

Wrap Fee Program Brochure

January 24, 2013

Messenger Advisors Wrap Program

Sponsored By

Messenger Advisors, LLC

This brochure provides information about the qualifications and business practices of Messenger Advisors, LLC (hereinafter “Messenger Advisors” or the “Firm”). If you have any questions about the contents of this brochure, please contact John Meder at (214) 389-5620. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Messenger Advisors is available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Messenger Advisors is a state registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

Messenger Advisors is required to discuss any material changes which have been made to the Wrap Brochure since Messenger Advisors' last update. There are no material changes to report.

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Item 4. Services, Fees and Compensation

The Messenger Advisors Wrap Program (the “Program”) is an investment advisory program sponsored by Messenger Advisors, a registered investment adviser which has been conducting advisory business since September 2012.

This Brochure describes the business of Messenger Advisors as it relates to clients receiving services through the Program. Certain sections also describe the activities of the Firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Messenger Advisors’ behalf and are subject to the Firm’s supervision.

In addition to the Program, the Firm also offers consulting and investment management services under different arrangements than those described herein. Information about these services is contained in Messenger Advisors’ Disclosure Brochure, which appears as Part 2A of the Firm’s Form ADV.

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with Messenger Advisors setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Charles Schwab & Co., Inc. (“*Schwab*”) or another broker-dealer Messenger Advisors approves under the Program (collectively “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, Messenger Advisors assists its clients in developing an appropriate strategy for managing their assets. Clients’ investment portfolios are generally managed on a discretionary basis by either Messenger Advisors’ investment adviser representatives or an independent separate account manager (collectively “*Separate Account Managers*”), as selected by Messenger Advisors. Messenger Advisors and/or the *Separate Account Managers* generally allocate clients’ assets among the various investment products available under the Program, as described further in Item 6 (below).

Fees for Participation in the Program

Investment management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management. The Firm also offers advisory services outside of the Program under different fee arrangements than those discussed below.

Messenger Advisors' management fee varies depending upon the amount of the assets being managed under the Program and the type of investment management services, as follows:

PORTFOLIO VALUE	ANNUAL FEE
First \$3,000,000	0.80%
Next \$2,000,000	0.70%
Next \$5,000,000	0.60%
Next \$10,000,000	0.50%
Above \$20,000,000	negotiable

This fee is prorated and billed quarterly, in arrears, based on the market value of the assets being managed by Messenger Advisors under Program on the last day of the previous quarter.

Fee Comparison

A portion of the fees paid to Messenger Advisors are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. The *Separate Account Managers* may charge a separate and additional fee.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Since Messenger Advisors will pay to *Schwab* the transaction/executions costs associated with equities transaction, a potential disincentive to trade securities may be presented.

Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

Messenger Advisors, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Fee Debit

The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Messenger Advisors and/or the *Separate Account Managers* to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Messenger Advisors or the *Separate Account Managers*. Any *Financial Institutions* recommended by Messenger Advisors have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to Messenger Advisors.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Messenger Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm 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 notice to Messenger Advisors, subject to the usual and customary securities settlement procedures. However, Messenger Advisors designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Messenger Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Other Charges

Clients may incur certain charges imposed by third parties in addition to the Program Fee. These additional charges may include fees charged by the *Separate Account Managers*, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as 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.

Compensation for Recommending the Program

Messenger Advisors has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

Item 5. Account Requirements and Types of Clients

Types of Clients

Services through the Program are offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities

Minimums Imposed By Separate Account Managers

Messenger Advisors does not impose a minimum portfolio size or minimum annual fee. Certain *Separate Account Managers* may, however, impose more restrictive account requirements and varying billing practices than Messenger Advisors. In such instances, Messenger Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the *Separate Account Managers*.

Item 6. Portfolio Manager Selection and Evaluation

Clients' investment portfolios are managed either directly by Messenger Advisors or through the use of certain *Separate Account Managers*, as referenced above.

Portfolio Management

Messenger Advisors manages its clients' investment portfolios on a discretionary basis.

Messenger Advisors tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify Messenger Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Messenger Advisors determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the Firm's management efforts.

Messenger Advisors manages the accounts of those clients participating in the Program through the use of one or more of its model portfolios. In return for these services, Messenger Advisors receives a portion of the fees paid for participation in the Program, as described in Item 4. For clients that engage the Firm outside of the Program for investment management services, the Firm does not offer its model portfolios. Rather, Messenger Advisors will customize the portfolio based on the individual needs of the client. The types of securities utilized will vary depending on the client.

Selection of Separate Account Managers

Messenger Advisors evaluates various information about the *Separate Account Managers* in which it selects to manage client portfolios under the Program. The Firm generally reviews a variety of different

resources, which may include the *Separate Account Managers'* public disclosure documents, materials supplied by the *Separate Account Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Separate Account Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. Messenger Advisors also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

Messenger Advisors generally monitors the performance of those accounts being managed by *Separate Account Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Separate Account Managers* and/or other third-party providers. The Firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the *Separate Account Managers* may not be calculated on a uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

The terms and conditions under which the client engages an *Independent Manager* are set forth in a separate written agreement between Messenger Advisors or the client and the designated *Independent Manager*. In addition to this Brochure, the client also receives the written disclosure brochure of the designated *Separate Account Managers* engaged to manage their assets.

Performance-Based Fees and Side-By-Side Management

Messenger Advisors does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Methods of Analysis and Investment Strategies

Messenger Advisors seeks to be the primary investment adviser for its clients, building broadly diversified portfolios across a large number of global asset classes with the intent to moderate loss of capital in declining markets while participating in rising markets and hence growing capital over long periods of time. An effort is made to keep portfolios in the optimal balance of risk control and yet exposure to multiple asset classes in order to generate attractive long term returns. Unlike many asset allocators, Messenger Advisors strives to maintain a client's liquidity and access to capital at all times by building portfolios wholly or largely invested in vehicles that are "marked to market" and traded daily, giving clients both the confidence of knowing their investments are freely accessible and also that they are transparent in makeup and valuation.

In the ever-ongoing debate about "active" vs "passive" management of assets, Messenger Advisors believes a combination of the approaches delivers the best risk-adjusted return profile for its clients. Specifically, whereas nearly every in-depth study of asset allocation approach ever compiled agrees that

the majority of long term returns come from asset allocation, Messenger Advisors directs most of its resources to constantly positioning client portfolios towards optimal and very diversified global asset class exposure. Within each asset class, a determination is made as to whether management of that specific asset class or sub-asset class should be handled by an actively managed fund or sub-advisor or invested in a passive index-fund type approach or, in some cases, a combination of the two.

In either case, Messenger Advisors principals make every effort to find the right fund or manager in the first place and then perform ongoing due diligence to ascertain at all times whether said fund or manager remains the optimal choice, all things considered. In addition to handicapping the long term risk-adjusted performance possible from a particular fund or manager, the fees that fund or manager charges are also an important consideration. Messenger Advisors encourages its principals to invest their own capital alongside clients in the very same strategies and hence funds and managers, and those principals pay the same fees to third party funds and managers and hence Messenger Advisors' principals are perfectly aligned with clients in both prospective risk and returns as well as in total fees paid for management of portfolios.

In all investment decisions, Messenger Advisors' principals adhere to a strict focus on operating in a conflict-free environment, which includes the use of only non-affiliated third party funds and managers in which Messenger Advisors has no financial interest and from which Messenger Advisors receives no fees of any kind. Only in this conflict-free approach is a client insured of investment decisions being made solely on the potential merits of the investment without conflicting inputs.

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 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.

Messenger Advisors, LLC Wrap Brochure

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.

Use of Separate Account Managers

Messenger Advisors may recommend the use of *Separate Account Managers* for certain clients. Messenger Advisors will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Separate Account Managers* ability to successfully implement their investment strategy. In addition, Messenger Advisors does not have the ability to supervise the *Separate Account Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Management Through Similarly Managed Accounts

For clients in the Program, Messenger Advisors manages 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, Messenger Advisors buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

Messenger Advisors’ 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.

Certain investment opportunities that become available to Messenger Advisors’ clients may be limited. As further discussed in response to Item 12B (below), Messenger Advisors 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.

Voting Client Securities

Messenger Advisors does not accept the authority to vote clients’ securities (i.e., proxies) on their behalves. Clients receive proxies directly from *Schwab* and may contact the firm with any questions by calling the number on the cover of this Wrap Brochure.

Item 7. Client Information Provided to Portfolio Managers

In this Item, Messenger Advisors is required to describe the type and frequency of the information it communicates to the *Separate Account Managers*, if any, managing its clients' investment portfolios. Clients participating in the Program generally grant Messenger Advisors the authority to discuss certain non-public information with the *Separate Account Managers* engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Messenger Advisors may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the *Separate Account Managers*' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

Item 8. Client Contact with Portfolio Managers

Messenger Advisors is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with Messenger Advisors. Clients can generally contact the *Separate Account Managers* managing their portfolios through Messenger Advisors by providing the Firm with written request and identification of the questions or issues to be discussed with the *Separate Account Managers*. After receiving the client's written request, Messenger Advisors, at its sole discretion, may contact the *Separate Account Managers* for the client or arrange for the *Separate Account Managers* and the client to communicate directly.

Item 9. Additional Information

Disciplinary Information

Messenger Advisors 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. Messenger Advisors does not have any required disclosures to this Item.

Other Financial Industry Activities and Affiliations

Messenger Advisors is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Messenger Advisors does not have any required disclosures to this Item.

Code of Ethics

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

Messenger Advisors 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 Messenger Advisors or any of its associated persons. The *Code of Ethics* also requires that certain of Messenger Advisors' 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.

Potential conflicts of interest exist when the Firm's *Access Persons* invest in the same securities recommended to clients. Executing orders in such a fashion may allow *Access Persons* to take advantage of advance knowledge of the trade and affect the price of a security. As such, Messenger Advisors has procedures in place to ensure that any such conflicts are mitigated. Unless specifically permitted in Messenger Advisors' *Code of Ethics*, none of Messenger Advisors' *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 Messenger Advisors' clients. However, the firm encourages its employees to invest in the same "model portfolios" and therefore the same securities that are recommended to clients. When the firm is trading in a highly liquid security, Messenger Advisors may include its *Access Persons* as part of a block trade. Messenger Advisors will make all efforts to ensure that this practice does not negatively impact its advisory clients.

When Messenger Advisors 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 Messenger Advisors 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. As stated above, this may not apply when the firm is trading in a highly liquid security for its model portfolios. 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 Messenger Advisors to request a copy of its *Code of Ethics*.

Account Reviews

Messenger Advisors monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least quarterly. Such reviews are conducted by one of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Messenger Advisors and to keep Messenger Advisors informed of any changes thereto. Messenger Advisors contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions*. Clients in the Program also receive reports from Messenger Advisors that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance from time to time. Clients should compare any supplemental reports they receive from Messenger Advisors and/or the *Separate Account Managers* with the account statements they receive from the *Financial Institutions*.

Client Referrals

Messenger Advisors does not compensate any unaffiliated third-party for referring clients to the Program.

Receipt of Economic Benefit

Messenger Advisors does not receive an economic benefit from any third-party for providing investment advice or other advisory services to clients participating in the Program. Messenger Advisors has arrangements in place whereby the Firm receives an economic benefit from a third-party for providing investment advice to clients participating in the Program. Specifically, *Schwab* may provide the Firm with computer software and related systems support, which allow Messenger Advisors to better monitor client accounts maintained at *Schwab*. Messenger Advisors may receive the software and related support without cost because Messenger Advisors renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit Messenger Advisors, but not its clients directly. In fulfilling its duties to its clients, Messenger Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Messenger Advisors' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence The Firm's choice of broker-dealer

Financial Information

Messenger Advisors is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 10. Requirements for State Registered Investment Advisers

Principal Executive Officers and Management Persons

Below is the formal education and business background of each of Messenger Advisors's principal executive officers and management persons:

JOHN L. MEDER

Born 1958

Post-Secondary Education

Kansas State University | B.S., Business Administration | 1980

The Wharton School, University of Pennsylvania | M.B.A., Finance | 1984

Recent Business Background

Messenger Advisors, LLC | President & Chief Investment Officer | September 2012 – Present

Texas Capital Bank | Chief Investment Officer | July 2009 – August 2012

Messenger Advisors, LP | President | October 2004 – September 2012

ROBERT A. HAYS

Born 1982

Post-Secondary Education

Texas Tech University | B.S., Political Science | 2006

Recent Business Background

Messenger Advisors, LLC | Investment Adviser Representative | September 2012 – Present

U.S. Trust, Bank of America | Portfolio Manager Associate | September 2007 – September 2012

Additional Disciplinary Information

Neither Messenger Advisors nor any of its *Supervised Persons* have a relationship or arrangement with any issuers of securities.

Messenger Advisors, LLC

a Registered Investment Adviser

Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®