

Disclosure Brochure

June 6, 2013

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This brochure provides information about the qualifications and business practices of Aveo Capital Partners, LLC. (hereinafter "ACP"). If you have any questions about the contents of this brochure, please contact us at (303)552-0945. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about ACP is available on the SEC's website at www.adviserinfo.sec.gov.

ACP is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Since our last annual update to Form ADV Part 2A, we have provided additional explanatory information regarding how fees are charge on leveraged assets and added a information regarding our new affiliated subadvisory firm, Blue Sky Asset Management, LLC.

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Item 4. Advisory Business

ACP provides financial planning and investment management services. Prior to engaging ACP to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with ACP setting forth the terms and conditions under which ACP renders its services (collectively the "Agreement").

ACP has been in business since 2011. Aveo Capital Holdings, LLC is the principal owner of ACP and ACA Holdings is a minority owner. As of March 8, 2013, ACP has \$215,290,984 in assets under management.

This Disclosure Brochure describes the business of ACP. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of ACP's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on ACP's behalf and is subject to ACP's supervision or control.

Financial Planning Services

ACP may provide its clients with a broad range of comprehensive financial planning services.

In performing its services, ACP is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. ACP may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if ACP recommends its own services. The client is under no obligation to act upon any of the recommendations made by ACP under a financial planning engagement or to engage the services of any such recommended professional, including ACP itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of ACP's recommendations. Clients are advised that it remains their responsibility to promptly notify ACP if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising ACP's previous recommendations and/or services.

Investment Management Services

Clients can engage ACP to manage all or a portion of their assets on a discretionary or non-discretionary basis.

ACP primarily allocates clients' investment management assets among *Affiliated and Independent Managers* (collectively "Managers" as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, option contracts as well as the securities components of variable annuities in accordance with the investment objectives of the client. In addition, ACP may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. ACP also provides advice about any type of investment held in clients' portfolios.

ACP also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, private placements or funds, or other products that may not be held by the client's primary custodian. In so doing, ACP either directs or recommends

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the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

ACP tailors its advisory services to the individual needs of clients. ACP consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. ACP ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify ACP if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon ACP's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in ACP's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Securities Lending Management Services

ACP can be engaged to provide securities lending management services through certain of the qualified custodians it recommends. In providing this service, ACP's clients benefit from the resulting revenues that are created.

Blue Sky Asset Management, LLC

Blue Sky Asset Management, LLC ("BSAM"), an affiliated registered investment adviser, provides subadvisory, independent asset management and platform services to ACP and other registered investment advisers. These services include, but are not limited to, due diligence on other Managers, negotiating the contractual relations with those Managers, and investment platform overlay services. BSAM also provides and manages proprietary investment portfolios and strategies ("BSAM Strategies") to ACP and independent investment advisers can engage BSAM to manage all or a portion of their respective investment advisory clients' assets on a discretionary basis.

BSAM primarily allocates clients' investment management assets among independent and proprietary investment portfolios or strategies ("BSAM Strategies"), which may consist of mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options contracts, and such strategies are designed to fit various investment mandates of its BSAM Strategies.

The relationship between ACP, BSAM and independent Managers represents a conflict of interest because ACP and its investment adviser representatives have a financial interest in designating Managers, which will charge a separate and additional investment management fee to clients, to manage ACP client assets. ACP and its investment adviser representatives mitigate these conflicts by ensuring that all such fees are disclosed to clients and are reasonable in the aggregate.

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Use of Managers

As mentioned above, ACP recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain affiliated and independent investment managers ("*Managers*"), based upon the stated investment objectives of the client.

The client authorizes ACP to delegate the active discretionary management of all or part of the client's assets to one or more independent or affiliated investment Managers and/or investment management programs, based upon such client's stated investment objectives. Managers will generally charge a separate investment management fee in addition to ACP's Management.

Clients will generally not be required to execute a separate agreement with the *Managers*; however, if the Manager requires a separate agreement, the terms and conditions under which the client engages them will be set forth in a separate written agreement between the client and the designated Managers. ACP will generally execute a subadvisory and/or independent management agreement with Managers setting forth the terms of their agreement.

When recommending or selecting Managers for a client, ACP reviews information about the *Manager* such as its disclosure brochure and/or material supplied by the *Manager* or independent third parties for a description of the *Manager's* investment strategies, past performance and risk results to the extent available. Factors that ACP, investment adviser representatives generally consider in recommending a *Manager* include the client's stated investment objectives, as well as the Manager's management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by *Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, ACP's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by ACP, the designated *Managers*, and corresponding broker-dealer and custodian.

In addition to ACP's written disclosure brochure, the client may receive the written disclosure brochure of BSAM and/or the designated *Independent Managers upon request*. Certain *Managers* may impose more restrictive account requirements and varying billing practices than ACP. In such instances, ACP may alter its corresponding account requirements and/or billing practices to accommodate those of the *Managers*.

Item 5. Fees and Compensation

ACP offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

Financial Planning Fees

ACP charges a fixed fee for financial planning services. These fees are negotiable, but generally range from \$500 to \$10,000 on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning services. If the client engages ACP for additional investment advisory services, ACP may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

Prior to engaging ACP to provide financial planning services, the client is required to enter into a written agreement with ACP setting forth the terms and conditions of the engagement. Generally, ACP requires one-half of the

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financial planning fee (estimated fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Advisory and Management Fee

ACP provides investment advisory and management services for an annual fee based upon a percentage of the market value of the assets being managed by ACP (Management Fee"). ACP's Management Fee is exclusive of, and in addition to investment management fees charged by *Managers*, brokerage commissions, transaction fees, and other related costs and expenses, which are incurred by the client. ACP does not receive any portion of brokerage commission, transaction fees or other expenses charged by Custodians. ACP's Management Fee is charged on the total or "notional" market value of the assets being managed by ACP, including margin accounts. ACP's Management Fee is prorated and charged quarterly, in advance, based upon the notional market value of the assets being managed by ACP on the last day of the previous quarter. The annual fee varies (between 0.50% and 2%) depending upon the market value of the assets under management and the type of investment management services to be rendered. ACP does not pay interest on Management Fees collected in advance.

Fees Charged by Financial Institutions

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will generally incur brokerage commissions, transaction fees and platform service fees. Such charges, fees and commissions are exclusive of and in addition to ACP's fee.

ACP's *Agreement* and the separate agreement with any *Financial Institutions* may authorize ACP, *Managers* to debit the client's account for the amount of their respective fees and to directly remit that management fee to ACP, *Managers*. Any *Financial Institutions* recommended by ACP have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to ACP.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between ACP and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. ACP's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to ACP's right to terminate an account. Additions may be in cash or securities provided that ACP reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on

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notice to [ACP](#), subject to the usual and customary securities settlement procedures. If Assets are deposited to or withdrawn from an Account after the inception of a quarter that exceed \$100,000, the Management Fee payable with respect to the Assets will be prorated based on the number of days remaining in the quarter. Clients may withdraw Assets from the Account after providing us with notice. All withdrawals are subject to customary securities settlement procedures. For partial withdrawals in excess of \$100,000 within a billing period, we shall credit our unearned Management Fee to the Account.

[ACP](#) designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. [ACP](#) may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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

ACP does not charge performance-based fees. However, differences in the ACP's compensation arrangements with its clients could create incentives for ACP to manage client portfolios so as to favor those portfolios of clients paying higher fees. Notwithstanding this conflict, ACP will allocate transactions and opportunities among the various client accounts it manages in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

Item 7. Types of Clients

[ACP](#) provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, other investment advisers, corporations and business entities.

Minimums Imposed By Independent Managers

[ACP](#) does not impose a minimum portfolio size or minimum annual fee. Certain *Managers* may, however, impose more restrictive account requirements and varying billing practices than [ACP](#). In such instances, [ACP](#) may alter its corresponding account requirements and/or billing practices to accommodate those of the *Managers*.

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

Methods of Analysis

[ACP](#)'s primary methods of analysis are fundamental and technical.

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Fundamental analysis involves the fundamental financial condition and competitive position of a company. ACP will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that ACP will be able to accurately predict such a reoccurrence.

Investment Strategies

ACP strives to provide each client with a sustainable investment experience. ACP pursues a consistent strategy tailored to each client's risk tolerance, as described in each client's investment profile, to build client portfolios. ACP builds client portfolios according to the following process:

- Identifies client's risk tolerance;
- Defines the client's time horizon;
- Ensures that the client's liquidity needs are assessed and met; and
- Defines market metrics, which include volatility and correlation.

Because volatility and correlation of asset classes change over time, these changes can cause a client's risk profile to change as well. As such, ACP regularly rebalances clients' portfolios in an attempt to mitigate this change. ACP's method of analysis involves the use of hedging strategies that reduce volatility. Because owning a portfolio of complimentary highly correlated assets over time may increase the risk of financial catastrophe and a coordinated drawdown, ACP employs an enhanced option overlay strategy. This strategy allows ACP to systematically reallocate in any market environment, thus offering clients the benefit of broad-based index investing with calculated risk management. This allows ACP to hedge clients' positions in securities, ETFs, and in some instances, limited partnerships.

ACP may also allocate client assets to one or more *Managers*, which employ a variety of portfolio strategies to assist us in accomplishing the above goals.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and

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ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of ACP's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that ACP will be able to predict those price movements accurately.

Use of Affiliated and Independent Managers

ACP may recommend the use of *Managers* for certain clients. ACP will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Affiliated and Independent Managers* ability to successfully implement their investment strategy. In addition, ACP does not have the ability to supervise the *Managers* on a day-to-day basis other than as previously described in response to Item 4, above. There is a risk that *Managers* may fail to abide by their respective stated investment policies and guidelines when managing client assets on our recommendation.

Use of Private Collective Investment Vehicles

ACP may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, and their investment managers may not be registered as investment advisers with the SEC or state regulatory authorities, there may be an absence of regulatory oversight. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents

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explaining such risks. For example, hedge funds typically charge higher fees than are charged though separately managed accounts or direct management, often have restrictions on the ability to withdraw assets from the funds, and are subject to manager fraud risk, especially if such managers have custody of client funds and securities.

Management Through Similarly Managed Accounts

For certain clients, ACP may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, ACP buys, sells, exchanges and/or transfers shares of securities based upon the *investment strategy*.

ACP's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to ACP's clients may be limited. ACP allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

ACP is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. ACP does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

ACP's advisors are generally registered representatives of a broker-dealer for the purpose of offering additional products to ACP's clients. ACP monitors the relationship between its advisors and the broker-dealer for any potential conflicts of interest that may arise and, should such an event occur, ACP will implement policies and procedures to mitigate the conflict. All of ACP's clients are informed of the advisors' relationship with the broker-dealer in advance if, and when, a broker-dealer related product or service is being discussed.

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Item 11. Code of Ethics

ACP and persons associated with ACP ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with ACP's policies and procedures.

ACP has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by ACP or any of its associated persons. The *Code of Ethics* also requires that certain of ACP's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in ACP's *Code of Ethics*, none of ACP's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of ACP's clients.

When ACP is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when ACP is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact ACP to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

ACP generally recommends that clients utilize the brokerage and clearing services of *TD Ameritrade*.

Factors which ACP considers in recommending *TD Ameritrade* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *TD Ameritrade* enables ACP to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by ACP's clients comply with ACP's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where ACP determines that the commissions are reasonable in relation to the value of the brokerage and research

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services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. ACP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

ACP periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct ACP in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and ACP will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by ACP (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, ACP may decline a client's request to direct brokerage if, in ACP's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless ACP decides to purchase or sell the same securities for several clients at approximately the same time. ACP may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among ACP's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among ACP's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that ACP determines to aggregate client orders for the purchase or sale of securities, including securities in which ACP's *Supervised Persons* may invest, ACP generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. ACP does not receive any additional compensation or remuneration as a result of the aggregation. In the event that ACP determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, ACP may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist ACP in its investment decision-making process. Such research generally will be used to service all of ACP's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because ACP does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist ACP in its investment decision-making process. Such research generally will be used to service all of ACP's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because ACP does not have to produce or pay for the products or services.

ACP may receive from *TD Ameritrade*, without cost to ACP, computer software and related systems support, which allow ACP to better monitor client accounts maintained at *TD Ameritrade*. ACP may receive the software and related support without cost because ACP renders investment management services to clients that maintain assets at *TD Ameritrade*. The software and related systems support may benefit ACP, but not its clients directly. In fulfilling its duties to its clients, ACP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that ACP's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence ACP's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

ACP participates in the TD Ameritrade Institutional program, which is a division of TD Ameritrade, Inc., an independent SEC-registered broker-dealer that is separate and unaffiliated from ACP. There is no direct link between ACP's participation in the program and the investment advice it gives to its clients, although ACP receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, ACP may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; custody of securities; trade execution and clearance and settlement of transactions; access to an electronic communication network for client order entry and account information; Research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

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These products or services may assist ACP in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ACP manage and further develop its business enterprise. The benefits received by ACP's participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by ACP or its related persons in and of itself creates a potential conflict of interest and may indirectly influence ACP's recommendation of TD Ameritrade for custody and brokerage services.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Advent Software, Inc.

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

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

Item 13. Review of Accounts

For those clients to whom ACP provides investment management services, ACP monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom ACP provides financial planning services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of ACP's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with ACP and to keep ACP informed of any changes thereto. ACP contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

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Item 14. Client Referrals and Other Compensation

ACP may, from time to time, engage third parties to solicit advisory clients on its behalf. ACP will pay either a flat rate or a portion of management fees received from investors to the third party subject to a written agreement. All such soliciting arrangements, including the fees to be paid to the solicitor, will be fully disclosed to potential advisory clients at the time of such solicitation.

The *Financial Institutions* recommended by ACP, have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to ACP. Clients should carefully review the statements sent directly by the *Financial Institutions*.

ACP takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Affiliated or Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

ACP will not generally accept the responsibility for voting client securities (proxies) on behalf of its clients. In the rare occasion where ACP accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in ACP's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in ACP's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact ACP to request information about how ACP voted proxies for that client's securities or to get a copy of ACP's Proxy Voting Policies and Procedures

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that ACP maintains with persons having an interest in the outcome of certain votes, ACP takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

ACP does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, ACP is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. ACP has no disclosures pursuant to this Item.

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