

FIRM BROCHURE

Part 2A of Form ADV

September 18, 2013

The Clark Group Asset Management

15250 Ventura Boulevard, Suite 1100

Sherman Oaks, CA 91403

Phone: (818) 461-9333

(866) 229-5733

Fax: (818) 461-9343

Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of The Clark Group Asset Management. If you have any questions about the contents of this Brochure, please contact us at (818) 461-9333 and/or eric@clarkgroupam.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The Clark Group Asset Management is a registered investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about The Clark Group Asset Management and its investment adviser representatives also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

The Clark Group Asset Management (“CGAM”) is amending this Brochure dated September 18, 2013, to update Item 7 – Types of Clients – updated to include certain required ERISA disclosures. This is the only change within the Brochure. The previous Brochure was dated January 17, 2013.

Pursuant to SEC Rules, CGAM will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of CGAM’s fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as CGAM experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please contact eric@clarkgroupam.com.

Additional information about CGAM and its investment adviser representatives is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 3: TABLE OF CONTENTS

<u>Item Number</u>	<u>Page</u>
ITEM 1: COVER PAGE.....	2
ITEM 2: MATERIAL CHANGES.....	2
ITEM 3: TABLE OF CONTENTS.....	3
ITEM 4: ADVISORY BUSINESS.....	4
ITEM 5: FEES AND COMPENSATION	7
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	9
ITEM 7: TYPES OF CLIENTS.....	9
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	10
ITEM 9: DISCIPLINARY INFORMATION	11
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	11
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	12
ITEM 12: BROKERAGE PRACTICES	13
ITEM 13: REVIEW OF ACCOUNTS.....	17
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	18
ITEM 15: CUSTODY.....	19
ITEM 16: INVESTMENT DISCRETION.....	20
ITEM 17: VOTING CLIENT SECURITIES	20
ITEM 18: FINANCIAL INFORMATION.....	21

ITEM 4: ADVISORY BUSINESS

A. Description of Firm

The Clark Group Asset Management is a Sherman Oaks, California-based investment management firm founded in 2005 and registered with the U.S. Securities and Exchange Commission ("SEC") in 2012. CGAM offers customized investment management services to individuals, high net worth clients, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities. Some of the investment instruments CGAM advises its clientele on include, among other things, investment company securities, equity exchange-traded funds ("ETFs"), equities, and fixed income. CGAM periodically sends newsletters, e-mails, and other correspondence of general market information and items of interest to its clients and prospective clients on a complimentary basis. In addition, CGAM may occasionally hold complimentary informational/educational investment seminars for its clients and prospective clients.

CGAM currently is registered with the SEC as an investment adviser and with the State of California as a DBA under the legal name of Pachira Investments, Inc., conducting business in a number of states, which are reflected in Part 1 of our Form ADV, a copy of which can be found on www.adviserinfo.sec.gov.

The principal owners of CGAM are Ray Clark, who serves as the Firm's President, and Eric Cedergreen, Executive Vice President and Chief Compliance Officer.

B. Types of Advisory Services Offered

CGAM provides its clientele with asset management services on a discretionary and non-discretionary basis. Through this process complementary financial planning services are also offered.

Asset Management

CGAM provides its investment management service by offering clients a tailored investment management solution that encompasses traditional asset classes of fixed income and domestic, international and emerging market equities. For purposes of these categorizations, equities may be defined as common stocks, exchange traded funds (ETFs) based on stock indices, equity mutual funds, and publicly traded REITs. Fixed income may be defined as government bonds, municipal bonds, corporate bonds, high yield bonds, foreign bonds, CDs, ETFs based on bond indices, fixed income mutual funds, short-term fixed income instruments and certain preferred stocks. Cash represents either money market funds or cash equivalents.

Through use of an asset allocation approach, CGAM provides investment management services based on a thorough understanding of each client's investment objectives. This begins with gathering pertinent information vis-à-vis an Investment Profile Questionnaire. Based upon this information, the team will construct a suitable portfolio, investing client assets in various allocations and types of securities.

CGAM manages all client assets on a fully discretionary basis and in some cases a non-discretionary basis. In exercising full discretionary authority CGAM selects, without first obtaining client's permission: the securities to be bought and sold; the amounts of securities to be transacted and whether it will be individually or block traded. Discretionary authority may be subject to conditions imposed by a client. This may occur when a client restricts or prohibits transactions in a security for a specific company or for an industry sector. While CGAM generally allows clients to impose reasonable restrictions on the types of securities and/or industries they do not want to be included in their portfolio, each client assumes responsibility for informing CGAM in writing of any changes to these restrictions or to their overall investment objectives.

CGAM selects investments based on analysis performed by CGAM, and once implemented, are monitored to ensure the investments continue to meet CGAM's overall investment objective and criteria. For investment selection, CGAM advises on investments based upon research of market data and ongoing market and performance analytics. Once this fundamental analysis is completed, securities may be added to client portfolios and thereafter, are continuously monitored for imbalances or shifts.

Complimentary Financial Planning

CGAM may provide financial planning to its clientele on a complimentary basis. CGAM will provide advice regarding asset allocation; risk management; portfolio analysis; and evaluation and review of investment accounts. To begin the process, CGAM generally collects, organizes and assesses various client data including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. The primary objective of this process is to allow CGAM to assist the client in developing a strategy for the successful management of income, assets, and liabilities in order to meet the client's individual financial goals and objectives.

As applicable, clients will receive CGAM's recommendations and will have the option of utilizing CGAM to implement those plan recommendations. Advice may be given on non-securities matters and any implementation of CGAM's recommendations is entirely at the client's discretion. Clients are advised that a potential conflict of interest exists if CGAM recommends its own investment management services or if a CGAM representative recommends products or services offered in such representative's capacity as a registered representative of a broker-dealer. Furthermore, there can be no assurance that CGAM's financial planning services or any products recommended by a financial plan are at the lowest available cost.

Clients are free at all times to accept or reject any of CGAM's recommendations provided under a financial plan and further retain the authority and discretion over all such implementation decisions. However, it is likely that through the financial planning process, CGAM may advise a client to use CGAM for its asset management services. Clients are advised that this poses a potential conflict of interest since CGAM and its principals will receive remuneration if/when CGAM's asset management Services are utilized by the client. Should a client decide to

implement any recommendations contained in their financial plan, the client may, but is under no obligation to, utilize CGAM to implement those recommendations.

C. Information Relating to All CGAM Services

The investment advice provided by CGAM is customizable, with each client's portfolio managed based upon the individual needs, objectives, and other financial goals of the client. At the onset of the client relationship, CGAM memorializes each client's investment objectives, risk tolerance, investment guidelines, time horizons and other important and necessary information in an Investment Profile Questionnaire. The information provided, together with any other information relating to the client's overall financial circumstances, will be used by CGAM to determine the appropriate portfolio asset allocation and investment strategy for each client.

CGAM will not assume any responsibility for the accuracy of the information provided by the client. CGAM is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying CGAM in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies CGAM of changes in the client's financial circumstances or to the information in their Investment Profile Questionnaire, CGAM will review such changes and recommend any necessary revisions to the client's portfolio. CGAM representatives will generally meet with all clients no less than annually to review the client's investment goals and current advisory portfolios. Advisory representatives are also available during normal business hours to consult with clients.

D. Advisory Agreements

Prior to engaging CGAM to provide investment advisory services, the client will be required to enter into one or more written agreements with CGAM setting forth the terms and conditions under which CGAM shall render its services (collectively the "Agreement").

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), CGAM will provide a brochure and one or more brochure supplements to each client or prospective client prior to or contemporaneously with the execution of an investment advisory agreement.

The Agreement between CGAM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. CGAM's annual fee shall be prorated through the date of termination as defined in the Agreement and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Neither CGAM nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of CGAM shall not be considered an assignment.

E. Assets Under Management

As of December 31, 2012, the following represents the amount of client assets under management by CGAM on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$136,991,648.35
Non-Discretionary	\$23,869,061.42
Total:	\$160,860,709.77

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees

CGAM charges fees based on a percentage of assets under management. The fee charged by CGAM for its advisory services will be set forth in each client's written agreement with CGAM. Although CGAM believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Asset Management Fees

CGAM generally charges a quarterly asset management fee based on the account's assets under management (AUM) as of the close of business on the last business day of the preceding calendar quarter. Asset management fees are calculated and paid quarterly in advance based on the following annual percentages:

Assets Under Management	Annual Advisory Fee
0 to \$499,999	Up to 2%
\$500,000 to \$999,999	Up to 1.75%
\$1,000,00 to \$2,999,999	Up to 1.50%
\$3,000,000 to \$9,999,999	Up to 1.25%
Over \$10,000,000	Up to 1.00%

Lower fees for comparable services may be available from other sources. These fees may be negotiated by CGAM under certain circumstances, and at the sole discretion of CGAM.

Should a client open an account during the quarter, management fees will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. In the event that CGAM's services are terminated mid-quarter, the annual fee shall be prorated through the date of termination as defined in the Agreement and any earned, unpaid balance will be immediately due and payable by client, and any pre-paid unearned fees will be promptly refunded to the client.

B. Other Fees and Expenses

Clients should understand that the advisory fees described in the sections above do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and expenses. Client assets may also be subject to transaction costs, deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charge.

These fees and expenses are separate from and in addition to the fees charged by CGAM. Accordingly, the client should review the fees charged by any mutual funds in which the client's assets are invested, together with the fees charged by CGAM, to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additionally, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by CGAM.

Some clients maintain personal brokerage accounts at Schwab for which CGAM may trade at the client's instructions. On these occasions, the client will pay the normal brokerage commission charges from such account(s) but will not be charged an advisory fee from CGAM.

C. Important Considerations

Compensation for Sales of Securities or Other Investment Products

Certain representatives of CGAM, in their individual capacities, are also Registered Representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a securities broker-dealer registered with the SEC, member of SIPC and the Financial Industry Regulatory Authority ("FINRA"). In this capacity, these individuals may transact in various types of securities or investment products and may receive separate and typical compensation for doing so.

While CGAM does not sell securities or other investment products to its advisory clients, clients may implement securities transactions through certain of CGAM's investment adviser representatives, in their respective individual capacities as Registered Representatives of PKS. These individuals may receive commissions or fees for the sale of securities purchased for a client's advisory account. In addition, certain CGAM representatives (as applicable), may also

receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Conflicts of Interest

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. CGAM and PKS are separate, nonaffiliated entities. Nevertheless, to the extent that a CGAM representative recommends the purchase of securities or other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative may have an incentive to make recommendations based on the compensation received rather than on a client's needs.

CGAM has also adopted certain procedures designed to mitigate the effects of these conflicts. For example, as part of CGAM's fiduciary duty to clients, CGAM and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement. Clients are not obligated to implement recommended transactions through any CGAM representative or any particular broker-dealer. Clients have the option to purchase any recommended investment products or services through brokers or agents other than PKS.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CGAM does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, CGAM does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

ITEM 7: TYPES OF CLIENTS

CGAM provides investment management and complementary financial planning services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

CGAM imposes a minimum initial investment of \$500,000 to open an account, but does reserve the right to waive the minimum or accept or decline a potential client for any reason in its sole discretion. Prior to engaging CGAM to provide any of the investment advisory services described in this Brochure, the client will be required to enter into one or more written agreements with CGAM setting forth the terms and conditions under which CGAM shall render its services.

If a Client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), CGAM may be a fiduciary to

the plan. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. CGAM will provide certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents, and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by CGAM; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Generally, CGAM uses a variety of analytical information to assist with its security analysis. Such information may include fundamental and technical analysis. The primary sources of information used by CGAM include market news reports, financial publications, outside research reports, prospectuses, and interpretation of exchange market data.

The investment strategies CGAM may pursue on behalf of clients may include long- and short-term purchases, trading, option writing including covered options, uncovered options or spreading strategies. CGAM may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. CGAM may recommend specific investments to increase sector weighting and/or dividend potential, or may recommend employing cash positions as a possible hedge against market movement which may adversely affect a client’s portfolio. Additionally, CGAM may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in a client’s portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client’s risk tolerance.

B. Material Risks

Investing in securities involves a significant risk of loss. CGAM’s investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client’s account, which clients should be prepared to bear. There can be no assurance that the client’s investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client’s account may at anytime be worth more or less than the amount invested.

Generally, the market value of stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value at maturity. Interest rates for bonds may be fixed at the time of issuance, and payment of principal and interest may be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills, since Treasury bonds have longer maturities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. Small-cap stocks may be subject to a higher degree of risk than more established companies' securities. The illiquidity of the small-cap market may adversely affect the value of these investments. In addition, there is no assurance that a mutual fund or an ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Prior to entering into an agreement with CGAM, a client should carefully consider: committing to management only those assets that the client believes will not be needed for current purposes and that can be invested usually for a minimum of three to seven years; that volatility from investing in the stock market can occur; and that over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as CGAM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of CGAM or the integrity of its management. CGAM does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Other Financial Industry Activities

Ray Clark, President and Eric Cedergreen, Executive Vice President and Chief Compliance Officer, and other investment advisory representatives of CGAM are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a SEC registered broker-dealer and member of FINRA. Mr. Clark and Mr. Cedergreen conduct securities brokerage and related business through PKS and may receive separate and typical commissions or fees for doing so.

CGAM and PKS are separate, nonaffiliated entities. Nevertheless, a conflict of interest exists to the extent that CGAM recommends the purchase of securities where a CGAM representative receives commissions or other compensation for doing so. CGAM has adopted certain procedures designed to mitigate the effects of these conflicts. For example, as part of CGAM's fiduciary duty to clients CGAM and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement.

Clients are not obligated to implement recommended transactions through any CGAM representative or any particular broker-dealer. Clients have the option to purchase any recommended investment products or services through brokers or agents other than PKS. In addition, CGAM charges a quarterly advisory fee based on assets under management and such advisory fee is in addition to commissions, if any, received by CGAM representatives on sales of securities or investment products through PKS or various insurance companies.

In addition, both Ray Clark and Eric Cedergreen are appointed as insurance agents with various insurance companies. Please see Brochure Supplements for each for further information.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics Summary

CGAM has adopted a Code of Ethics (“Code”) in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code establishes standards of conduct for CGAM’s supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by CGAM or any of its associated persons.

Because CGAM’s personnel (called “Access Persons”) may transact in the same securities for their personal accounts as they may buy or sell for client accounts, it is important to mitigate potential conflicts of interest. To that end, CGAM has adopted personal securities transaction policies in the Code which all CGAM associated persons must follow. The Code requires that certain of CGAM’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments, including initial public offerings and limited offerings. The Code also requires supervised persons to report any violations of the Code promptly to the Firm’s Chief Compliance Officer (“CCO”). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year. CGAM will provide a copy of its Code of Ethics to any client or prospective client upon request.

B. Participation or Interest in Client Transactions

Because the Code would permit associated persons of CGAM to invest in the same securities as clients, there is a possibility that the associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between CGAM and its clients.

Based upon a client’s stated objectives, CGAM may, under certain circumstances, recommend the purchase or sale of securities in which CGAM or its affiliates have also invested in

personally. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, as part of CGAM's fiduciary duty to clients, CGAM and its associated persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to the Firm's Code of Ethics.

It is CGAM's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should CGAM ever decide to affect cross-trades between client accounts, it will comply with the provisions of Rule 206(3) of the Advisers Act.

ITEM 12: BROKERAGE PRACTICES

CGAM recommend that you establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for your accounts. CGAM is independently owned and operated, and not affiliated with Schwab. Factors considered by CGAM in recommending Schwab include but are not limited to, the reasonableness of their commissions, their financial strength, product availability, research and other services available to both the client and the CGAM.

A. Selection Criteria

CGAM generally places all transactions through Schwab Institutional® division of Charles Schwab & Co., Inc. ("Schwab"). CGAM periodically evaluates the commissions charged and the services provided by the custodian and compare those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians.

Schwab provides our firm with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the firm's clients account assets are maintained at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. We believe that Schwab provides quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of

research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and CGAM. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available with another custodian.

Schwab also makes available to CGAM other products and services that benefit CGAM but may not benefit its clients' accounts. These benefits may include national, regional or CGAM specific educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of CGAM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist CGAM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CGAM's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of CGAM's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to CGAM other services intended to help CGAM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to CGAM by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CGAM. While, as a fiduciary, CGAM endeavors to act in its clients' best interests, CGAM's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to CGAM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

B. Best Execution

It is the policy and practice of CGAM to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, CGAM will use its best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution. Although CGAM will strive to achieve the best execution possible for client securities transactions, this does not require it to solicit competitive bids and CGAM does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability,

commission rates, and responsiveness. Consistent with the foregoing, while CGAM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. CGAM is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars") provided by the broker which are included in the commission rate.

To ensure that brokerage firms recommended by CGAM are conducting overall best qualitative execution, CGAM will periodically (and no less often than annually) evaluate the trading process and brokers utilized. CGAM's evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

1. Research and Other Soft Dollar Benefits

CGAM's general policy is to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") when entering into soft dollar arrangements. Section 28(e) recognizes the potential conflict of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to CGAM in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for CGAM's clients or to assist in effecting those transactions.

Research and other products and services purchased with soft dollars will generally be used to service all of CGAM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there may be certain client accounts that benefit from the research services, which did not make the payment of commissions to the broker-dealer providing the services.

Brokerage services obtained with soft dollars may include, for example, quotation and communication equipment and services, other order management systems that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders.

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research received by CGAM under

such soft dollar arrangements may include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

There may be cases when CGAM may receive both non-research (e.g. administrative or accounting services etc.) and research benefits from the services provided by broker-dealers. If and when this happens, CGAM will make a good faith allocation between the non-research and research portion of the services received, and will pay “hard dollars” (*i.e.*, CGAM will pay from their own monies) for the non-research portion. In making a good faith allocation between research services and non-research services, a conflict of interest may exist by reason of CGAM’s allocation of the costs of such services and benefits between those that primarily benefit CGAM and those that primarily benefit clients. CGAM strives to always put the client’s interests first.

As stated above, CGAM may recommend that clients establish brokerage accounts with Schwab to maintain custody of clients’ assets and to effect trades for their accounts. Schwab is a SEC-registered broker-dealers and members FINRA/SIPC. While there is no direct link between the investment advice given to clients and CGAM’s recommendation to use the custodial or brokerage services of Schwab, certain benefits are received by CGAM due to this arrangement.

2. Directed Brokerage

If requested by a client, CGAM may accept written direction from a client regarding the use of a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and CGAM will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by CGAM and CGAM will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, CGAM may decline a client’s request to direct brokerage if, in CGAM’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

C. Trade Aggregation and Allocation

Transactions for each client will be effected independently, unless CGAM decides to purchase or sell the same securities for several clients at approximately the same time. CGAM performs investment management services for various clients, some of which may have similar investment objectives. CGAM may aggregate sale and purchase orders with other client accounts and proprietary (employee) accounts that have similar orders being made at the same time, if in CGAM’s judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits may include better transaction prices and lower trade execution costs. CGAM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among CGAM’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If all aggregate orders do not fill at the

same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata to the purchase and sale orders placed for each participating account on any given day. If such orders cannot be fully executed under prevailing market conditions, CGAM may allocate the securities traded among participating accounts and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of the security.

D. Brokerage for Client Referrals

In selecting or recommending broker-dealers, CGAM may receive client referrals from a broker-dealer, which creates a potential conflict of interest. This is because CGAM may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals rather than on the client's interest in receiving most favorable execution.

To mitigate this conflict, CGAM reviews and monitors execution and services provided to all such CGAM clients to help ensure that the client's accounts are managed as effectively as possible and are receiving best execution.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Reviews

While asset management accounts are monitored on an ongoing basis, CGAM's team undertakes reviews of client accounts not less than annually. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

B. Other Reviews and Triggering Factors

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify CGAM and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

C. Regular Reports

Written brokerage statements are generated no less than quarterly and are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. In addition to the regular statements clients receive from their custodian, CGAM may on occasion send clients detailed reports concerning relevant account and/or market-related information as well as an inventory of account holdings and account performance, as agreed to with the client. Clients are urged to compare the statements received from CGAM to those received from the account custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received

As discussed more fully under Item 12, CGAM may enter into “soft dollar” arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist CGAM in its investment decision-making process. The receipt of such services may be deemed to be the receipt of an economic benefit by CGAM, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client’s interest in receiving most favorable execution.

Additionally, CGAM generally recommends that clients use Schwab as their custodian and broker of record. While there is no direct link between the investment advice given to clients and CGAM’s recommendation to use Schwab as their custodian, certain benefits are received by CGAM due to these arrangements. Schwab makes available to CGAM other products and services that benefit CGAM but may not benefit its clients’ accounts. Some of these other products and services assist CGAM in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CGAM’s fees from its clients’ accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CGAM’s accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to CGAM other services intended to help CGAM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to CGAM by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CGAM. While as a fiduciary, CGAM endeavors to act in its clients’ best interests, CGAM’s recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to CGAM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

B. Compensation for Client Referrals

In the future, CGAM may enter into agreements with individuals and organizations, some of whom may be affiliated or unaffiliated with CGAM, that refer clients to CGAM. All such agreements will be in writing and comply with the requirements of Rule 206(4)-3 of the Advisers Act. If a client is introduced to CGAM by a solicitor, CGAM may pay that solicitor a fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. While the specific terms of each agreement may differ,

generally, the compensation will be based upon CGAM's engagement of new clients and the retention of those clients and is calculated using a varying percentage of the fees paid to CGAM by such clients. Any such fee shall be paid solely from CGAM's investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to CGAM under such an arrangement will receive a copy of CGAM's firm brochure and a separate written disclosure document disclosing the nature of the relationship between the third party solicitor and CGAM and the amount of compensation that will be paid by CGAM to the third party. The solicitor is required to obtain the client's signature acknowledging receipt of CGAM's disclosure brochure and the solicitor's written disclosure statement.

C. Other Compensation

Individual advisory representatives of CGAM, in their capacities as Registered Representatives of PKS, receive commissions related to the sale of securities or insurance products sold to clients of CGAM. Advisory representatives of CGAM, in their capacity as Registered Representatives of PKS, may also receive 12b-1 payments from certain mutual funds.

Advisory representatives of CGAM have a conflict of interest in recommending securities and insurance products with respect to which PKS has selling agreements, due to the fact that the receipt of additional compensation may affect the judgment of these individuals when making recommendations. As part of CGAM's fiduciary duty to its clients, CGAM and its advisory representatives will endeavor at all times to put the interest of the clients first and will only make recommendations when they are reasonably believed to be in the best interests of the client.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, CGAM is deemed to have custody of client funds because the firm has the authority and ability to debit its fees directly from clients' accounts. Please note that CGAM does not have physical custody of client assets. To mitigate any potential conflicts of interests, all CGAM client account assets will be maintained with an independent qualified custodian. CGAM recommends Schwab for custodial services.

Notably, in most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

CGAM may only implement its investment management recommendations after the client has arranged for and furnished CGAM with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements. Please contact CGAM with any questions.

ITEM 16: INVESTMENT DISCRETION

A. Discretionary Authority; Limitations

Investment Management services are performed by CGAM on a discretionary basis, unless otherwise agreed upon at the inception of the client relationship and memorialized in the client's advisory agreement. In exercising its discretionary authority, CGAM has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined (aggregated) with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, CGAM's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on CGAM's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to CGAM in writing.

B. Limited Power of Attorney

Unless clients specifically request in writing that CGAM manage all or part of their account on a non-discretionary basis, by signing CGAM's advisory agreement, clients authorize CGAM to exercise full discretionary authority with respect to all investment transactions involving the client's account. Pursuant to such agreement, CGAM is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes CGAM to give instructions to third parties in furtherance of such authority.

ITEM 17: VOTING CLIENT SECURITIES

CGAM's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. CGAM shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

CGAM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

ITEM 18: FINANCIAL INFORMATION

CGAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. CGAM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.