Program.

RPM Program accounts are reviewed and periodically adjusted (referred to as "rebalancing") by the Representative to reflect the account's intended

allocation (as may be modified from time to time, in the Representative's discretion) according to the investment style and strategy adopted by the Represented to achieve the account's objective. TAA Program accounts are managed according to the TAA Strategy and the signals received from the Signal Provider from time to time.

We permit clients to impose reasonable restrictions on the types of securities we purchase for their account, and permit clients to change the restrictions by written instruction to us. Once the client has designated an initial portfolio or allocation for their account, we will seek to manage the account's assets to reflect the investment allocation and investment objectives of the initial portfolio, subject to reasonable restrictions imposed by the client.

Changes in Client Circumstances

Clients are advised that changes in their personal or financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the TAA Program, RPM Program, or any strategy or portfolio designated for the client's account to become no longer suitable. In the event of any such material change in client's personal or financial circumstances, client should contact the Representative or us promptly so that we may assist in identifying another program, strategy or other investments that better meet the client's needs.

D. Information about Wrap Programs

We have entered into an agreement with Envestnet Investment Management, Inc., to participate in the Managed Account Solutions Separately Managed Account Program, which is a wrap fee program. In the Separately Managed Account Program, we will assist our clients to select from among a roster of third-party institutional managers that Envestnet has made available through the program and to monitor the performance of those managers.

The third-party institutional managers (or Envestnet, in certain situations) will have sole responsibility for providing portfolio management services for the client's account in the Separately Managed Account Program. Clients interested in this program will receive Part 2A Appendix I of Form ADV: Wrap Fee Program Brochure.

E. Managed Assets

As of December 31, 2012, we managed the following amounts of client assets:

\$193,761,874 on a discretionary basis, and
\$ 1,845,267 on a non-discretionary basis.

ITEM 5: FEES & COMPENSATION

A. Advisory Fees

1. TAA Program Advisory Fees

As compensation for our investment management services through the TAA Program, the client's account will pay us quarterly in arrears the "Advisory Fees," calculated as described below. Advisory Fees will be due and payable immediately following the end of each quarterly "Billing Period" (as defined below) or other period for which Advisory Fees are calculated, and upon termination of the Advisory Agreement. Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the account or any Managed Asset.

TAA Program Billing Periods & Assumptions

The calendar month that includes the "Effective Date" of the Advisory Agreement is the "Inception Month." The initial Billing Period will begin on the Effective Date and end on the last day of the second calendar month following the Inception Month; subsequent three-month (quarterly) Billing Periods shall begin immediately following the end of the initial Billing Period.

The TAA Program Advisory Fee will be calculated as a percentage of the account's "average daily value" (as described below) over the Billing Period, as stated in the client's Advisory Agreement.

The Advisory Fee percentage applied each Billing Period will not exceed the following (on an annualized basis), subject to the Firm's right to amend the Advisory Agreement, and add or otherwise revise its programs, Portfolios, and Advisory Fees:

<u>Program</u>	<u>Max Advisory Fee Percentage</u>
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TAA Program	1.75% of the value of the account
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Valuation Method and Valuation Period

For the TAA Program, we calculate our Advisory Fees based using the average daily value method when the Custodian provides such values to us. However, if we do not receive the average daily balance from the Custodian, or in the event of other technological or administrative problems, Client should expect that

Advisory Fees will be calculated using the closing value method (as described below).

Average Daily Value Method

For accounts valued using the average daily value method, we will use the average daily value provided by the Custodian over the Billing Period, partial Billing period, or other period for which Advisory Fees are calculated. If the Custodian does not provide the average daily value for any period for which Advisory Fees are calculated, we may calculate such value in a manner determined by us in good faith to reflect the average value of the account maintained by such Custodian, determined as of the close of each calendar day, during the period for which Advisory Fees are being calculated.

Closing Value Method

For accounts valued using the closing value method, the value shall be determined by reference to the values reflected on the Custodian's records or available from the Custodian (including without limitation, through any electronic system made available to us as of the close of the last trading day of a Billing Period or as of the close of the Custodian's statement or reporting period most recently ended on or before the close of the Billing Period, as consistently applied for each Custodian.

Advisory Fees calculated with respect to account assets valued using the closing value method shall not be adjusted or prorated for additions to or withdrawals from the account during a Billing Period or as a result of account appreciation or depreciation; provided, Advisory Fees for the last Billing Period shall be calculated based on the value of the account as of the close of the last trading day the Advisory Agreement is in effect, plus the value of all withdrawals from the account (valued as of the date of each withdrawal) during such Billing Period or the immediately preceding Billing Period.

Accounts with More Than One Custodian

For accounts with assets maintained with more than one Custodian, we will calculate the value of the account and the Advisory Fee separately for each Custodian, using the average daily value method or the closing value method, as we determine in our discretion for each Custodian. The valuation method and time periods used to value the account and calculate Advisory Fees will be applied consistently for each Custodian, but may differ from the valuation method and time periods used to

value the account or calculate Advisory Fees for other Custodians.

Except when we determine the fair value of an asset, as provided below, the value of the account shall be determined by reference to the valuations provided by or available from each Custodian, as of the close of the last day of each Billing Period or other period for which Advisory Fees are calculated. If the last day of a Billing Period or other period for which we calculate Advisory Fees is different than the last day of a Custodian's reporting or statement period, we may value the account maintained by such Custodian as of the close of the last day of the Custodian's reporting or statement date most recently ended on or before the close of the Billing Period, as we shall select on a consistent basis for each Custodian.

2. RPM Program Advisory Fees

As compensation for our investment management services through the RPM Program, the client's account will pay the "Advisory Fees" described below:

RPM ADVISORY FEE SCHEDULE		
Fee Tier	Account Value	Fee Rate
Tier 1	First \$1,000,000	1.25%
Tier 2	Next \$2,000,000	1.25%
Tier 3	Over \$3,000,000	.90%

Advisory Fees for the RPM Program will be calculated quarterly in advance by applying the applicable Fee Rate determined according to the Fee Schedule (as amended from time to time) to the fair market value of RPM Program account assets in the corresponding Fee Tier as of the last trading day of the preceding calendar quarter.

Advisory Fees for the initial calendar quarter are adjusted pro rata, based upon the number of calendar days beginning on the Effective Date of the Advisory Agreement and calculated on the value of the account as of the end of the initial calendar quarter.

Changes in Fee Calculation and Billing Procedures

Clients should be aware that Envestnet will act as collection agent for our Advisory Fees and we intend to work with Envestnet, to the extent we believe

reasonable, to coordinate our fee billing, calculation, and collection procedures so that they are consistent with the procedures used by Envestnet in the Managed Account Solutions Program. Consequently, in our discretion, we may change the billing and valuation periods and assumptions for calculating Advisory Fees from those described above or in the client's Advisory Agreement, as we determine appropriate so that they reasonably reflect the procedures used by Envestnet. However, these changes will not affect the Fee Rate shown in the Fee Schedule described above or in the client's Advisory Agreement. Clients may cancel their Advisory Agreement on written notice without penalty within 60 days after any material changes by us in the method of calculating their Advisory Fees.

No Separate Program Fees to Envestnet

Clients in the RPM Program will receive a copy of Envestnet's Form ADV Brochure that discusses various terms and conditions of the Envestnet Managed Account Solutions Program. Clients should be aware that most of the Envestnet Brochure pertains to programs and services other than the RPM Program. In the Envestnet Brochure, the RPM Program accounts are referred to as the "Advisor Directed Models."

Although the Envestnet Brochure states that clients must pay Envestnet a "Program Fee" for participating in the Managed Account Solutions Program, clients in our RPM Program **do not pay any Program Fee to Envestnet**.

3. Fair Valuation of Assets

In the event a Custodian does not value the account or any asset, or we determine a Custodian's value of the account or an asset is materially inaccurate, the account or such asset shall be valued by us in good faith to reflect its fair value. Money market accounts and bank accounts, if any, shall be valued as of the valuation date. Transactions that have not settled may be included in either the current or the following period, as determined for the account maintained with each Custodian on a consistent basis.

Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

4. Negotiability of Fees & Other Terms

For all services, we have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client's relationship with us, and to

negotiate different fees, minimums, or other terms on a client-by-client basis.

When considering these matters, we usually consider the amount of assets to be placed under management by the client and related accounts, anticipated future revenues and anticipated future assets or other business from the client or related persons, and other existing or anticipated relationships. We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining fees.

Because our Advisory Fees and other terms of our programs and services may be negotiated separately with individual clients, some accounts pay lower Advisory Fees than other accounts. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our employees and affiliates.

5. Risk of Liquidations to Pay Fees

The Custodian will be authorized to deduct the Advisory Fees directly from the client's account, without notice to the client. If sufficient cash is not available in the account to pay the Advisory Fees when due, the Custodian will liquidate securities selected by the Custodian or us without prior notice to the client. If mutual funds are liquidated, the client may be charged a contingent deferred sales charge, an early redemption fee, or a fee to discourage short-term trading of fund shares. If the liquidated securities have declined in value, the client will realize a loss and lose the opportunity for future appreciation of the securities.

6. Computing Market Value

Typically, the value of an account will be based on the value reported by the Custodian on its statements (or its internal electronic system); provided, we may, in the exercise of our fiduciary obligation, determine the value of an account or any asset in such manner as we shall determine in good faith to reflect the account's or asset's fair value.

B. Deduction of Fees by the Custodian

In the TAA Program and the RPM Program, the Advisory Agreement authorizes and directs the Custodian to deduct the Advisory Fees directly from the account upon receipt of our (or Envestnet's) instructions. We require clients to authorize the Custodian to deduct the Advisory Fees from the account and pay us (or Envestnet) directly; clients are

not generally permitted to choose to have Advisory Fees billed directly to them for payment in lieu of billing the Custodian; however, this term may be negotiable in our sole discretion. The amount of the Advisory Fee deducted by the Custodian will be reflected on the Custodian's regular statements to the client.

C. Additional Fees & Expenses

The Advisory Fees are separate and distinct from a number of other expenses accounts in the TAA Program or RPM Program will incur. These expenses include:

- Brokerage and Investment Expenses
- Mutual Fund and ETF Expenses
- Custodial Expenses
- Cash Management Expenses.

Brokerage and Investment Expenses

Accounts participating in the TAA Program will generally invest in mutual funds, money market funds, variable annuity subaccounts (if client owns a variable annuity), and other types of investment company securities. Clients should not expect their account to be invested in a portfolio of individual stocks or bonds. Although many of these investments are "load-waived" investments, clients should expect that their account will incur some or all of the following Brokerage and Investment Expenses.

For RPM Program accounts, depending on the types of investments (such as individual stocks, bonds, or options) and the investment strategy employed, the Brokerage and Investment Expenses could be much more significant than as compared to the TAA Program. Clients interested in the RPM Program should be sure to discuss with their Representative the investment strategy the Representative intends to follow, whether it involves frequent buying and selling of securities, and the anticipated costs of such transactions. The account will pay commissions and other charges for each transactions and these costs could significantly increase your costs and decrease any benefits from the RPM Program.

Following are examples of some of the types of expenses that can be included in the Brokerage and Investment Expenses:

- commissions, principal trade mark-up/mark-downs, and other transaction-related costs paid to introducing and executing brokers (**including our**

affiliated broker-dealer, its clearing firm, the Custodian and its affiliates), stock exchanges, electronic communications networks, and other trading intermediaries involved in executing account transactions to buy or sell securities;

- odd lot charges, transfer and other taxes, floor brokerage fees, service, handling, delivery, and mailing fees, electronic wire transfer fees, currency exchange fees, margin interest, and other expenses related to investments made or assets held for the client's account; and
- initial and deferred sales charges, early redemption fees, excessive trading penalties, exchange fees, and surrender fees in connection with the purchase, exchange, or redemption of mutual funds, money market funds, and variable annuities.

Mutual Fund and ETF Internal Expenses

Mutual funds, money market funds, ETF's, and variable annuities deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund. These internal expenses generally include recordkeeping fees, and transfer and sub-transfer agent fees, among others. Variable annuities internal expenses also include a mortality expense, as described in the prospectus. All of these represent indirect expenses that are charged to the fund's shareholders.

Frequently, these internal expenses also include "Distribution Fees." These amounts are deducted from the fund's assets to compensate brokers who sell fund shares, as well as to pay for advertising, printing and mailing prospectuses to new investors, and printing and mailing sales literature.

Mutual fund internal expenses also commonly include "Shareholder Service Fees" which are amounts deducted from the fund's assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution Fees and Shareholder Service Fees are referred to collectively as "12b-1 Fees," named after the SEC rule that adopted them. The 12b-1 Fees are calculated for each class of shares of a fund, and are calculated as a percentage of the total assets attributable to the share class. The 12b-1 Fees, investment management fees, and other ongoing expenses are described in the mutual fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus

Fee Tables to help compare the annual expenses of different funds.

ETFs are a type of investment company that aims to achieve the same return as a particular market index. They can be either open-end companies or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

We may use ETFs to achieve market exposure consistent with the index on which the ETF is based. Investment returns and principal value will fluctuate so that an account's ETF shares, when sold, may be worth more or less than the original cost.

Mutual funds may also impose a contingent deferred sales charge ("CDSC") or short-term trading fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The CDSC or redemption fee is generally one percent. Similarly, variable annuities may charge a substantial penalty for early redemption or cancellations.

Cash Management Fees and Expenses

Cash in a client's account that is awaiting investment or reinvestment may be invested in cash balance, money market fund, or deposit account at the Custodian (or their affiliate), pursuant to an automatic cash "sweep" program. Our affiliate may receive compensation based on the balances of client accounts in such sweep accounts. The possibility of compensation provides an incentive for us to invest client accounts to increase the compensation our affiliates receives. Our affiliate may also receive compensation from money market funds or deposit accounts used for cash management purposes, and this also provides an incentive for us to invest the account so as to increase this compensation, which may not necessarily represent the best investment of the client's assets.

Custodial Expenses

Clients must pay the cost of services provided by their account Custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the account; (2) making and receiving payments with respect to account transactions and

securities; (3) maintaining custody of account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the client's account. The Custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the Custodian (or its affiliates) or by asset-based fees for investments settled into the Custodian's accounts, or both. The specific fees and terms of each Custodian's services are described in the client's separate Custodial Agreement.

Evaluate All Costs of Our Programs

When evaluating the overall costs and benefits of our investment programs, clients should consider not just our Advisory Fees, but also the potential Brokerage and Investment Expenses, the Mutual Fund and ETF Expenses, and the Cash Management Fees and Expenses. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of our services.

Purchases of Similar Products and Services from Other Firms

Clients can generally purchase similar investment products or services through other firms that are not affiliated with us. Our Advisory Fees and the other costs of our programs are likely higher than amounts charged by other advisers or financial services firms for similar services and who may provide better performance or lower risk.

Clients may also purchase mutual funds, variable annuities, or other investment products or services directly from mutual fund companies and insurance companies. The products may be available on a low or "no-load" basis. Although we do recommend "load-waived" mutual fund share classes, they may carry 12b-1 Fees higher than a client may be able to obtain through a client's direct purchases from a fund company.

If a client chooses to purchase investments directly or through another intermediary, the client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the client's financial situation, investment objectives, risk tolerance, and liquidity needs.

Please refer to Item 12 for additional information regarding brokerage, transaction, and other fees and expenses clients will incur.

D. Fees In Advance & Refunds

Clients in the TAA Program will not be asked to prepay Advisory Fees. However, Advisory Fees in the RPM Program are payable quarterly in advance; provided, in no event will we ask or require prepayment of Advisory Fees of more than \$1,200 per client six months or more in advance.

If an Advisory Agreement is terminated by either party, any prepaid Advisory Fees shall be prorated based on the number of days this Agreement was in effect, and the unearned portion shall be refunded to client.

An Advisory Agreement may be terminated by the client or us at any time upon written notice to the other, as provided in the Advisory Agreement. Upon termination, any earned but unpaid Advisory Fees owed to us will be immediately due and payable; and any unearned Advisory Fees we have received in advance will be refunded to the client within 30 days.

After an Advisory Agreement has been terminated: client will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by our affiliated broker-dealer and any executing or carrying broker-dealer; client will be responsible for monitoring all transactions and assets; and neither our affiliate nor we shall have any obligation to monitor or make recommendations with respect to the account or those assets.

E. Compensation from the Sale of Securities and Other Products

Each of our officers and Representatives is separately registered as a broker-dealer representative of our affiliated broker-dealer, and many are also appointed as agents for various life insurance companies.

Below, we discuss a number of situations in which our affiliated broker-dealer and our Representatives (in their separate capacities as registered representatives of our broker-dealer affiliate or as agents of unaffiliated insurance companies) will receive compensation (separate from our Advisory Fees) if a client buys or sells a security or insurance product.

TAA Program

For accounts participating in the TAA Program, we generally recommend “load-waived” classes of mutual fund shares, to the extent the account qualifies to purchase such shares. However, clients should expect to incur commissions and other transactions costs that

will be paid to our affiliate (and shared with the Representative) when their account purchases other types of investments, such as ETFs.

Additionally, as we explain more fully in Item 4.B, we have set the amount of our Advisory Fees based, in part, on the expectation of our affiliated broker-dealer receiving 12b-1 Fees from the mutual fund investments we make through the TAA Program. When selecting among the available mutual funds in which to invest a client’s account, we will invest the account in the mutual fund share class that pays 12b-1 Fees to our affiliated broker-dealer, even though the share class we select carries higher internal expenses than another share class in the same fund that the account qualified to purchase (but which did not pay 12b-1 Fees to our affiliate).

RPM Program

Accounts participating in the RPM Program should expect more frequent purchases and sales of securities than they may have been accustomed to in the TAA Program. Depending on the types of securities and investment strategy selected for an account, it is expected that our affiliated broker-dealer and our Representatives will earn higher commissions and other transaction-related compensation from the purchase and sale of securities in RPM Program accounts, as compared to TAA Program accounts. They will also receive 12b-1 Fees on mutual fund and ETF investments.

Many clients maintain brokerage accounts at our affiliated broker-dealer and work with their Representative from time to time to purchase individual securities and insurance products, such as fixed or variable insurance products, stocks, bonds, or other securities. In these transactions, our affiliated broker-dealer and the Representative will receive separate, yet customary brokerage or insurance commissions. Often, mutual funds will pay also charge their shareholders 12b-1 Fees, and this will be paid to our affiliate and shared with the Representative also. For recommending certain types of insurance policies or investment products, the Representative may also be eligible to receive incentive-type awards (such as trips).

Clients are under no obligation to accept any recommendation made by a Representative or by our affiliated broker-dealer to purchase any securities, insurance, or other investment products. If a client wishes to purchase such products, they may complete the purchase through any duly licensed and authorized broker-dealer, insurance agency or other financial services firm.

We do not reduce or offset Advisory Fees by any 12b-1 Fees, commissions, sales charges, or other sales-related compensation, or by any other compensation our affiliate or we receive from any clearing firm, Custodian, other brokers, custodians, mutual fund companies or product sponsors based on or as a result of a client's purchase or sale of securities, insurance, or other investment products, or based on the value of a client's account, free credit balance, margin account balance, or retirement account balances.

The potential for our affiliated broker-dealer and our Representatives to receive compensation from client purchases of investment products may impair our objectivity and provide an incentive to place our interests, the interests of our affiliated broker-dealer, and the interests of our Representatives ahead of the interests of our clients. To address this conflict of interest:

- we disclose the conflict to our clients in this Brochure;
- we collect and maintain adequate information about our clients and their accounts, including their financial circumstances, investment objectives, and risk tolerance, and we conduct regular account reviews to confirm the designated portfolio is suitable;
- we periodically review holdings and strategies to identify significant disparities indicative of unusual treatment; and
- we educate our employees regarding our fiduciary responsibilities, regardless of fee arrangement.

Please refer to Item 12 for information regarding our brokerage practices.

ITEM 6: PERFORMANCE COMP & SIDE-BY-SIDE MANAGEMENT

We are required to disclose in Item 6 certain information about any "performance-based" fee arrangements with clients, and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

Because we do not have any performance-based fee arrangements with our clients, we do not have further disclosures for Item 6.

ITEM 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

Our Clients

We provide investment advisory services to the following types of clients:

- individuals, including high net worth individuals;
- pension and profit sharing plans;
- trusts, estates, and charitable organizations;
- corporations and other businesses not listed

Minimum Account Sizes

We have established the following minimum account sizes, subject to negotiation, as discussed in Item 5.

<u>Investment Program</u>	<u>Account Minimum</u>
TAA Program	\$50,000
RPM Program	\$100,000*

* Please note that because RPM portfolios may be customized to the individual needs of a customer and may include a wider variety of investments, a higher minimum account size may be required for certain RPM Program accounts, depending on the types of investments or investment strategies anticipated for the account. If a higher minimum amount is anticipated, the client will be notified prior to entering into the Advisory Agreement and the amount of the higher minimum amount will be stated in the account's Advisory Agreement. The client will have no obligation to enter into an Advisory Agreement with a higher minimum account size.

ITEM 8: METHODS OF ANALYSIS, STRATEGIES & RISK OF LOSS

A. Methods of Analysis

TAA Program

TAA Program accounts will generally be invested in the following types of investments: mutual funds (generally, high-yield bond funds) or similar high-yield bond subaccounts of variable annuities (if the account owns or purchases a variable annuity); cash; money market funds; short-term government bond funds; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises.

We invest TAA Program accounts to reflect the Portfolio selected for the account, and manage the account according to the TAA Strategy. We rely on the Signals we receive from our third-party Signal Provider and our evaluation of available and appropriate mutual funds (or other Portfolio investments). In addition to the investment recommendations provided by the Signal Provider, we conduct our own internal evaluation and selection of appropriate fund families and allocation of client account assets.

TAA Program investments may be selected or recommended on the basis of any or all of the following criteria: performance history; asset class and industry sector; the track record, management style and philosophy of any investment manager; the security's fee structure; a fund company's policies and limitations regarding excessive trading and penalties for early redemptions; the size of the investment in comparison to the size of the issuer; a fund company's trading restrictions, and our and our brokers' ability to place and execute orders and maintain records in an efficient manner, at reasonable costs. We may receive and rely on historic financial and other data from sources it deems to be reliable.

RPM Program

For RPM Program accounts, the Representative may recommend any one or more of the following: shares of open-end or closed-end mutual funds, money market funds, or unit investment trusts (with or without up-front or deferred sales charges); variable annuity contracts or variable life insurance contracts, and subaccounts of such contracts (all of which are referred to collectively as "variable products"); exchange-traded funds ("ETFs"); investment in cash; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises; exchange-listed or over-the-counter, domestic or foreign, common or preferred stocks; convertible securities; warrants; corporate debt securities; commercial paper; certificates of deposit; municipal securities; and options; all of various asset classes and other investment characteristics, as selected by the Representative based on the individual needs and objectives of the client.

In analyzing mutual funds, we look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds. We monitor the mutual funds in

an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds to determine whether the client is receiving adequate value for these fees and expenses.

A risk of our method of analysis is that past performance does not guarantee future results. A portfolio manager who has been successful in the past may not be able to replicate that success in the future. In addition, we do not control and do not have complete information about the underlying securities owned by the mutual funds. In addition, we may not be aware that two or more portfolio managers may have invested in the same security, which would increase the risk to the client if that security were to fall in value. Additionally, a portfolio manager may deviate from the stated investment mandate or strategy of a fund, which could cause the investment to become less suitable for the client. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Management of Account Until We Receive Written Notice

Unless and until the client notifies us in writing to designate a different portfolio for their account, to notify us of material changes in their Suitability Information, or to impose reasonable restrictions on the investment of their account, we will continue to manage the account according to the Suitability Information in our records and the Portfolio most recently designated for the account. clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of the account so that appropriate changes can be made.

Risks of Inaccurate or Biased Information

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

B. Investment Strategies & Risks

Risks of the TAA Program and RPM Program

When deciding whether to participate or to continue to participate in the TAA Program or RPM Program, clients should review and understand the risks, potential rewards, fees, and expenses of the particular program, the strategy to be followed by the portfolio manager, and the types of investments that will be made in client's account, as well as the fees and types of other expenses the client's account will incur.

Lack of Diversification in the TAA Program

The TAA Strategy and the TAA Portfolios do not attempt to diversify the client's account; at any time, all or most of the account assets may be invested entirely in debt securities (particularly high yield debt securities) or securities that are subject to the similar risks. The lack of diversification increases the risk of loss.

Risks of Market, Economic, Political, or Regulatory Events

The values of the account assets may fall due to changes in general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. The values of securities may fall due to factors affecting a particular issuer or the securities market as a whole.

Interest Rate Risk

Interest rates may go up, causing the value of debt securities held by the account (or by any mutual fund, money market fund, or variable product owned by the account) to decline. This is known as interest rate risk, which may be greater for securities with longer maturities

Credit Risk

The issuer (or other obligor) of a security owned by the account (or by any mutual fund, money market fund, or variable product owned by the account) may fail to pay principal or interest, or otherwise defaults, or may be perceived to be less creditworthy, or the security's credit rating may be downgraded, or the credit quality or value of any underlying asset may decline. This is known as credit risk. This risk is greater for high yield securities than for securities of higher credit quality.

accounts participating in the TAA Program will generally invest in high yield securities.

Prepayment Risk

During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the account (or any mutual fund, money market fund, or variable product owned by the account) to reinvest in lower yielding securities. This is known as call or prepayment risk.

Extension Risk

During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (a calculation of a security's future payments designed to measure sensitivity to interest rate changes), increase the security's sensitivity to interest rate changes and reduce the value of the security. This is known as extension risk.

Liquidity Risk

From time to time, as a result of economic, market, or issuer-specific reasons, one or more investments held by the account may become difficult to sell at a favorable price, and in certain adverse markets or economic conditions, may become difficult to sell at any price. The causes of a loss of liquidity may not be related to any specific adverse changes in the business of a particular issuer. These examples of liquidity risk.

Risk of Errors in Investment Decisions

There is a risk that the our judgment (or of a portfolio manager of a mutual fund, money market fund, or variable annuity subaccount owned by the account) about the attractiveness, relative value, or potential appreciation of a particular market sector or security, or about the timing of investment purchases or sales, may prove to be incorrect, resulting in losses to the account.

Risks Related to Size of the Firm's Assets under Management

There is a risk that accounts in the TAA Program may acquire, in the aggregate, a material percentage of the outstanding securities of a mutual fund, particularly where the fund's total assets is relatively small. In this situation, if a sell signal is received, we may encounter difficulty in selling all of such securities at a favorable price, or at the same time. Alternatively, we may not be

able to acquire sufficient securities so that all accounts in a particular Portfolio are able to participate in such investments.

Mutual Fund Policies on Market Timing and Excessive Trading

Mutual funds and variable product issuers often maintain policies prohibiting market timing or short-term trading in mutual funds or subaccounts, and prohibit transactions for the purpose of market timing. Excessive trading into and out of a fund or subaccount can disrupt portfolio management strategies, harm fund or subaccount performance by forcing the fund or subaccount to hold excess cash or to liquidate certain portfolio securities prematurely and increase expenses for all investors, including long-term investors who do not generate these costs. Funds or subaccounts that invest in high yield securities or invest in securities that are valued using fair value pricing methods may be particularly susceptible to the risks of market timing or short-term trading strategies.

To limit the negative effects of excessive trading, many funds and variable product issuers have adopted restrictions on account transactions. For example, policies may provide that if an account redeems (including exchanges) \$5,000 or more of a fund or subaccount, that account will be prevented (or “blocked”) from purchasing (including exchanges) shares or units for 30 calendar days after the redemption. These policies may also provide that restrictions do not apply to transactions made through asset allocation or other our programs.

We do not intend to engage in excessive trading contrary to the policies stated in the prospectus of any fund or variable product. However, in the TAA Program, we may engage in short-term trading of fund or subaccount positions that will subject accounts to a fund’s or variable product’s temporary “blocking” of purchases or exchanges. If during any period when an account is blocked by a fund or variable product issuer we receive a signal to engage in transactions that are blocked by the fund or subaccount, such signal will not be followed. As a result, the account may not reflect the Portfolio or the holdings of accounts that were not blocked, and performance may be adversely affected. accounts that are blocked will be rebalanced to reflect the Portfolio designated for the account when we are reasonably able after the end of the blocked period.

If a fund or variable product issuer believes that any of the Firm’s accounts has engaged in excessive trading, the

fund or variable product issuer may reject orders for all accounts, and refuse to process purchase orders for any account managed by us. A fund or issuer may also require liquidation of accounts that it believes engage in excessive trading or that are managed by a financial intermediary (including us) that engages in excessive trading in other accounts. Although we believe that blocking will not occur frequently, it has occurred in the past, and there can be no assurance that an account will not be blocked or required to liquidate. There is a risk of economic losses if an account is blocked or required to liquidate.

The TAA Strategy involves purchases and exchanges of fund or subaccount positions which will cause accounts to be charged exchange fees by the mutual fund or variable product issuer, and potentially by the account Custodian. In addition, mutual funds and variable product issuers may charge early redemption fees for sales occurring within periods of 30 to 90 days following a purchase. Early redemption fees can occur due to the timing of Signal Provider signals, withdrawals by the client, or from us redeeming shares to pay Advisory Fees.

In selecting or recommending mutual funds or variable products, we take into consideration possible restrictions on exchanges, exchange fees, and early redemption fees, but assumes no responsibility for any potential or actual losses resulting from any restrictions or for any such fees. clients will be solely responsible for all exchange fees and early redemption fees that occur from management of the account.

Risk of Delays in TAA Accounts

For a variety of reasons, there may be periods of time when we will not be able to trade a TAA account. For example, accounts may require several weeks after the TAA Advisory Agreement is signed by all parties before we will be able to enter trades with the Custodian (and such period may be lengthened as a result of delays by client or third parties in transferring assets to the Custodian). Similarly, accounts that are transferred between Custodians, or whose registrations are changed, or that change Portfolios may experience periods during which we will not be able to trade the account. Further, there will likely be periods when we are not able to trade an account as a result of the Firm’s administration, review, portfolio management, trade execution, or other handling of that account or the account for other clients.

During periods when we are not able to trade the account, we may receive a Signal that we may not be able to effect. As a result, the account may incur losses that would not have been incurred, or may miss profits or opportunities that would have been realized, if the account had been traded.

Following such periods, we will endeavor to trade the account and effect transactions so that the account reflects the Portfolio designated for the account, but such transactions may result in immediate losses for the account. We assume no responsibility for losses or missed profits or opportunities resulting from: the account not being traded during any such period; engaging in transactions so that an account reflects the Portfolio; or from implementing any instruction from the client.

Advisor does not guarantee that transactions will occur within any minimum period of time following receipt of a Signal or that transactions for any account will occur at the same time as transactions for other accounts. We will attempt, when reasonably able, to move all clients promptly following receipt of a Signal, but clients should expect that delays will occur, transactions for particular accounts may be delayed until after transactions for other accounts have been effected, and losses may be incurred or profits or opportunities may be missed, all at the risk (and potential benefit) of the client. Although with respect to any particular Signal or transaction, certain accounts may not be treated the same as other accounts, We will implement procedures to avoid particular accounts being treated unfairly over reasonable periods of time.

Risks of High Yield Bond Funds

TAA accounts may invest all or most of the account assets in high yield bond funds. These funds invest in securities that are considered speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield securities tend to be very volatile, and these securities are less liquid than investment grade securities. For these reasons, a client's investment in the Portfolio is subject to greater or additional risks as compared to investments in investment-grade securities, including the following, for example:

- increased price sensitivity due to changing interest rates or a deteriorating economic environment;

- greater risk of loss due to default or declining or perceived credit quality;
- adverse company-specific events are more likely to render the issuer unable to make interest and/or principal payments; and
- a negative perception of the high yield market could develop, depressing the price and liquidity of high yield securities. This negative perception could last for a significant period of time.

Clients should consider these matters carefully and review the prospectus for such funds prior to selecting a Portfolio that includes high yield bond funds. Significant investments in Portfolios that include high yield bond funds should not be considered by clients who are unable to bear the risks of these investments.

Risks of Government Bond Funds

Accounts may invest in mutual funds whose portfolios may consist largely of any one or more of the following:

- bills, bonds, notes, or other obligations issued the U.S. Treasury, and obligations issued or guaranteed by agencies and instrumentalities of the U.S. government, such as the Government National Mortgage Association and Federal Housing Administration; and
- obligations guaranteed by government sponsored entities, such as the Federal Home Mortgage Corporation and the Federal National Mortgage Association, among others, which are not funded by congressional appropriations, and whose obligations are neither guaranteed nor issued by the U.S. Government (and, therefore, have a greater risk of loss).

These mutual funds may invest in securities with broad ranges of maturities and average portfolio duration and maturity, as well as varying interest, payment and reset terms. These securities may carry fixed rates, adjustable rates, floating rates, or inverse floating rates, and may have contingent, deferred, payment-in-kind or auction rate features, any of which may contribute to increased volatility or risk of loss.

Allocation of Investment Opportunities

When determining which Portfolios or accounts will participate or receive an allocation of an investment opportunity, we may consider, among other factors, any one or more of the following: asset class or type of security; identity and industry sector of the issuer; market and economic conditions; quantity of the

security available to us; available cash, liquidity needs, size, and investment objective of the eligible accounts; effective, current, or target yields, returns, spreads, coupon, duration, or credit quality; volatility (as measured by standard deviation, by comparison against a benchmark or index, or by other measures selected by us); actual, estimated, or target rates of return targets; liquidity, tax position, investment restrictions, performance relative to a benchmark, and performance relative to other accounts in the same Portfolio. Such factors may be calculated, derived, or estimated by us or any third party or data source we believe is reasonably reliable.

Although the selection of one or more portfolios or accounts to participate in a particular investment opportunity may, in that instance, work to the detriment of non-participating portfolios or accounts, we will use reasonable efforts to manage all accounts fairly and non-preferentially over time.

Risk of Trade Errors

On infrequent occasions, an error may be made in a transaction for an account. For example, a security may be erroneously purchased for an account instead of sold. In these situations, if we are responsible for such error, our policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

Changes in the Portfolios

We may change, add, or remove portfolios (and the objectives or strategy of any portfolio) from time to time, without prior notice to the client. If a portfolio is changed or removed, we will designate for the account a suitable remaining portfolio, and will notify the client that such designation has occurred. If the client objects to such designation, we may terminate the Advisory Agreement and liquidate the account.

Margin Transactions

Occasionally, we may use a margin account offered by the Custodian to borrow sufficient funds to purchase a security for an account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that clients should understand. We do not expect to use significant amounts of margin or other leverage in our strategies;

however, certain types of transactions may or must be executed through a "margin account."

In volatile markets, security prices can fall very quickly. If the net value of a client's account (less the amount the client owes to the broker) falls below a certain level, the broker will issue a "margin call" and the client will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, the client must pay interest on the margin balance owed to the broker until it is repaid in full. The amount of margin interest will diminish the client's profits and in some cases could cause net losses in the client's account.

Insolvency of Brokers and Others

Clients will be subject to the risk of failure of the brokerage firms that execute their trades, the clearing firms that such brokers use, or the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

C. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and clients may lose money on their investments. We ask that clients work with us to be sure we understand their willingness and financial ability to bear the risks of their current investments and the investments we recommend for their account.

ITEM 9: DISCIPLINARY INFORMATION

We are required to disclose in Item 9 information about legal or disciplinary events involving the Firm or our management that may be material to evaluation of our advisory business or the integrity of our management.

- Regulator: KS SECURITIES COMMISSIONER
- Date: 06/12/2002
- Employee: Thomas Hoover
- Description: On 11/3/2008, Mr. Hoover was found to have not properly supervised an ex-employee and was required to pay a monetary fine in the amount \$10,000

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Each of the Representatives is registered as a broker-dealer registered representative of our affiliated broker-dealer, which is owned by our parent company, CTHB Investments, Inc. When transacting the purchase or sale of securities or insurance products, our affiliated broker-dealer and the Representative will receive customary sales charges, commissions, and other transaction-related compensation. When they sell mutual funds and variable annuities, they will also receive 12b-1 Fees and other asset-based compensation, as described in the prospectuses for those products; not all mutual funds pay 12b-1 Fees.

For accounts managed through the TAA Program, although most investments will be made in load-waived funds or similar securities for which the account will not pay an initial sales charge or commission, clients should expect that some investments in their TAA Program account will be made in investments for which our affiliated broker-dealer and the Representative will receive an initial sales charge, commission, or other transaction-related compensation, in addition to 12b-1 Fees and other asset-based compensation.

For accounts managed through the RPM Program, the facts will vary with the particular portfolio allocation, strategy and investment style for each account; however, generally, clients should expect accounts participating in the RPM Program to engage in more frequent transactions than in the TAA Program and to incur higher transaction-related expenses (e.g., commissions, mutual fund sales charges, principal trade mark-up/mark-downs) for which our affiliated broker-dealer and our Representative will earn additional compensation.

As part of our fiduciary obligation to put the interests of our clients ahead of our own, we have adopted the following steps to address these conflicts of interests:

- we disclose the existence of these material conflicts of interest that arise from the incentive for our Representatives and affiliated broker-dealer to earn additional compensation from our advisory clients, over and above the Advisory Fees we receive;
- we disclose to clients that they are not obligated to purchase any securities, insurance, or other

investment products or services from our Representatives or our affiliated broker-dealer;

- we request clients to provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the advisory account that will be managed by us, and any reasonable investment restrictions the client wishes to impose, and we conduct regular reviews of account investments;
- we require that our employees seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask employees to certify information regarding their disclosed outside employment activities; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Recommendation or Selection of Other Advisers

We are required to disclose if we recommend or select other investment advisers for our clients and if so, whether we receive any compensation that creates a material conflict of interest. We must also disclose if we have other business relationships with those advisers that create material conflicts of interest, and describe the conflicts and how we address them.

We do not recommend or select other advisers, except in connection with the Envestnet Managed Account Solutions Program. We do not receive any direct compensation from Envestnet (or NFS) in connection with the recommendation of any of the advisers available through the Envestnet Program. All direct compensation is paid in the form of the Advisory Fees that are paid by the client. Our affiliated broker-dealer and our Representatives receive the brokerage commissions, 12b-1 Fees, and other transaction-related compensation for their roles as introducing broker-dealer and registered representatives for the client accounts.

Nonetheless, through the Envestnet Program, we do have access to the various research and portfolio modeling tools that are part of the Envestnet Managed Account Solutions platform, which tools we would not have access to if we did not refer clients to the Envestnet Program.

Consequently, to the extent we may value the use of the Envestnet tools and research, there is a conflict for us to act in our own economic best interest, rather than in the best interest of our clients, by recommending and selecting Envestnet and its roster of advisers so we will continue to have access to the Envestnet tools and research and do not have to arrange or pay for these services from our separate funds.

We address this conflict of interest by disclosing it in this Brochure. We also monitor our accounts and evaluate the quality and costs of the services provided by Envestnet and the third-party managers who provide portfolio management services for our clients to determine whether our recommendation or selection of them continues to meet our fiduciary obligations.

Although we continue to believe that our selection of Envestnet and the third-party managers meets our fiduciary obligations and is in the best interests of our clients, it is possible that our judgment could be materially affected by our desire to continue using the Envestnet services.

ITEM 11: CODE OF ETHICS, CLIENT TRANSACTIONS & PERSONAL TRADING

A. Code of Ethics

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes our fiduciary responsibilities to our clients, and our procedures in supervising the personal securities transactions of our supervised persons who have access to information regarding client recommendations or transactions ("access persons").

A copy of our Code of Ethics is available to our clients and prospective clients. You may request our Code of Ethics by email at customerservice@cthb.net or by calling us at (800) 397-2220.

We owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of our access persons' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our

Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where we reasonably believe the interests of our clients will not be materially adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our employees.

Our Code of Ethics prohibits the misuse of material non-public information. While we do not believe that we have any particular access to material non-public information regarding publicly traded companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity.

The Firm and its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with the Firm's Code of Ethics. In doing so, the Firm or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Neither the Firm nor any Representative has any obligation to purchase or sell, or to recommend for purchase or sale, any security which the Firm or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless such conduct is a fiduciary obligation.

Confidentiality of client Information

Protecting the confidentiality of our customers' nonpublic information is paramount for the Firm. As such, we have instituted policies and procedures to ensure that nonpublic customer information is kept confidential. We do not disclose nonpublic personal information about our clients or former clients to any nonaffiliated third parties, except as provided pursuant to our privacy policies or as required by or permitted by law.

In the course of servicing a client's account, the Firm may share client information with service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. The Firm and our affiliated broker-dealer will share information about the client, the client's account, and account activity, and each has agreed to keep such information confidential.

B. Recommendations Involving Our Financial Interests

We are required to disclose in Item 11 if we recommend that clients invest in securities in which the Firm or our employees have a material financial interest.

We do not make any such recommendations to our clients.

C. Investments in Securities We Recommend to clients

Individuals associated with the Firm may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of the Firm that no person employed by the Firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients. Subject to the Code of Ethics, the Firm and its employees are permitted to trade for their own accounts side-by-side and in block transactions with the Firm's clients in the same securities, and at the same time. We have adopted the procedures described in Item 11.D to address the actual and potential conflicts of interest raised by our policies.

D. Investments Around Time of Client Transactions

Subject to the procedures in this section 11.D, the Firm and its employees are permitted to trade for their own accounts side-by-side with clients in the same securities at or around the same time as clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for client accounts. The Firm, its employees, and its affiliates may buy or sell securities for their personal accounts identical to the securities recommended to clients. We have adopted the procedures described below to address the conflicts of interest arising from our policies described in Items 11.C and 11.D:

- the Firm prohibits employees from purchasing or selling securities (other than mutual funds or other

securities that are not treated as "reportable securities") immediately prior to client transactions, in order to prevent employees from benefitting from transactions placed on behalf of advisory accounts;

- no director, officer, or employee of the Firm shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry;
- no director, officer, or employee of the Firm shall knowingly prefer his or her own interest to that of an advisory client;
- the Firm maintains a list of all securities held by the Firm and its access persons. These holdings are reviewed on a regular basis by the Investment Committee;
- the Firm emphasizes the unrestricted right of the client to decline to implement any advice rendered (except where the Firm has entered an order pursuant to its exercise of discretionary authority to manage client's investments);
- the Firm requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices; and
- any individual not in observance of the above may be subject to discipline, including termination.

ITEM 12: BROKERAGE PRACTICES

A. Factors in Selecting Brokers

In Item 12, we describe the factors that we consider when selecting brokers for discretionary accounts and recommending brokers for non-discretionary accounts. We also describe the conflicts of interest that can affect our decisions and the steps we take to attempt to address these conflicts.

1. TAA Program and RPM Program

Our selection or recommendation of brokers for accounts in the TAA Program and RPM Program is directly affected by the fact that our Firm is under common control with CTHB, which is a registered broker-dealer. Our officers, representatives, and employees are also officers, representatives and

employees of our affiliated broker-dealer. We are intimately familiar with the operations of CTHB and its clearing broker-dealer, and are able to place orders, assist clients, resolve questions, and administer accounts very efficiently through CTHB.

Clients should be aware, however, that even though this arrangement is very efficient for us, we have an obligation to evaluate the brokers we select (including any affiliated with us) on a continuing basis to determine that our selections are appropriate for our clients and consistent with our fiduciary responsibilities. An arrangement that is best for our firm is not necessarily best for you.

We review our broker selections (including our affiliate) on a continuing basis to determine if our selections are reasonable and consistent with our fiduciary responsibilities. In selecting brokers, we consider the full range and quality of the broker's services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. The Firm will not recommend a broker solely on the basis of the lowest possible commission cost, but rather, will determine whether the broker has the ability to provide the best overall qualitative execution.

The reasonableness of a broker's compensation is based on its ability to provide professional services, competitive commission rates, research, and related services that will help us in providing investment services to our clients. Consequently, we may recommend a broker that provides useful brokerage, research, and related services, even though a lower commission may be available from a different broker.

Our affiliated broker-dealer and its clearing firm make available to our firm advanced technology, support, and service that assist us in managing and administering our advisory accounts, including technology that:

- provides access to electronic client account records and data (including duplicate and batched client statements, year-end summaries, and trade confirmations);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides research, pricing and other market data;
- facilitates deduction of Advisory Fees from client accounts; and

- assists with back-office recordkeeping and client reporting functions.

We depend on our affiliated broker-dealer for access to shared office space and equipment, for electronic services, and for continued registration of the Firm's representatives as registered representatives; and we depend on our affiliated broker-dealer's registered representatives to refer clients to our investment advisory programs.

Importantly, however, the availability of these useful services creates a financial incentive for us to choose these brokers to execute trades for our clients' accounts so that we can continue to receive these services, and avoid paying for them separately at our own expense. Our interests could conflict with our client interests in obtaining the lowest execution costs or most favorable brokerage services.

Although we strive to address this conflict in a manner consistent with our fiduciary duty, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures to analyze periodically the services and programs provided by our brokers, to evaluate the usefulness of the services received in relation to the costs of the services, and to assess the overall quality of the services.

Lower Costs Available For Similar Services

We offer no assurance that the Advisory Fees, transaction costs, or investment expenses our clients will incur by using our firm as their investment adviser, or by using our affiliated broker-dealer and its clearing firm as brokers for their accounts will be as low as the fees or investment expenses charged by other firms for similar services. It is likely that lower costs are available for similar services from other advisers, brokers or custodians, and by paying lower costs, clients may significantly improve their long-term performance.

Brokerage Services Not for Specific Accounts

We do not attempt to put a dollar value on the services received from our affiliated broker-dealer or its clearing firm by each account, nor do we attempt to allocate or use the services received for the benefit of specific accounts, or attempt to use any particular item to service all accounts. We will use the services we receive to assist in managing accounts not maintained with the broker-dealer whose commissions were used to pay for such services. The services and support we receive from broker-dealers are used to help our Firm to fulfill its

overall client obligations. Clients will likely pay commissions or other transaction costs that will be used to pay for services that are not used to benefit their account.

2. Brokerage for Client Referrals

We are required to disclose whether, in selecting or recommending a broker, the broker (or a third party) refers clients to us. If so, we must disclose certain additional matters.

Our affiliate's clearing firm (the Custodian) does not refer clients to us. However, our affiliate and its registered representatives are our primary source of client referrals. All of our investment adviser representatives are registered representatives of our affiliated broker-dealer.

Please refer to the preceding portions of Item 12 for discussion of the numerous conflicts of interest related to the Firm's selection of our affiliated broker-dealer as broker for client accounts.

3. Directed Brokerage

Clients may direct us to execute transactions through a specific broker-dealer, subject to our ability to enter into satisfactory arrangements with the broker-dealer for processing and administration of orders, accounts, and customer service and support. You are not required to use our affiliated broker-dealer or its clearing firm.

When a client directs the use of a particular broker-dealer, we will not aggregate their orders with the orders of clients at other brokers. Orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular broker. As a result, the client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of client orders, as discussed in Item 12.B. Further, when we are directed to use a particular broker-dealer, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers.

Consequently, clients should understand that their direction to place orders with a broker-dealer may result in us not achieving most favorable execution of the client's transactions. This practice may cost the client more money than if we had discretion to select another broker-dealer. A disparity may arise such that clients who direct brokerage may pay higher overall

costs and receive less favorable prices than clients who do not direct brokerage.

B. Aggregation of Transactions

For the TAA Program, the Firm's Investment Committee acts as the portfolio manager and makes all decisions with respect to the aggregation or "block" trading of orders. For the RPM Program, each Representative acts as the portfolio manager for the accounts he or she manages.

The Advisory Agreement authorizes, but does not require, the account's portfolio manager to aggregate orders of more than one client for the same security into "block trades." Proprietary accounts of our firm or its supervised persons (employees) may participate in block orders on the same basis as clients.

For certain types of investors and accounts, the ability to have their orders aggregated into a "block order" with other clients can offer economic benefits, including the potential for volume discounts on their orders, potentially timelier execution, a potential reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. For accounts that purchase individual securities, such as stocks or bonds, the broker may be able to negotiate price improvements for block orders.

Block orders are not an important feature of the TAA Program because there is no opportunity for price improvement when investing in mutual funds, money market funds, or variable annuity subaccounts; the purchase price is always set at the next closing fund NAV. Similarly, TAA Program accounts would not receive a reduction of transaction charges.

For the RPM Program, however, we anticipate the Representatives may be making investments in individual securities that may benefit from aggregating orders. However, each Representative has the discretion to choose whether to aggregate his or her client's orders. Further, the use of block orders is affected by the timing of the purchase or sale orders for the same security in other accounts managed by the same Representative. Consequently, depending the type of security, economic factors, and market conditions, there may be very few or no block orders for an account.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price (which will be NAV for all investment company

securities), and the securities purchased or net proceeds received are allocated pro rata among the accounts in proportion to their respective orders placed that trading day.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the clients of a particular Representative, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, performance relative to a benchmark, performance relative to other accounts in the same Portfolio, or desire to avoid “odd lots” (an amount of a security that is less than the normal unit of trading for that security).

ITEM 13: REVIEW OF ACCOUNTS

A. Account Reviews

TAA Program accounts are reviewed regularly by the Representative assigned to the account, and at least annually by the Investment Committee (or a senior manager of the Firm). The accounts are reviewed at least quarterly by the Representative to evaluate consistency of the account with current investment objectives, and at least annually by the Investment Committee (or Senior Manager) for consistency with target allocation and weighting according to the Portfolio designated for the account.

RPM Program accounts are reviewed regularly by the Representative assigned to the account, and at least quarterly by the Investment Committee (or a senior manager of the Firm). The accounts are reviewed at least quarterly by the Representative to evaluate consistency of the account with current investment objectives, and at least semi-annually by the Investment Committee (or Senior Manager) for consistency with the account’s stated objectives and the strategy and Portfolio structured by the Representative.

For both the TAA Program and the RPM Program, at least annually, the client will be contacted to ask if there have been any changes in the account’s financial situation or investment objectives, or if the client wishes to impose or modify any reasonable account restrictions. The Investment Committee will be responsible for overseeing all reviews.

More frequent reviews can be triggered by significant market or economic factors, or if the client notifies the Representative of changes in the client’s financial situation, large withdrawals or significant deposits, or changes in the account investment objectives, liquidity needs, or risk tolerance.

B. Client Reports

Clients participating in the TAA Program or RPM Program will receive monthly or quarterly statements and confirmations from their Custodian. TAA Program clients will not receive any reports from us. In some cases, RPM Program clients may receive reports from Envestnet, but only if specifically stated in their Envestnet account agreement. Please refer to Item 15 for further information about reports.

ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

A. Arrangements with Third Parties

As described in Item 12, our affiliated broker-dealer and its clearing firm provide many services on which we depend in offering advisory services to our clients in an efficient and cost-effective manner. While there is no direct linkage between the investment advice we give and the programs sponsored by these brokers, it is likely we would no longer have access to these services if we did not select these brokers for our discretionary accounts or recommend their services to our non-discretionary accounts. Consequently, we have an incentive to act in our own economic best interest, rather than in the best interest of our clients, by recommending and selecting these firms so we do not have to arrange or pay for these services from our separate funds.

To address this conflict of interest by disclosing this conflict of interest in this Brochure. We also monitor our accounts and evaluate the quality and costs of the services provided by our affiliated broker-dealer and its clearing firm to determine whether our selection of them for our client accounts continues to meet our fiduciary obligations. Although we continue to believe that our selection of our affiliated broker-dealer and its clearing is appropriate for our clients, our judgment may be materially affected by our dependence on the services and referrals provided by our affiliated broker-dealer, its registered representatives, and its clearing firm.

Please refer to Items 10 and 12 for further information about the products, services, and economic benefits we receive from our affiliated broker-dealer and its clearing firm.

Additionally, please refer to Item 10 for information regarding the research and investment tools made available to us as a consequence of referring clients to the Envestnet Managed Account Solutions Program, the conflict of interest that arises from the incentive to have access to such research and tools which we would otherwise be required to pay for out-of-pocket, and the steps we have taken to address this conflict of interest and place the interests of our clients ahead of our own.

B. Referral Arrangements with Third Parties

We do not refer clients to third-party advisers, except as described in Item 10 in connection with the Envestnet Managed Account Solutions Program. Please refer to the discussion under “Recommendation or Selection of Other Advisers.”

ITEM 15: CUSTODY & ACCOUNT STATEMENTS

Clients will receive account statements directly from the Custodian on at least a quarterly basis showing all transactions in their TAA Program or RPM Program account during the reporting period. Clients should review the Custodian’s statements carefully.

We do not provide account statements to clients. If a client receives any document that purports to be from us and refers to the value of an asset shown on a Custodian’s statement, we urge the client to compare the information with the Custodian’s statement and contact our Chief Compliance Officer immediately by telephone at (800) 397-2220.

ITEM 16: INVESTMENT DISCRETION

Generally, in all of our investment programs we require clients to grant us full authority and discretion, on the client’s behalf and at the client’s risk to buy, sell, exchange, redeem, and retain investments, and exercise such other powers as we deem appropriate to manage the account. We have full discretion to: open, close, or modify portfolios in any program or in any separately or individually managed account program; adjust or change the investment allocations of a portfolio, the asset

classes that comprise a portfolio, the percentage that any asset class represents of a portfolio, or the mutual funds or other securities comprising any asset class; and remove, replace, or add to the third parties, if any, that provide research, model portfolios, buy and sell signals, or other information or services used in creating, allocating, reallocating, or managing the Portfolios.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on our discretionary authority (such as restrictions on the type of securities held in their account), such limitations must be included in the Advisory Agreement or otherwise submitted to us in writing. The client may change these limitations, as desired, by written instruction to us by email to customerservice@cthb.net, by telephone at (800) 397-2220, or by mail to the address shown on the cover page of this Brochure. All grants of discretionary authority must be in writing.

The RPM Program agreements with Envestnet may also require the client to grant Envestnet discretion over the client’s account to fulfill its administrative responsibilities. The terms of the client’s grant of discretion are negotiated separately between the client and Envestnet.

We may, in our sole discretion, agree to accept accounts that will be managed on a non-discretionary basis, on terms we will negotiate separately with the client. Clients should be aware that because we must obtain client consent prior to placing trades for non-discretionary account, this will usually result in trades for the account being entered after trades have been executed for our discretionary accounts. This will cause orders for the non-discretionary account to be filled later (and potentially, at less advantageous prices), or not to be filled on the same day as orders for discretionary accounts.

Orders for non-discretionary accounts will typically not be included in block orders with discretionary accounts, and these accounts will not receive the benefits of sharing execution costs or using an average price account, as used with orders for discretionary accounts. Consequently, the transaction costs, the quality of execution, and overall performance of non-discretionary accounts may be less favorable, as compared to discretionary accounts.

ITEM 17: VOTING CLIENT SECURITIES

We require the client to retain responsibility for voting all account securities. We will not vote proxies, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or to a third-party materials we receive pertaining to proxy solicitations or similar matters. Upon receipt of the client's written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard proxy and related materials.

Clients may obtain proxy materials by written request to the account's Custodian. For information about how to obtain proxy materials from a Custodian, clients may contact us by email to customerservice@cthb.net, or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate actions.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held for a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation.

If desired, a client may instruct us in writing to forward to the client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent by email to customerservice@cthb.net, or by mail to the address shown on the cover page of this Brochure.

The terms of a RPM Program client's account agreement with Envestnet may contain terms regarding the voting of proxies. These terms must be separately negotiated between the client and Envestnet.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of \$1,200 Six Months or More in Advance

Investment advisers who accept fees of more than \$1,200 per client, six months or more in advance are

required to provide their clients an audited balance sheet.

Because we do not accept pre-paid fees exceeding \$1,200 per client, six months or more in advance, we have not provided a balance sheet.

B. Disclosure of Certain Financial Conditions

SEC-registered investment advisers who have custody or discretion over client funds or securities, or who require prepayment of fees exceeding \$1,200 six months or more in advance must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients.

There is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

C. Bankruptcy within Past Ten Years

Advisers who have been the subject of a bankruptcy petition during the past ten years must disclose certain information about the matter.

We have never been the subject of a bankruptcy petition.