

Form ADV Part 2A Disclosure Brochure

Item 1 – Cover Page

Pathway Strategic Advisors
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This brochure provides information about the qualifications and investment advisory business practices of Hanson McClain Strategic Advisors, Inc., doing business under the name Pathway Strategic Advisors. If you have any questions about the contents of this brochure please contact us at (916) 482-2196 or info@hansonmcclain.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at www.adviserinfo.sec.gov. You can view our information on this website by searching for “Hanson McClain Strategic Advisors” or “Pathway Strategic Advisors”. You can also search using the Firm’s CRD number. The CRD number for the Firm is **158395**.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

This item provides information regarding specific material changes and a summary of such changes made to the Disclosure Brochure since the last annual update of the brochure which occurred in January 2012.

Since our last annual update, there have been changes to our Firm's Supervisors and Executive Officers. Our current supervisors and officers are listed on page 4. We have also changed Item 13 – Review of Accounts to remove reference to our Investment Committee. Our investment models and strategies are developed and monitored by David Schauer, Chief Investment Officer and James Worden, Director of Research.

Effective August 2012, Pathway Strategic Advisors serves as investment advisor to the Pathway Advisors Funds, each of which is a separate series of Financial Investors Trust, a registered investment company. Several sections of the brochure have been updated to describe our arrangements with and services provided to the funds. Please refer to Items 4 – Advisory Business, 5 – Fees and Compensation, 7 – Types of Clients, 10 – Other Financial Industry Activities and Affiliations, 12 – Brokerage Practices, and 17 – Voting Client Securities.

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Item 4 – Advisory Business

Background and History

Hanson McClain Strategic Advisors, Inc. (also doing business under the name “Pathway Strategic Advisors”, and referred to as “us”, “we” and the “Firm” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission.

- Pathway Strategic Advisors is a newly formed investment advisor registered since July 2011.
- The Firm is owned and controlled by Hanson McClain Group, Inc.
 - The controlling owners of Hanson McClain Group, Inc. are **Scott Hanson**, Co-Chief Executive Officer and **Pat McClain**, Co-Chief Executive Officer.
- The Firm’s Supervisors and Executive Officers include:
 - Co-Chief Executive Officers - Scott T. Hanson and Patrick C. McClain,
 - Matthew Russell – President and Chief Financial Officer,
 - Director - Steven T. Burnett,
 - Chief Compliance Officer – Corey Gamble,
 - Secretary - Julia C. Frise, and Chief Investment Officer – David W. Schauer

Pathway Strategic Advisors was created in 2011 as a spin-off from our affiliated investment advisory firm, Hanson McClain Advisors. Hanson McClain Advisors was originally founded in 1996 to provide value-added financial advisory and investment management services to individuals and institutions.

In July 2011 Pathway Strategic Advisors initiated the development of our third-party money management program and began offering investment management services to clients of unaffiliated investment advisors. Pathway Strategic Advisors operates as an independent, privately owned investment management firm that provides fee-only discretionary investment management to individuals, pension and profit sharing plans, charitable organizations, corporations, and other entities working with introducing investment advisors that are not affiliated with our Firm.

This disclosure brochure provides important information about our Firm, our services, and fee arrangements. If you have received this disclosure brochure, it is because your investment advisor has recommended or suggested Pathway Strategic Advisors as a third-party money manager or sub-adviser to manage a portion of your investable assets. It is important that you read the information contained within this disclosure brochure carefully and speak with your investment advisor if you have any questions about our services or arrangements.

Client Assets Managed by Pathway Strategic Advisors

The amount of client assets managed and administered by Pathway Strategic Advisors totaled \$8,499,869.00 as of December 31, 2012. Of that total \$3,720,081.00 is managed on a discretionary basis and is reported as regulatory assets under management by our firm to the SEC. Please refer to Item 16 – Investment Discretion for more information. In addition, our firm serves as a consultant to an additional \$4,779,788.00.

Advisory Services

Pathway Strategic Advisors offers fee-based investment management services. Clients access Pathway Strategic Advisors’ investment management services in several ways:

I. Pathway Retirement Solutions Program

We offer our Pathway Retirement Solutions Program services to clients through the use of unaffiliated independent investment advisors contractually engaged by Pathway Strategic Advisors (collectively referred to as “Solicitor”). We can also serve as sub-advisor to an unaffiliated independent investment advisor. Under these arrangements, each account is held at an unaffiliated brokerage firm or custodian selected by the Solicitors. We do not recommend any custodial relationships for our Solicitors.

We are responsible for directing the investment of the portion of your funds and securities assigned to our Firm using a limited power of attorney granted to Pathway Strategic Advisors by you in our Investment Management Agreement. We also make available selected Separate Account Managers to be responsible for directing the investment of your funds and securities. We do not receive compensation from commissions or other charges levied by the account's brokerage or custodial firm. We are compensated solely by the investment management fee as detailed in our Investment Management Agreement (see Item 5 of this brochure for more details regarding our fee procedures).

The primary contact for matters concerning Pathway Retirement Solutions Program accounts is the referring Solicitor.

Tailoring Advisory Services to Individual Needs of Clients

The investment strategy and management program used to manage your account is always based on your unique and individual investment needs, as expressed in our Risk Tolerance Questionnaire and portfolio strategy selection or selections. Prior to introducing a prospective client to Pathway Strategic Advisors, the Solicitor must collect financial and demographic information and assist you with identifying your financial objectives by filling out our Client Questionnaire. The Solicitor will describe the investment programs available from Pathway Strategic Advisors that may be most beneficial and appropriate given your objectives in light of your responses.

The Solicitor will then forward the Client Questionnaire and all associated paperwork to Pathway Strategic Advisors. Pathway Strategic Advisors will conduct a final review of the client's selection to assess whether it is appropriate given the client's stated risk tolerance and objectives. Pathway Strategic Advisors is expressly authorized to rely on the information provided in the Client Questionnaire without further verification. You must notify your Solicitor of material changes in financial circumstances or investment goals that warrant changes to the portfolio strategy selected for an account.

Although the investment portfolios offered via Pathway Retirement Solutions Program are designed to meet the objectives of general investment strategies (i.e. aggressive versus conservative strategies), clients have the ability to impose reasonable restrictions on the accounts we manage.

Prior to Pathway Strategic Advisors providing investment management services, you are required to enter into a formal Investment Management Agreement with Pathway Strategic Advisors setting forth the terms and conditions under which we will manage your assets and a separate custodial/clearing agreement with the broker-dealer/custodian.

Pathway Strategic Advisors will allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its proprietary investment management portfolio strategies.

Additional details and disclosures regarding Pathway Strategic Advisors' investment management portfolio strategies are provided to clients via separate documentation prior to or at the time a portfolio strategy is determined. Basic information is provided at Item 8 of this brochure. Pathway Strategic Advisors' proprietary portfolio strategies have been designed to comply with the provisions set forth under Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Pathway Retirement Solutions Program, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to Pathway Strategic Advisors' management of client assets:

1. *Initial Interview* – at the opening of the account, Pathway Strategic Advisors, through the client's Solicitor, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. *Individual Treatment* - every client's account is managed on the basis of the client's financial situation and investment objectives;
3. *Quarterly Notice* – at least quarterly, Pathway Strategic Advisors, through the client's Solicitor, shall notify the client to advise Pathway Strategic Advisors whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the client's account;
4. *Annual Contact* – at least annually, Pathway Strategic Advisors, through the client's Solicitor, shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the client's account.
5. *Consultation Available* – Pathway Strategic Advisors and the client's Solicitor shall be reasonably available to consult with the client relative to the status of client's account;
6. *Quarterly Statement* – clients are provided with a statement, at least quarterly, that is prepared by the account custodian and delivered to the client directly from the custodian. That statement shall contain a description of all activity in the client's account during the preceding period. The client may also receive a quarterly performance report from their Solicitor that is made available to the Solicitor by Pathway Strategic Advisors. All clients are responsible, and therefore urged by Pathway Strategic Advisors, to compare performance reports received from their Solicitor against the account statements prepared and delivered by the custodian;
7. *Ability to Impose Restrictions* – clients have the ability to impose reasonable restrictions on the management of the client's account, including the ability to instruct Pathway Strategic Advisors not to purchase certain specific securities or mutual funds;
8. *No Pooling* – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;

9. *Separate Account* - a separate account is maintained for the client with the Custodian; and

10. *Ownership* – each client retains ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations). In order to participate in our Pathway Retirement Solutions Program, clients must generally establish accounts at a qualified custodian selected by their Solicitor and approved for that purpose by Pathway Strategic Advisors.

Investment Advisory and Administrative Services Provided by Envestnet Asset Management, Inc.

Pathway Strategic Advisors works with Envestnet Asset Management, Inc. (referred to as “Envestnet”) for certain administrative functions including utilizing their technology platforms to support data reconciliation, performance reporting, fee calculation and billing. They also provide research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Envestnet also provides certain investment advisory functions and is thus registered as an investment advisor with the SEC. Due to this arrangement, Envestnet will have access to client accounts. Clients will receive a copy of the Envestnet disclosure brochure explaining the services provided through Envestnet. A brief outline of the services and functions performed by Envestnet are outlined below.

- Investment Strategy Maintenance Tools.
- Access to Separate Account Managers (as described in the preceding section). Envestnet also makes available tools to assist Pathway Strategic Advisors with research, performance analysis and due diligence screening.
- Access to Unified Managed Accounts which enables Pathway Strategic Advisors to construct a single portfolio using both Pathway Strategic Advisors selected investments and Separate Account Managers
- Tax management and tax efficient investment strategies.
- Ability to access investment screens and other investment limitation factors.
- Account aggregation, reconciliation and reporting services
- Position and performance reporting functions and features
- Practice management services
- Account billing and fee administration
- Advisor services-help desk
- Presentations and marketing support

Pathway Strategic Advisors and Envestnet are non-affiliated companies. Envestnet charges the client an annual fee for each account administered by Envestnet. The annual fee is paid from the portion of the overall management fee charged by Pathway Strategic Advisors. Please refer to Item 5 of this brochure for details regarding our fee procedures.

Accounts established through our Pathway Retirement Solutions Program will be held and cleared through a broker-dealer selected by the client’s Solicitor, pursuant to a relationship between the Solicitor and the clearing broker-dealer. Physical custody of funds and securities is maintained by the various clearing firms, not by Pathway Strategic Advisors. Please read Item 12 of this Brochure for more information regarding our brokerage practices.

In performing its services, Pathway Strategic Advisors is not required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely on the information provided. It remains the client’s responsibility to promptly notify the Solicitor if there is

ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising previous recommendations and/or services. A copy of this Brochure will be provided to each client before, or at the same time, the Investment Management Agreement is executed. Pathway Strategic Advisors' clients are advised to promptly notify the Solicitor if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Pathway Strategic Advisors' management services.

II. Sponsored Investment Management Platforms or Investment Wrap Programs (Platform)

Clients may also gain access to Pathway Strategic Advisors investment management services through programs or investment platforms sponsored by unaffiliated investment advisors and/or broker-dealers. These programs may be wrap-fee programs, lists of available investment managers, or general asset allocation programs. Through these programs or platforms, clients must establish an account directly with the program sponsor. Pathway Strategic Advisors is then available to clients for selection as an independent money manager. Many of the terms and conditions of these programs are determined by the program sponsor. Through these programs, Pathway Strategic Advisors will be available to clients for selection as an independent money manager.

Clients must establish an account directly with the program sponsor. All applicable contracts and account paperwork will be completed by the client with the assistance of the program sponsor representative. The program sponsor representative will obtain the necessary financial data from the client, assist the client in determining suitability, and help the client to set the appropriate investment objectives. The program sponsor will then provide all necessary information to Pathway Strategic Advisors. The program sponsor representative will meet periodically to review the client's financial situation, investment objectives, and current portfolios and then make any necessary changes to the Pathway Strategic Advisors portfolio strategy selection, and notify Pathway Strategic Advisors of any changes to be made. A representative of the program sponsor will be responsible for providing the Pathway Strategic Advisors disclosure brochure. Depending on the money manager program, a Pathway Strategic Advisors client agreement may also be provided to the client.

Pathway Strategic Advisors will have the power and authority, as granted by the client through the program sponsor contract, to make investment decisions over the portion of the client's assets delegated to Pathway Strategic Advisors. However, Pathway Strategic Advisors will not be responsible for executing transactions in the client's account. Pathway Strategic Advisors will provide all trade instructions to the sponsor of the program who will be responsible for executing the recommendations of Pathway Strategic Advisors.

Accounts established through a program sponsored by an unaffiliated investment advisor and/or broker-dealer will be held and cleared through a broker-dealer selected by the program sponsor, pursuant to a relationship between the sponsor and the clearing broker-dealer. The program sponsor reserves the right to designate alternative clearing and custody arrangements similar to those of its preferred clearing broker-dealer. Physical custody of funds and securities is maintained by the various clearing firms, not by Pathway Strategic Advisors. As is the case with Select Portfolio Management Program accounts, clients accessing Pathway Strategic Advisors through a Platform have the ability to impose reasonable restrictions on their accounts.

III. Pathway Advisors Mutual Funds

Pathway Strategic Advisors, conducting business under the name Pathway Strategic Advisors, provides investment advice and management services to three affiliated mutual funds.

- Pathway Advisors Conservative Fund (PWCNX)
- Pathway Advisors Growth and Income Fund (PWGFX)
- Pathway Advisors Aggressive Growth Fund (PWAGX)

The three funds are referred to collectively as the “Funds” throughout this brochure and are mutual funds registered under the Investment Company Act of 1940. The Funds are a series of Professionally Managed Portfolios structured under Financial Investors Trust (the “Trust”), an open-end, management company organized as a Delaware statutory trust. The Funds administrator, transfer agent and fund accountant is ALPS Fund Services, Inc. The distributor of the Funds is ALPS Distributors, Inc.

ALPS Fund Services, Inc. and ALPS Distributors, Inc. are not related entities or affiliated with Pathway Strategic Advisors. However, some of Pathway Strategic Advisors’ employees have been hired to wholesale the Funds to financial professionals, such as registered representatives of broker-dealers and investment advisor representatives of unaffiliated investment advisory firms. In order to wholesale and help distribute the Funds, Pathway Strategic Advisors’ employees engaging in Fund distribution services are licensed as registered representatives of ALPS Distributors, LLC, a registered broker-dealer with the SEC and member FINRA/SIPC. These employees are not compensated by ALPS Fund Services, Inc. or ALPS Distributors, Inc.

Although Pathway Strategic Advisors is not technically the Funds’ administrator and Pathway Strategic Advisors is not affiliated with the Trust, Pathway Strategic Advisors has an incentive and inherent conflict of interest to recommend and favor the Funds for the following reasons:

- Pathway Strategic Advisors’ officers and owners are personally responsible for the formation (including covering a significant portion of the start-up costs) of the Funds.
- Pathway Strategic Advisors is the investment advisor to the Funds and receives a management fee for its services. Please refer to Item 5 of this brochure for a description of Pathway Strategic Advisors’ fees. Increases in Fund assets will result in increases in the management fee paid to Pathway Strategic Advisors.

Pathway Strategic Advisors furnishes the Funds with certain administrative services and provides most of the personnel needed to fulfill Pathway Strategic Advisors’ obligations as the investment advisor.

The Funds are the only registered investment company clients of Pathway Strategic Advisors and are mutual funds domiciled in the United States. Pathway Strategic Advisors maintains limited power of attorney to act on a discretionary basis when managing the Funds. Pathway Strategic Advisors is responsible for investment selection, asset allocation, and all asset management decisions regarding the Funds. Fund assets are deposited and held at Union Bank, N.A., the qualified custodian of Fund assets and securities.

Pathway Strategic Advisors manages the Funds in accordance with their stated investment objectives and investment policies which are outlined and detailed in the Funds’ Prospectus. All investors in the Funds will receive or have available a copy of the prospectus.

- The Pathway Advisors Conservative Fund seeks total return a primary emphasis on income with a secondary emphasis on growth of capital.
- The Pathway Advisors Growth and Income Fund seeks total return through growth of capital and income.

- The Pathway Aggressive Growth Fund seeks total return through a primary emphasis on growth with a secondary emphasis on income.

Shareholders need to review the Funds' prospectus for a complete description of the Funds' investment objectives, policies and operational structure.

Please refer to Item 8 of this brochure for information on how we may recommend Pathway Advisors Funds to clients with managed accounts.

Types of Investments

When managing client accounts, we typically construct each client's account holdings using low-fee mutual funds and no-load mutual funds to build diversified portfolios. It is not Pathway Strategic Advisors' typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. In addition, we may hold some of the following types of securities in client portfolios.

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETFs)
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- United States government securities

Participation in Wrap Fee Programs

Although we do not sponsor wrap-fee programs, we manage client accounts through both wrap-fee programs and traditional management programs. Under a wrap-fee program, advisory services and transaction services are provided for one fee. This is different from traditional management programs whereby our services are provided for a fee, but transaction services are billed separately on a per-transaction basis. From an investment management perspective, there is not a fundamental difference in the way we manage wrap-fee accounts versus traditional management accounts. The only significant difference is the way in which transaction services are paid.

Item 5 – Fees and Compensation

The amount, calculation, and method of deducting our investment management fees will vary depending on the method you use to access our investment management services. Brokerage commissions and/or transaction ticket fees charged by the custodian are generally billed directly to your account. However, your Solicitor or Platform sponsor may decide to absorb transaction costs and not charge your account separately. The decision to charge transaction fees to your account is always left to the Solicitor or Platform sponsor and is not determined by Pathway Strategic Advisors. We do not receive any portion of commissions or fees from the Solicitor, Platform sponsor, or the custodian on your account.

In addition, you may incur certain charges imposed by third parties other than Pathway Strategic Advisors in connection with investments made through your account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA/qualified retirement plan fees. Management fees charged by Pathway Strategic Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be held in your account.

A description of these fees and expenses are available in each investment company security's prospectus.

I. Pathway Retirement Solutions Program

Pathway Strategic Advisors' annual fee for the Pathway Retirement Solutions Program is determined by the fee table shown in each client's Investment Management Agreement. The total management fee includes the fee paid to Pathway Strategic Advisors from the table plus an Asset Based Service Fee determined by and paid to the Solicitor. The total investment management fee, therefore, covers both Pathway Strategic Advisors' Management Fee and the Asset-Based Service Fee. The Asset Based Service Fee is that portion of the total management fee paid to Solicitor.

The annual fee will also cover the portion retained by Envestnet Asset Management, Inc. ("Envestnet"). This fee may be up to 0.12% of client assets.

Clients may pay more or less to obtain Pathway Strategic Advisors' investment management services than do other clients. In such situations, where the client pays more, any additional compensation is paid to the Solicitor or a Solicitor representative in the role as an unaffiliated investment adviser or investment adviser representative. This compensation is for the consulting and monitoring services provided to the client on an ongoing basis relative to the client's engagement of Pathway Strategic Advisors. Such arrangements, and their terms and conditions, are exclusively determined between the client and the Solicitor or the Solicitor representative. Pathway Strategic Advisors is not a party to such arrangements.

The annual investment management fee rate charged varies depending upon the market value of assets under management and the specific type of investment management services to be rendered. Fees are typically deducted directly from the account on a quarterly basis. The service fee rate will be negotiated and agreed upon by the client and the Solicitor. However, you cannot negotiate the portion of investment management fees retained by Pathway Strategic Advisors, Envestnet and SAMs.

The maximum asset based service fee that may be charged by Solicitors is currently 2.03%. While the specific fee sharing arrangement between Pathway Strategic Advisors and Solicitors varies, generally Pathway Strategic Advisors will retain no more than 0.35% of the investment management fee charged to the client, so the total investment management fee charged to a client never exceeds 2.50% including the amounts paid to SAMs. SAMs used are paid a fee of up to 1.00% of the total investment management fee.

If your account is invested using our Accumulation Strategies (as described in Item 8 of this brochure) and thus invested in one of the Pathway Advisors Funds, you will be charged a total management fee of 1.00% which will be waived in whole or in part as an offset to the amount of fees earned by Pathway Strategic Advisors for the investment management services provided to the Pathway Advisors Funds. Your Solicitor will receive a solicitor fee from Pathway Strategic Advisors which shall be 0.50 basis points of the total assets you have invested in the Accumulation Strategies.

Accounts are billed using either a tiered fee schedule or a single fee rate. For accounts billed on a tiered fee schedule, multiple accounts from a single client household may be combined for the purpose of meeting breakpoints of a fee schedule.

Annual management fees are divided, calculated and billed quarterly in advance based on the Average Daily Balance (ADB) of the client's assets under management for the previous period. ADB does not take into account un-priced securities, nor does it count days when the account has zero balance. Fees are calculated based on all investments held or connected with the account and include money market

and cash balances. However, Pathway Strategic Advisors may exclude from the fee calculation certain portions that are transferred in to a managed account as an accommodation or are not actively managed by Pathway Strategic Advisors. Accounts opened mid-period will be charged an initial management fee that includes a portion of the fee that is pro-rated for the number of days that the account is opened in the first period.

Both Pathway Strategic Advisors' Investment Management Agreement and the broker-dealer/custodian's custodial/clearing agreement will authorize the broker-dealer/custodian to accept instructions from Pathway Strategic Advisors and/or Envestnet to debit the account for the amount of our investment management fee and to directly remit that management fee to Pathway Strategic Advisors and/or Envestnet. The authority for Pathway Strategic Advisors and/or Envestnet to calculate and have fees deducted directly from client accounts is a form of custody (as defined by the SEC under Rule 206(4)-2 of the Investment Advisers Act of 1940). Please read Item 15 of this Brochure for more information regarding Custody.

You can cancel our management services at any time for any reason by providing your Solicitor with written notice to cancel services. Your Solicitor must then forward to us the written request to terminate our services. In rare situations, we may determine it is necessary to terminate a client arrangement. In these situations, we provide the client and Solicitor with 30 (thirty) days written notice. Services will be terminated without penalty and you will receive a pro-rated refund based on the amount of time remaining in the quarter. Pathway Strategic Advisors will cooperate fully in any requests to deliver funds and securities held in the account to another custodian. Transactions in a closed account are subject to broker/dealer-custodian's normal brokerage rates. Termination of services will not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination.

II. Sponsored Investment Management Platforms

Participants in a platform program will pay an annualized investment management fee to Pathway Strategic Advisors generally not to exceed 0.35% of the assets under Pathway Strategic Advisors' management. Depending on the program, Pathway Strategic Advisors' fee will either be charged in addition to the overall program fee charged to a client or included in the program fee charged to the client. When Pathway Strategic Advisors' annual fee for investment management services is separate from and in addition to the program fee, the fee rate is determined by the fee table shown in each client's Investment Management Agreement with Pathway Strategic Advisors. Pathway Strategic Advisors' investment management fees are non-negotiable with clients.

In accordance with the program sponsor's billing arrangements, Pathway Strategic Advisors may provide the program sponsor, broker-dealer, or account custodian a quarterly invoice. Pathway Strategic Advisors' fees are then billed and collected by the program sponsor, broker-dealer, or account custodian and remitted directly to Pathway Strategic Advisors. Clients should refer to the program sponsor's disclosure brochure and contract for a full description of all fees and billing arrangements related to the program.

Fees for accounts managed by Pathway Strategic Advisors on a broker-dealer's or custodian's platform will be calculated and collected by the platform sponsor and remitted to Pathway Strategic Advisors. In those cases, any other fees or costs, such as a platform fee or trading costs, is deducted and retained by the sponsor. Pathway Strategic Advisors is not a party to, and does not participate in, such fees.

The process for removing Pathway Strategic Advisors as a sub-advisor or money manager on a Platform must comply with the procedures established by the Platform sponsor. Typically, such procedures will be

detailed in the Platform client agreement. Therefore, please refer to the Platform agreement and other materials for specific procedures to remove Pathway Strategic Advisors as a sub-advisor.

III. Pathway Advisors Mutual Funds

Pathway Strategic Advisors is paid an annual fee of 1.00% based on the amount of assets under Pathway Strategic Advisors' management held in the Pathway Advisors Conservative Fund; Pathway Advisors Growth and Income Fund; and Pathway Advisors Aggressive Growth Fund (the "Funds"). The annual fee is divided and paid to Pathway Strategic Advisors monthly based on the average daily net assets of the Funds. Pathway Strategic Advisors believes that its fees are competitive with those fees charged by other investment advisers for comparable services; however, Pathway Strategic Advisors' fees may be higher or lower than fees charged by other investment advisers.

In addition to Pathway Strategic Advisors' management fee, shareholders will pay other annual fund operating expenses such as distribution and service (12b-1) fees, shareholder servicing plan fees, acquired fund fees and expenses, and certain other fees. The total net Annual Fund Operating Expenses should not exceed 2.50% for the Pathway Advisors Conservative Fund, 2.55% for the Pathway Advisors Growth and Income Fund, and 2.60% for the Pathway Advisors Aggressive Growth Fund.

However, Pathway Strategic Advisors has contractually agreed to waive a portion or all of its management fees and/or pay Fund expenses to ensure that Net Annual Fund Operating Expenses (excluding acquired fund fees and expenses, interest, taxes and extraordinary expenses) do not exceed 2.33% of average daily net assets for the Pathway Advisors Conservative Fund, 2.38% for the Pathway Advisors Growth and Income Fund, and 2.43% for the Pathway Advisors Aggressive Growth Fund. The expense limitation will remain in effect through at least August 31, 2014, and may be terminated only by the Trust's Board of Trustees (the "Board").

If your account is invested using our Accumulation Strategies (as described in Item 8 of this brochure) and thus invested in one of the Pathway Advisors Funds, you will be charged a total management fee of 1.00% which will be waived in whole or in part as an offset to the amount of fees earned by Pathway Strategic Advisors for the investment management services provided to the Pathway Advisors Funds. Your Solicitor will receive a solicitor fee from Pathway Strategic Advisors which shall be 50 (0.50%) basis points of the total assets you have invested in the Accumulation Strategies.

Wrap-Fee Arrangements

To the extent Pathway Strategic Advisors portfolios are offered by a custodian or on a platform where some portion of the custodian's fees are wrapped (or bundled), including transaction fees, and Pathway Strategic Advisors cannot determine the portion of the wrapped fee that represents transaction fees, the entire wrapped fee reduces both net of fee and gross of fee performance. Pathway Strategic Advisors does not estimate trading fees in such cases. Pathway Strategic Advisors does not currently sponsor or participate in any wrapped fee arrangements in which Pathway Strategic Advisors' management fee cannot be identified as a charge separate from the bundled fee.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to our brochure because we do not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

We offer advisory services to:

- Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations
- The Pathway Advisors Funds

Minimum Investment Amount Required

We require a minimum investment amount of \$30,000 to establish an investment management account. The initial investment in a Pathway Advisors Funds is \$2,500. Investors generally may meet the minimum investment amount by aggregating multiple accounts within a Fund. There is no subsequent minimum.

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

Method of Analysis in Formulating Investment Advice

The Pathway Strategic Advisors investment philosophy extends beyond the “normal” asset class strategy. We not only use multiple fund managers with differing strategies and styles to gain better diversification, but we add an overlay of differing economic scenarios and outcomes that assist us in balancing portfolio risk and return. Each of our model portfolios are first designed with a neutral risk/return profile. We then overlay a tactical macro perspective that uses valuation and differing scenarios, evaluating differing economic regimes that may suggest an over/under weight of a particular asset class or sector.

We also have a highly intensive bottom up selection process. Our bottom up process begins with our investment committee as each member is responsible for reviewing funds within a particular asset class. Each committee member’s reviews are then vetted by the entire committee. The process includes a number of both quantitative metrics (Sharpe ratio, turnover, bull/bear market performance, etc.) and qualitative metrics (management team, costs, etc.) that we believe gives us an accurate view of why certain funds have outperformed and may continue to outperform their peers. Our ongoing monitoring of these positions includes those same quantitative and qualitative measures, as well as discussions with fund managers. The management interface assists us in evaluating the continuity of the management philosophy, and whether or not that philosophy meets our objectives and expectations.

Our portfolios reflect a relatively low turnover approach. We typically rebalance the portfolios once per year. However, conditions have and may dictate rebalancing more often throughout the year. Our structured process focuses on macro-economic factors and intensive active manager research is considered to provide the framework for our asset management program.

Investment Strategies when Managing Client Assets and/or Providing Investment Advice

Pathway Strategic Advisors utilizes several models when managing client accounts in our **Rollover** strategies. Included are:

Aggressive Growth Portfolio

This portfolio is designed for those investors who are willing to assume a higher level of risk in exchange for the potential of greater long-term returns. The allocation ranges for this portfolio are as follows: Larger-Cap Equities 50-90%, Smaller-Cap Equities 5-30%, Foreign Equities 10%-35%, REITS 0-10%, High Yield Bonds 0-25%, Alternatives 0-20%. The portfolios allocation will vary within the above ranges

based upon a variety of valuation factors. This portfolio is consistent with investors with a time horizon longer than 6 years.

Growth Portfolio

This portfolio is designed for those investors who are seeking longer-term growth, and are willing to assume a higher level of risk but with lower volatility than a traditional, buy and hold growth oriented portfolio. The allocation ranges for this portfolio are as follows: Larger-Cap Equities 45-70%, Smaller-Cap Equities 5-30%, Foreign Equities 10%-35%, Investment Grade Bonds 15-30%, REITS 0-10%, High Yield Bonds 0-25%, Alternatives 0-20%. This portfolio is consistent with investors with a time horizon longer than 5 years.

Growth and Income Portfolio

This portfolio is designed for those investors who are seeking longer-term growth, but are willing to forgo some upside for lower volatility. The allocation ranges for this portfolio are as follows: Larger-Cap Equities 40-55%, Smaller-Cap Equities 0-20%, Foreign Equities 5-25%, Investment Grade Bonds 30-60%, REITS 0-10%, High Yield Bonds 0-15%, Alternatives 0-20%. This portfolio is consistent with investors with a time horizon longer than 5 years.

Balanced Portfolio

This portfolio is designed for those investors who are seeking to balance longer-term growth and income needs. The allocation ranges for this portfolio are as follows: Larger-Cap Equities 35-45%, Smaller-Cap Equities 0-15%, Foreign Equities 5-20%, Investment Grade Bonds 40-60%, REITS 0-10%, High Yield Bonds 0-15%, Alternatives 0-20%. This portfolio is consistent with investors with a time horizon longer than 5 years.

Moderate Conservative Portfolio

This portfolio is designed for those investors who are seeking to position the portfolio more conservatively for income while maintaining a longer-term moderate growth component. The allocation ranges for this portfolio are as follows: Larger-Cap Equities 30-40%, Smaller-Cap Equities 0-10%, Foreign Equities 0-10%, Investment Grade Bonds 40-70%, REITS 0-10%, High Yield Bonds 0-15%, Alternatives 0-20%. This portfolio is consistent with investors with a time horizon longer than 4 years.

Conservative Portfolio

This portfolio is designed for those investors who are seeking to position the portfolio with an income first objective as well as a conservative growth objective. Reducing risk is a higher priority than growth potential. The allocation ranges for this portfolio are as follows: Larger-Cap Equities 15-30%, Smaller-Cap Equities 0-10%, Foreign Equities 0-10%, Investment Grade Bonds 55-80%, REITS 0-10%, High Yield Bonds 0-15%, Alternatives 0-20%. This portfolio is consistent with investors with a time horizon longer than 3 years.

We also offer numerous strategies through our **Accumulation** strategies. Accumulation strategies are intended for self-directed retirement accounts such as 401(k), 403(b) and 457 accounts. All accounts will be diversified and managed according to one of the Rollover models described above.

Accumulation strategies are comprised exclusively of shares of the Pathway Advisors Funds detailed in Item 4 of this brochure. Through this platform, we will recommend portfolios comprised of a mix of 1 – 3 of the Pathway Advisors Funds. The Pathway Advisors Funds are managed in accordance with the six general models listed above. Accumulation models are recommended for clients solely on a non-discretionary basis. This means your Solicitor will discuss with you the positives and negatives of

investing in the Pathway Advisors Funds. Before investing in the Pathway Advisors Funds, you will receive and be required to sign a disclosure document explaining the inherent conflicts of interest we have when recommending the Pathway Advisors Funds. Those conflicts of interest include, but may not necessarily be limited to:

- The Pathway Advisors Funds are managed by solely by Pathway Strategic Advisors.
- To the extent the Funds have poor performance, because of our involvement with the Funds and your Solicitor's role as a solicitor for our firm, Pathway Strategic Advisors and your Solicitor may be more reluctant or slower to move your money out of the Funds than we will be for your investments in other securities not managed by Pathway Strategic Advisors.
- We receive a 1.00% annual fee based on shareholder assets in the Funds.
- Unlike our Select Portfolio Management Program, the Funds are registered investment companies and are not managed based on your individual needs and unique investment circumstances.
- Although, Pathway Strategic Advisors will continuously monitor and review the performance of your assets under management, investing in the Funds is a long-term investment strategy (buy-and-hold) and you should expect to maintain your investment in the Funds for the long-term.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Pathway Strategic Advisors is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through this investment management program.

- **Management Risk** – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease
- **ETF and Mutual Fund Risk** – Pathway Strategic Advisors primarily utilizes mutual funds and exchange traded funds. When Pathway Strategic Advisors invests in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

- Market Risk – Markets as a whole go down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced
- Fixed Income Risk - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. Bonds are also inversely related to interest rates meaning when one goes up the other goes down. Therefore, an increase in interest rates, which are completely outside the control of Pathway Strategic Advisors, will reduce the value of a bond.
- Credit Risk - Credit risk can be described as the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Credit risk arises whenever a borrower is expecting to use future cash flows to pay a current debt. Investors are compensated for assuming credit risk by way of interest payments from the borrower or issuer of a debt obligation. Credit risk is closely tied to the potential return of an investment, the most notable being that the yields on bonds correlate strongly to their perceived credit risk.

Item 9 – Disciplinary Information

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Pathway Strategic Advisors is **not** and does **not** have a related company that is a (1) futures commission merchant, commodity pool operator, or commodity trading advisor, (2) banking or thrift institution, (3)

accountant or accounting firm, (4) lawyer or law firm, (5) pension consultant, (6) real estate broker or dealer, or (7) sponsor or syndicator of limited partnerships.

Hanson McClain Retirement Network, LLC doing business as Hanson McClain

Pathway Strategic Advisors is under common ownership with a full-service, introducing broker/dealer, Hanson McClain Retirement Network, LLC, doing business as Hanson McClain. Hanson McClain is a member of FINRA and SIPC. Hanson McClain is also an investment advisor registered with the SEC.

Pathway Strategic Advisors and Hanson McClain are owned by Hanson McClain Group, Inc. a holding company with majority ownership controlled equally between Scott Hanson and Pat McClain.

Advisor representatives of Pathway Strategic Advisors may also be registered securities agents with Hanson McClain and provide retail financial services directly to clients of Hanson McClain. In addition to providing retail brokerage services, Hanson McClain provides marketing, consulting, and client acquisition services to other investment adviser firms, broker/dealers and their representatives through the Hanson McClain Retirement Network. It should be noted that some of the Solicitors referring clients to our Firm are partners in the Hanson McClain Retirement Network. Additional details regarding this arrangement are provided at Item 14 of this brochure.

Hanson McClain is also a licensed insurance agency and the associated persons of Hanson McClain and Pathway Strategic Advisors may also be independently licensed to sell insurance products through various insurance companies. When acting in these capacities, commissions are paid to Hanson McClain for selling these products.

It should be noted that Pathway Strategic Advisors clients will **not** open brokerage accounts through Hanson McClain and will **not** be insurance clients of Hanson McClain. Thus, we avoid potential conflicts of interest other investment advisors (including our affiliate Hanson McClain Advisors) have when requiring or recommending the use of an affiliated broker/dealer and affiliated insurance company.

Hanson McClain, Inc. doing business as Hanson McClain Advisors

Pathway Strategic Advisors is under common ownership with a retail investment advisor firm, Hanson McClain, Inc., doing business as Hanson McClain Advisors which is also owned by Hanson McClain Group, Inc. Pathway Strategic Advisors is registered with the SEC, relying on Rule 203A-2(c) under the Investment Advisers Act of 1940, because Pathway Strategic Advisors is under common control with Hanson McClain Advisors, an investment adviser that is registered with the SEC, and Pathway Strategic Advisors' principal office and place of business is the same as Hanson McClain Advisors.

We share investment advisory personnel with Hanson McClain Advisors and also serve as sub-adviser to Hanson McClain Advisors providing trade signals, investment strategies and recommendations. Thus, the investment strategies and recommendations provided by Pathway Strategic Advisors are very similar to Hanson McClain Advisors. However, Hanson McClain Advisors retains a higher overall fee for its services than does Pathway Strategic Advisors for its services. In addition, Hanson McClain Advisors does not rely on Solicitors to attain new clients and assist it with delivering investment advice to clients. Therefore, a conflict of interest exists between our interests and the interests of Pathway Strategic Advisors clients in that we are more attentive to clients of Hanson McClain Advisors. However, generally speaking, the types of investment recommendations and methods of formulating investment advice for Hanson McClain Advisors clients are the same as those provided to Pathway Strategic Advisors clients.

Pathway Advisors Funds – Registered Representatives

As explained in Item 4 of this Brochure, some employees of Pathway Strategic Advisors wholesale and distribute the Pathway Advisors Mutual Funds (the “Funds”). In order to wholesale and help distribute the Funds, some Pathway Strategic Advisors employees engaging in Fund distribution services are licensed as registered representatives of ALPS Distributors, Inc., a registered broker-dealer with the SEC and member FINRA/SIPC.

Pathway Strategic Advisors and ALPS Distributors, Inc. are not related or affiliated companies. However, all “brokerage” activities related to Fund distribution are performed through ALPS Distributors, Inc. Therefore, certain employees of Pathway Strategic Advisors must be dually licensed under ALPS Distributors, Inc., and the Pathway Strategic Advisors home office is a registered office location of ALPS Distributors, Inc. with FINRA. It should be noted that Pathway Strategic Advisors employees who are also licensed with ALPS Distributors do not provide retail brokerage services to Pathway Strategic Advisors clients. Clients of Pathway Strategic Advisors seeking a traditional, commission-based brokerage arrangement will need to seek such services from other broker-dealers.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser’s responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. Pathway Strategic Advisors and its supervised persons have a fiduciary duty to all clients.

Pathway Strategic Advisors and our affiliated investment advisor, Hanson McClain Advisors, have established a Code of Ethics, which all supervised persons must read and then execute an acknowledgement agreeing that they understand and agree to follow. Our fiduciary duty to clients is considered the core underlying principle for the Code of Ethics and represents the expected basis for all supervised persons’ dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of own personal investment interests.

- All supervised persons will conduct business in an honest, ethical and fair manner.
- All supervised persons will comply with all federal and state securities laws at all times.
- Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted.
- All supervised persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the supervised persons’ duty of complete loyalty to their clients.

This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current or prospective clients wish to review our Code of Ethics in its entirety, it may be requested and a copy will be provided promptly.

Affiliate and Employee Personal Securities Transactions Disclosure

Our supervised persons may buy or sell securities or have an interest or position in a security for their personal account that they also recommend to clients. As these situations may represent a potential conflict of interest, it is our policy that our personnel may not prefer their own interest to that of an advisory client. No person supervised by Pathway Strategic Advisors may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Supervised persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in

part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. Pathway Strategic Advisors maintains a list of all securities holdings for itself and all supervised persons, which is reviewed on a regular basis by a principal of the Firm.

Pathway Advisors Funds

As described previously in this brochure (see Items 4, 5, and 10), Pathway Strategic Advisors is the investment advisor to the Pathway Advisors Funds, each of which is a separate series of Financial Investors Trust, a registered investment company. Please refer to the prior sections for more details.

Item 12 – Brokerage Practices

Individually Managed Client Accounts

Pathway Strategic Advisors does not require or recommend the use of any particular broker/dealer to serve as qualified custodian. Pathway Strategic Advisors' services are considered "open architecture" and our arrangement with Envestnet (described in Item 4) permits Pathway Strategic Advisors to manage accounts held at broker/dealers selected and determined by the Solicitor or Platform sponsor so long as the broker/dealer can be "linked" through Envestnet. Clients may be required to use a particular broker/dealer, but the requirement to do so is determined by the Solicitor or Platform sponsor. Therefore, the Solicitor and/or Platform sponsor are solely responsible for conducting broker/dealer due diligence and best execution analysis.

Because Pathway Strategic Advisors does not recommend or select brokerage platforms, we may not be able to obtain the best prices and execution for the transaction. Clients may receive less favorable prices than would otherwise be the case if their Solicitor or Platform sponsor selected an alternative broker/dealer or custodian. Pricing for transactions, custodial services and other services provided by a broker/dealer will vary based on the broker/dealer utilized. Thus some clients hiring Pathway Strategic Advisors' management services will pay more for such services than other clients.

Because we do not recommend or require the use of specific brokerage platforms, we do not receive client referrals for recommending particular brokerage platforms. Further, we do not have soft-dollar arrangements with broker/dealers. However, many of the platforms selected by Solicitors and Platform sponsors provide certain, standard benefits that are available without cost to all investment advisor firms using the platform, including our firm. These benefits include, but are not necessarily limited to, the following products and services: receipt of duplicate client statements and confirmations; research related products and tools; access to a trading desk serving Pathway Strategic Advisors accounts participants; 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; and access to mutual funds with no transaction. Some of the products and services made available by a broker/dealer through their program may benefit Pathway Strategic Advisors or the Solicitor but may not benefit client accounts. These products or services may assist Pathway Strategic Advisors or a Solicitor in managing and administering client accounts, including accounts not maintained at the broker/dealer providing the benefit.

Pathway Advisors Mutual Funds

Pathway Strategic Advisors places orders for the purchase and sale of portfolio securities, options and futures contracts and buys and sells such securities, options and futures for each Pathway Advisors Mutual Funds (collectively referred to as the "Fund") through a substantial number of brokers and dealers.

In so doing, Pathway Strategic Advisors uses its best efforts to obtain for the Fund the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions as described below. In seeking the most favorable price and execution, Pathway Strategic Advisors, having in mind the Fund's best interests, considers all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker-dealer involved and the quality of service rendered by the broker-dealer in that or other transactions.

Pathway Strategic Advisors places orders for the purchase and sale of portfolio investments for the Fund's accounts with brokers or dealers selected by it in its discretion. In effecting purchases and sales of portfolio securities for the accounts of the Fund, Pathway Strategic Advisors will seek the best price and execution of the Fund's orders. In doing so, the Fund may pay higher commission rates than the lowest available when Pathway Strategic Advisors believes it is reasonable to do so in light of the value of the brokerage and research services provided by the broker effecting the transaction, as discussed below. Although the Fund may use a broker-dealer that sells Fund shares to effect transactions for the Fund's portfolios, the Fund will not consider the sale of Fund shares as a factor when selecting broker-dealers to execute those transactions.

There is generally no stated commission in the case of fixed-income securities and other securities traded on a principal basis in the over-the-counter markets, but the price paid by the Fund usually includes an undisclosed dealer commission or markup. In underwritten offerings, the price paid by the Fund includes a disclosed, fixed commission or discount retained by the underwriter or dealer. Transactions on U.S. stock exchanges and other agency transactions involve the payment by the Fund of negotiated brokerage commissions. Such commissions vary among different brokers. Also, a particular broker may charge different commissions according to such factors as the difficulty and size of the transaction. Transactions in non-U.S. securities generally involve the payment of fixed brokerage commissions, which are generally higher than those in the United States. The purchase by the Fund of participations or assignments may be pursuant to privately negotiated transactions pursuant to which the Fund may be required to pay fees to the seller or forego a portion of payments in respect of the participation agreement.

Advisers or sub-advisers of investment companies and other institutional investors receive research and brokerage products and services (together, "services") from broker-dealers which execute portfolio transactions for the clients of such advisers. Consistent with this practice, the Adviser receives brokerage and research products and services from many broker-dealers with which Pathway Strategic Advisors places the Fund's portfolio transactions. These services, which in some cases may also be purchased for cash, may include, among other things, such items as general economic and security market reviews, industry and company reviews, evaluations of securities, recommendations as to the purchase and sale of securities, and services related to the execution of securities transactions. The advisory fees paid by the Fund are not reduced because the Adviser receives such services even though the receipt of such services relieves Pathway Strategic Advisors from expenses it might otherwise bear. Research and brokerage services provided by broker-dealers chosen by Pathway Strategic Advisors to place the Fund's portfolio transactions may be useful to Pathway Strategic Advisors in providing services to Pathway Strategic Advisors' other clients, although not all of these services may be necessarily useful and of value to Pathway Strategic Advisors in managing the Fund. Conversely, brokerage and research products and services provided to Pathway Strategic Advisors by broker-dealers in connection with trades executed on behalf of other clients of Pathway Strategic Advisors may be useful to Pathway Strategic Advisors in managing the Fund, although not all of these brokerage and research products and services may be necessarily useful and of value to Pathway Strategic Advisors in managing such other clients.

In reliance on the “safe harbor” provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “1934 Act”), Pathway Strategic Advisors may cause the Fund to pay a broker-dealer which provides “brokerage and research services” (as defined for purposes of Section 28(e)) to Pathway Strategic Advisors an amount of commission for effecting a securities transaction for the Fund in excess of the commission which another broker-dealer would have charged for effecting that transaction if Pathway Strategic Advisors determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer viewed in terms of either a particular transaction or Pathway Strategic Advisors’ overall responsibilities to the advisory accounts for which it exercises investment discretion.

Aggregation of Client Orders

Transactions implemented by Pathway Strategic Advisors for client accounts are effected independently, unless Pathway Strategic Advisors decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used by Pathway Strategic Advisors. Even if more advantageous to clients, Pathway Strategic Advisors does not typically aggregate orders. If Pathway Strategic Advisors chooses to aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Pathway Strategic Advisors clients in proportion to the purchase and sale orders placed by an individual Pathway Strategic Advisors investment advisor representative for each client account on any given day. When Pathway Strategic Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which an associated person of Pathway Strategic Advisors may invest, Pathway Strategic Advisors will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Pathway Strategic Advisors does not receive any additional compensation or remuneration as a result of aggregation.

Trading Error Policy

Pathway Strategic Advisors has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Pathway Strategic Advisors to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Pathway Strategic Advisors if the error was caused by Pathway Strategic Advisors. The remedy for an error caused by Pathway Strategic Advisors may be in the form of a credit against future Pathway Strategic Advisors investment management fees. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client’s account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Pathway Strategic Advisors may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

Pathway Strategic Advisors will never retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors.

If the gain does not remain in the account, the client's broker/dealer will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses the broker/dealer incurs from trading errors.

Item 13 – Review of Accounts

Investment Models held in accounts managed by Pathway Strategic Advisors are reviewed at least quarterly by Pathway Strategic Advisors. The client's Solicitor generally reviews Select Portfolio Management Program accounts with the client on a mutually agreed upon schedule.

All clients are encouraged to discuss their investment objectives, needs and goals with their Solicitor and to keep their Solicitor informed of any changes regarding the client's situation. All clients are encouraged to meet, at least annually, with their Solicitor to comprehensively review investment objectives and performance. Solicitors are responsible for forwarding all client information, including objectives and suitability information, to Pathway Strategic Advisors.

Clients will receive account statements and transaction confirmation notices at least quarterly from the qualified custodian at which their accounts are maintained. In addition, Pathway Strategic Advisors provides quarterly performance reports for clients with Select Portfolio Management Program accounts (where included as a platform feature) summarizing account performance. Performance reports are made available to each Solicitor who will decide whether or not to forward the performance reports to his/her client.

It is important for clients to review all account statements received directly from the custodian. Further, clients are urged to compare position and performance reports provided by Pathway Strategic Advisors against the account statements received directly from the custodian. If at any time a client does not receive the most recent account statement(s) or does not have access to account statements, the client should contact his or her Solicitor immediately.

The underlying portfolios held in client accounts and recommended by Pathway Strategic Advisors are reviewed on an on-going basis by the Firm's Chief Investment Officer, David Schauer and the Firm's Director of Research, James Worden. Their primary responsibilities are:

- Develop Pathway Strategic Advisors' investment philosophy
- Collaborate on the principles of portfolio design and investment management
- Identify the investment objectives Pathway Strategic Advisors' investment portfolios will pursue
- Establish the risk/return profiles for Pathway Strategic Advisors' investment portfolios
- Monitor the execution of Pathway Strategic Advisors' portfolios for tracking of expected outcomes
- Collaborate to arrive at a consensus view on Pathway Strategic Advisors' investment outlook and forecasts, and to identify promising opportunities
- Prioritize investment research, process development, and staff utilization initiatives
- Monitor and confirm the continuing alignment of the investment products and company activities with Pathway Strategic Advisors' business objectives
- Address and resolve operational and administrative issues as needed

Item 14 – Client Referrals and Other Compensation

As a third-party investment advisor providing asset management services, Pathway Strategic Advisors relies exclusively on client referrals from unaffiliated investment advisors and their representatives

("Solicitors"). Details of the compensation provided to investment advisors that refer clients to Pathway Strategic Advisors are provided at Item 5 of this brochure. All of our referral arrangements are in compliance with federal or state regulations (as applicable). Solicitation/referral fees are paid pursuant to a written agreement retained by both the Firm and the Solicitor. Solicitors are required to provide clients with several documents, including a copy of this Form ADV Part 2 Disclosure Brochure and a Solicitor Disclosure Document prior to or at the time of entering into any investment advisory contract with Pathway Strategic Advisors.

Clients that engage Pathway Strategic Advisors' services will pay more or less to obtain Pathway Strategic Advisors' investment management services than do other clients, since a portion of the overall fee is determined by the Solicitor. Variations in the Solicitor's compensation may be due to the Solicitor's role as an unaffiliated investment adviser or investment adviser representative for the consulting and monitoring services the Solicitor may provide to the client on an ongoing basis relative to the client's engagement of Pathway Strategic Advisors. Such arrangements, and their terms and conditions, are exclusively determined between the client and the Solicitor, and Pathway Strategic Advisors is not a party to these arrangements.

Pathway Strategic Advisors pays to some broker-dealers and investment advisor firms a fixed annual participant provider fee to be listed on the broker-dealer or investment advisor's platform of approved third party managers. The platform listing permits the broker-dealer or investment advisor's representatives to recommend Pathway Strategic Advisors' investment management services to their clients. The fixed annual participant fee is payable regardless of the number, if any, of a broker-dealer or investment advisor's clients that engage Pathway Strategic Advisors' services. Pathway Strategic Advisors may enter into similar arrangements with additional broker-dealers or investment advisors, pursuant to which Pathway Strategic Advisors will be added to the respective firm's third party manager platforms. Pathway Strategic Advisors may also agree to serve as sub-advisor to an unaffiliated investment advisor.

Hanson McClain Retirement Network

In addition to the fee arrangements described above, some Solicitors have joined the Hanson McClain Retirement Network (referred to as the "Network") which is a client acquisition program for independent financial advisors designed and provided through our affiliate Hanson McClain Retirement Network, LLC doing business as Hanson McClain. The Network provides marketing support and training to members (referred to as "Partners"). Partners are not considered supervised persons or affiliates of Hanson McClain and must be licensed as securities agents with a registered broker/dealer, licensed as investment advisor representatives with an investment advisor firm or dually licensed as both a securities agent and investment advisor representative.

Hanson McClain trains Partners to help employees of companies such as those in the telecommunications and utility industries with retirement planning. Services provided by Hanson McClain do not include investment advice directly to Partners or their clients. Hanson McClain does not meet with individual clients. Hanson McClain's marketing services focus on identification of key market areas and segments; marketing strategies to increase the Partner's client base; and developing and promoting workshops. Workshops suggested by Hanson McClain are general education in nature and focused on 401(k) and pension plans offered by the workshop attendees' company. Workshop materials provided by Hanson McClain to Partners do not include product sales or personalized investment advice. Partners specialize in both salaried and non-salaried employees' retirement programs.

For Partners that contract for enhanced Network services, Hanson McClain takes an active role in coordinating workshops for Partners. Under an enhanced arrangement, Hanson McClain will create and

setup workshops as well as providing marketing materials for the workshop. In addition, Hanson McClain Relationship Manager(s) assigned to the Partner will solicit attendees to workshop(s). Relationship Managers are supervised persons of Hanson McClain and are licensed as investment advisor representatives.

As consideration for the services provided by Hanson McClain to its Partners, Partners must assign, as compensation, a percentage of all revenues earned from Partner's clients attained as a result of the marketing training and services provided by Hanson McClain. Revenue includes the Partner's receipt of commissions earned from brokerage services and/or advisory fees earned from advisory services. Hanson McClain may receive up to 30% of all revenue earned by the Partner. The compensation allocation continues throughout the term of the Joint Marketing Agreement, including renewal period(s), between Hanson McClain and the Partner. The exact arrangements, including term and compensation, are detailed in the Joint Marketing Agreement between Hanson McClain and the Partner.

Although Solicitors that are also Partners of the Network compensate Hanson McClain directly for Network services, there is a conflict of interest when Partners serve as Solicitors for Pathway Strategic Advisors because Partners may be influenced to refer clients to Pathway Strategic Advisors based on the services and support provided by Hanson McClain and not solely based on the performance history and investment services provided by Pathway Strategic Advisors. If your Solicitor is also a Hanson McClain Partner, specific disclosure regarding the arrangement and conflict of interest will be provided to you in writing.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. Pathway Strategic Advisors is deemed to have custody of client funds and securities whenever Pathway Strategic Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Pathway Strategic Advisors Services will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Pathway Strategic Advisors is deemed to have custody, Pathway Strategic Advisors has established procedures to ensure all client funds and securities are held at a qualified custodian (which is always selected by Solicitors) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are **urged** to compare the statements against reports received from Pathway Strategic Advisors. When clients have questions about their account statements, they should contact Pathway Strategic Advisors or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Upon receiving written authorization from a client, Pathway Strategic Advisors will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Pathway Strategic Advisors will implement trades on a **discretionary** basis (which shall be granted in the Investment

Management Agreement). When discretionary authority is granted, Pathway Strategic Advisors will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our Firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Individually Managed Client Accounts

Pathway Strategic Advisors does not vote proxies on behalf of for individually managed client accounts. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, Pathway Strategic Advisors has determined that taking on the responsibility for voting client securities results does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is the responsibility of Pathway Strategic Advisors clients to vote all proxies for securities held in accounts managed by Pathway Strategic Advisors.

You will receive proxies directly from your custodian or transfer agent and such documents will not be delivered by or from Pathway Strategic Advisors. While Pathway Strategic Advisors does not vote client proxies, if you ever have a question about a particular proxy you can contact your Solicitor.

Pathway Advisors Mutual Funds

Pathway Strategic Advisors is responsible for voting proxies and securities on behalf of the Pathway Advisors Funds. Subsequently, Pathway Strategic Advisors has adopted policies and procedures which provide that proxies on securities will be voted for the exclusive benefit and in the best economic interest of the Fund, as determined by Pathway Strategic Advisors in good faith. Such voting responsibilities will be exercised in a manner that is consistent with the general anti-fraud provisions of the Investment Advisers Act of 1940, as amended, as well as Pathway Strategic Advisors' fiduciary duties under federal and state law to act in the best interest of the Fund.

On certain routine proposals (for example, those which do not change the structures, bylaws or operations of a company), Pathway Strategic Advisors will generally vote in the manner recommended by management. Non-routine proposals, (such as those affecting corporate governance, compensation and other corporate events) and shareholder proposals, will generally be reviewed on a case-by-case basis. Pathway Strategic Advisors determines that voting a particular proxy would create a material conflict of interest between its interests or the interests of any of its affiliated parties, Pathway Strategic Advisors will full disclose the conflict of interest the Fund's Board.

The Fund's Board may obtain a copy of Pathway Strategic Advisors' complete proxy voting policies and procedures upon request. The Fund's Board may also obtain information from Pathway Strategic Advisors about how Pathway Strategic Advisors voted any proxies on its behalf.

Legal Actions

Clients retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for a client. Pathway Strategic Advisors will not initiate such a legal proceeding on behalf of any of its client and does not

provide legal advice to clients regarding potential causes of action against such a security issuer and whether its clients should join a class-action lawsuit. Pathway Strategic Advisors recommends clients seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Pathway Strategic Advisors' services do not include monitoring or informing its clients of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for any of its clients. However, upon a client's specific instruction, Pathway Strategic Advisors may provide factual information related to the individual client's investment history in the security underlying the individual or class-action lawsuit and provide assistance with the completion of a portion of certain class-action paperwork. At no time should such assistance by Pathway Strategic Advisors be deemed as a substitute for consulting with legal counsel.

Item 18 – Financial Information

This item is not applicable to this brochure. Pathway Strategic Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, Pathway Strategic Advisors is not required to include a balance sheet for its most recent fiscal year. Pathway Strategic Advisors is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Pathway Strategic Advisors has not been the subject of a bankruptcy petition at any time.

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