



HighTower Network Advisors, LLC

Wrap fee program Brochure

Form ADV Part IIA – Appendix 1

HighTower Network Advisors, LLC
200 W. Madison St., Suite 2500
Chicago, IL 60606
www.hightoweradvisors.com

May 1, 2013

This wrap fee program brochure provides information about the qualifications and business practices of HighTower Network Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 312-962-3502 or compliance@hightoweradvisors.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. Registration as a registered investment adviser does not imply that a certain level or skill or training has been obtained.

Additional information about HighTower Network Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 1. COVER PAGE

ITEM 2. MATERIAL CHANGES

This filing is the first effective version of this document for HighTower Network Advisors, LLC

ITEM 3. TABLE OF CONTENTS

CONTENTS

<u>ITEM 1. COVER PAGE</u>	1
<u>ITEM 2. MATERIAL CHANGES</u>	2
<u>ITEM 3. TABLE OF CONTENTS</u>	3
<u>ITEM 4 SERVICES, FEES AND COMPENSATION</u>	4
<u>ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS</u>	16
<u>ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION</u>	17
<u>ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS</u>	18
<u>ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS</u>	18
<u>ITEM 9. ADDITIONAL INFORMATION</u>	18

ITEM 4 SERVICES, FEES AND COMPENSATION

HighTower Network Advisors, LLC ("HTNA") is an investment advisory firm registered with the U.S. Securities and Exchange Commission ("SEC"), and a wholly-owned subsidiary of HighTower Holding, LLC. HTNA has a related registered broker-dealer, HighTower Securities, LLC ("HTS").

Clients may select from a variety of investment management services, including portfolio management (implemented by HTNA, or an independent, third-party money manager ("Money Manager")), investment consulting, financial planning, and estate planning. HTNA provides services to clients through individuals registered as investment adviser representatives, whom are referred to internally as "Financial Advisors". HTNA's Financial Advisors may be specialists in areas such as wealth management, investment consulting, portfolio management, asset allocation, cash management/treasury services, financial planning, and/or estate planning.

If suitable, referrals to affiliated and unaffiliated Money Managers may be made through the approved managed account platforms and wrap programs that are discussed in this Appendix 1. These programs allow clients to obtain portfolio management services that typically have higher minimum account sizes outside of the program. The Money Managers selected under these programs will have discretion to determine the securities they will buy and sell within the account(s), subject to restrictions imposed by the client. The custodians chosen by the Money Manager do not have discretionary authority over assets included in the programs, although the Money Managers chosen will have this discretionary authority.

All Money Managers must be approved for use by HTNA's Group Investment Solutions ("GIS") unless such power has been delegated to a third-party by HTNA. Some or all of the initial and ongoing monitoring of Money Managers may be completed by approved third parties (e.g., Envestnet, Fidelity or Schwab) for which the third parties' due diligence programs have been evaluated by HTNA. GIS maintains a list of approved custodians, Money Managers, and programs. Prior to GIS approving a Money Manager to manage client assets, and on an annual basis thereafter, HTNA typically completes the following tasks:

- Telephone interviews or onsite meetings with portfolio management personnel;
- Telephone interviews or onsite meetings with operational personnel;
- Analysis of the Money Manager's risk management capabilities;
- As applicable, review of the advisory contract or the private placement memorandum, operating agreement, and subscription agreement;
- Review of the due diligence questionnaire;
- Review of marketing materials;
- Internet and periodical searches regarding the adviser and its key employees;
- Review of regulatory filings, including Parts 1 and II of Form ADV;
- Review of any fund's audited financial statements;
- Review of the Money Manager's compliance policies and procedures; and
- If applicable, review of the most recent SEC deficiency letter sent to the Money Manager, as well as the Money Manager's response.

HTNA's Financial Advisors are tasked with the ongoing review of Money Managers and are instructed to alert GIS if any issues are identified. GIS will meet as needed to discuss material changes to or problems with programs and Money Managers. The custodians may have the discretion to replace Money Managers within their platforms. HTNA retains the right to replace (i.e., "hire or fire") Money Managers on all platforms for client accounts where the client has given discretionary authority to HTNA.

This Form ADV, Appendix 1- Wrap Program Brochure is offered to potential and existing clients to provide an understanding of available programs and our potential conflicts of interest. Clients typically include high and ultra-high net worth families as well as individuals, businesses, pension and profit sharing plans, trusts, estates and charitable organizations, corporations or other business entities, and institutional clients.

Clients are advised that the same or similar programs or services as those described herein may be available from other investment advisors for an annual fee lesser or greater than set forth herein, and that the programs described in this brochure may cost the client more or less than purchasing the different services within each program separately depending upon such factors as trading activity, account size, portfolio management fees, mutual fund no-load or load charges, etc.

Financial Advisors and Money Managers will be reasonably available for consultation with clients regarding the management of their account. HTNA will provide necessary financial information to the Money Manager including material changes as notified by the client as needed.

Certain client accounts may be managed on a non-discretionary basis in which case the client's Financial Advisor will purchase, sell or otherwise trade securities or other investments for the client's account only after the client has been notified of and approves the transaction. This approval may be verbal or written. Financial Advisors are responsible for the management and review of these types of client accounts on an ongoing basis. Additional periodic reviews are performed by the HTNA Compliance Group. Performance numbers reported by independent Money Managers are not verified by HTNA or its Financial Advisors.

Clients may need to complete a brokerage account application for their brokerage account at the custodian as well as an HTNA Client Advisory Agreement. Some Money Managers may also require the completion of a client agreement between the Money Manager and the client.

1. AVAILABLE PROGRAMS

a. HighTower Network Advisors, LLC

- **Advisor Directed Program**

i. Program Description

This section describes the Advisor Directed Program, offered by HTNA. Clients who wish to participate in the Advisor Directed Program will enter into a Client Advisory Agreement with HTNA that sets forth the services that HTNA will provide the client and the fee that the client will pay. The minimum amount of assets required to participate in the Advisor Directed Program is \$100,000, subject to negotiation. In addition, certain Money Managers may impose minimum account size requirements. Each client participating in the Advisor Directed Program enters into an agreement with Fidelity, or Schwab ("Selected Custodians"), the clearing and custodial firms selected by HTNA. HTNA has an agreement with the Selected Custodians that sets forth the services that HTNA will provide the client and the fee the client will pay. HTNA also has agreements with the Money Managers chosen to participate in the Advisor Directed Program. The Selected Custodians provide execution, custody and administrative services to HTNA. Securities and/or cash designated by the client for inclusion in the Advisor Directed Program are maintained in one or more brokerage accounts held at a Selected Custodian.

Clients in the Advisor Directed Program generally grant HTNA authority to manage their accounts on a discretionary basis in accordance with the client's investment objectives, risk tolerance and investment time horizon, subject only to any reasonable restrictions that the client has provided to HTNA in writing. The client's Financial Advisor will be responsible for making investment decisions for the account on HTNA's behalf. Pursuant to this grant of discretion, clients authorize HTNA to invest in securities and other investments of any nature whatsoever, at the time and in the manner that the Financial Advisor determines, and to act on the client's behalf in all other matters necessary or incidental to the handling of the account, without discussing these transactions or actions with the client in advance. The specific terms of the investment advisory relationship between each client, HTNA and the Financial Advisor are set forth in the Client Advisory Agreement. In some cases, Financial Advisors may select discretionary Money Managers to manage the accounts. HTNA may choose to replace a Money Manager should their performance not meet those of its peers, upon material changes to the Money Manager's executive or portfolio management team, or upon other

circumstances determined by HTNA not to be in the client's best interests. Each Financial Advisor manages his or her clients' Advisor Directed Program accounts utilizing an individual investment style and strategy in accordance with each client's financial situation and investment objective for the Advisor Directed Program account. If a Money Manager is selected, its investment style and strategy will also be chosen in accordance with the client's financial situation and investment objective for the Advisor Directed Program Account.

Transactions in Advisor Directed Program accounts generally are executed through our affiliated broker-dealer, HTS, and its clearing firm, JP Morgan, or through unaffiliated broker-dealers Schwab, Fidelity, RBC or BNY Mellon. To be qualified by HTNA to participate in the Program, Financial Advisors must satisfy certain eligibility criteria established by HTNA. Money Managers must meet certain requirements as established by HTNA and as determined through HTNA's due diligence through GIS.

In connection with the Advisor Directed Program, Financial Advisors will collect information about the client's financial circumstances, which may include investment objectives, risk tolerance, and investment time horizon for the account (collectively "financial information"), and any reasonable restrictions that the client wishes to impose on the management of the account in writing. Clients are responsible for notifying HTNA promptly, in writing, of any changes to the information provided to HTNA and for providing HTNA with additional information as HTNA may request from time to time to assist it in providing services under the Advisor Directed Program. Clients are also responsible for providing to HTNA in writing any investment policies or other guidelines applicable to the client's Advisor Directed Program account. Such investment policies and guidelines are subject to acceptance by HTNA in its sole discretion. Any restrictions on the management of the Advisor Directed Program account imposed by the client or by such written investment policies or guidelines may cause HTNA or the Money Manager to deviate from the investment decisions it otherwise would make in providing services under the Advisor Directed Program. HTNA will have no liability for a client's failure to provide HTNA with accurate or complete information or to inform HTNA promptly of any change in the information previously provided.

Financial Advisors and Money Managers will be reasonably available for consultation with clients regarding the management of their account. HTNA will provide necessary financial information to the Money Manager including material changes as notified by the client as needed.

Certain client accounts may be managed on a non-discretionary basis in which case the client's Financial Advisor will purchase, sell or otherwise trade securities or other investments for the client's account only after the client has been notified of and approves the transaction. This approval may be verbal or written. Financial Advisors are responsible for the management and review of these types of client accounts on an ongoing basis. Additional periodic reviews are performed by the HTNA Compliance Group. Performance numbers reported by independent Money Managers are not verified by HTNA or its Financial Advisors.

Clients may need to complete a brokerage account application for their brokerage account at the custodian as well as an HTNA Client Advisory Agreement. Some Money Managers may also require the completion of a client agreement between the Money Manager and the client.

ii. Fee Schedule

Clients in the Advisor Directed Program pay a fee that covers, among other things, services provided by the custodian and services provided by applicable Money Manager(s) (a "program fee"). Clients also pay advisory fees to HTNA for the services it provides. The program fee and the HTNA advisory fee are bundled into one fee (the "Wrap Fee"). The Wrap Fee covers investment advisory services, execution of transactions through HTS or its affiliates, custody with Selected Custodians, and reporting.

Additional details on the Money Managers, their fees, program details, and management style, among other items, are included in the Money Manager's Form ADV, Part IIA.

a. Wrap Fee Accounts

For the services provided by HTNA and as described in the Advisor Directed Program Agreement, each account in the Advisor Directed Program will be charged a Wrap Fee each calendar quarter in arrears, on the total net market value of the assets (based on the average daily balance) in all of the account(s) in the Advisor Directed Program (including all cash). The maximum Wrap Fee, expressed as an annual rate, that may be charged to new clients is 2.50%. The advisory fee is negotiable by advisor and by asset class.

b. Non Wrap Fee Accounts (Management Fee only)

In limited circumstances and if certain conditions are met, some clients may pay an unbundled advisory fee, separate brokerage commissions and transaction charges. The advisory fee is charged at the rate of up to 2.00% per annum of net assets in the Advisor Directed Program account. The advisory fee covers the investment advisory services provided by HTNA, but does not cover transaction costs, including brokerage commissions, "markups", "mark downs", "dealer spreads", or other charges resulting from transactions effected through a Selected Custodian, its affiliates, or any other broker-dealer.

iii. General Fee Issues

The following disclosures are applicable to all accounts in the Advisor Directed Program. HTNA, in its discretion, may negotiate the fee (and the rate of any other fees charged by HTNA for services not covered by the Wrap Fee) in appropriate circumstances, based on a number of factors including, but not limited to, the type and size of the account, the size or number of trades anticipated to be executed for the account, services provided to the account, the client's other accounts with HTNA, and the accounts of the client's family with HTNA. The fees charged may be higher or lower than the fees that HTNA charges other clients in this or other programs; and may be higher or lower than the cost of similar services offered through other financial firms. The account may be subject to a minimum fee specified in the Client Advisory Agreement.

Transaction charges for transactions effected through HTS or JP Morgan may be negotiated and generally will be less than the HTS standard retail brokerage charges and commission rates. These transaction charges may be higher or lower than charges or commissions that clients might pay if the transactions were executed at other broker-dealers. If JP Morgan is the custodian of the account, and the client is responsible for paying transaction costs, JP Morgan will debit all transaction charges directly from the account. Fees debited from the account(s) will appear on statements received from Selected Custodians. Clients are encouraged to verify the fees charged.

For accounts owned by retirement plans subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") or retirement plans for self employed individuals subject to comparable provisions of the Internal Revenue Code of 1986 and managed by a HTNA Financial Advisor (and not a Money Manager), HTNA will rely on and operate in accordance with U.S. Department of Labor Prohibited Transaction Exemption 86 128 ("PTE 86 128"). By relying on PTE 86 128, HTNA may serve as a fiduciary to such retirement plans and receive separate brokerage commissions and transaction charges in connection with effecting securities transactions for those plans. One of the conditions of PTE 86 128 is that a plan's authorizing fiduciary be provided with a copy of PTE 86 128, a form providing an election to terminate the plan fiduciary's previously granted authorization to effect transactions in the account, and instructions on the use of the form. In compliance with this condition, a copy of PTE 86 128 and a form termination letter shall be provided under separate cover.

In connection with the Advisor Directed Program, Financial Advisors or Money Managers may utilize an investment strategy that generally seeks investments that are long term in nature with a buy and hold bias. Due to the nature of these strategies, investments in accounts could incur low turnover. However, the client continues to pay the Wrap Fee regardless of the number of transactions incurred in the account. Client should also be aware that services similar or comparable to those provided to them might be available to the client at a lower aggregate cost elsewhere on an "unbundled" basis. Neither HTS nor HTNA will earn "mark-ups" or "dealer spreads" when purchasing bonds for client accounts in the Advisor Directed Program.

The Wrap Fee does not cover brokerage commissions or other charges resulting from transactions not effected through HTNA or its affiliates, nor does it cover custody services provided by any third-party custodian. The Wrap Fee does not cover certain costs or charges that may be imposed by HTNA or third parties, including, but not limited to, costs associated with exchanging foreign currencies, odd lot differentials, activity assessment fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. The Wrap Fee does not cover “mark-ups” or “mark-downs” that broker-dealers, other than JP Morgan, may receive or “dealer spreads” that other broker-dealers may receive when acting as principal in certain transactions. The Wrap Fee also does not cover the annual fee that Selected Custodians charge Individual Retirement Accounts (“IRA accounts”) or certain other retirement plans. Costs associated with using margin are not covered in the Wrap Fee and may result in additional compensation to HTNA and the Financial Advisor representative. As such, Financial Advisors are subject to a potential conflict of interest in recommending that Advisory Clients open margin accounts and maintain debit balances where HTS serves as the introducing broker-dealer.

The Financial Advisor or the Money Manager may invest account assets in open-end mutual funds (including money market funds), closed-end funds, exchange traded funds (“ETFs”), and other collective investment vehicles that have various internal fees and expenses, which are paid by such funds but which are ultimately borne by the client as an investor. HTNA and/or its affiliates may provide services to and receive compensation in connection with these mutual funds. For example, HTNA may benefit indirectly from the sales charges imposed by mutual funds through HTS. The fee that the custodian pays HighTower Securities might represent a significant amount of that custodian’s mutual fund service fees. The fee is in recognition of certain shareholder servicing that registered representative affiliate(s) of HighTower Securities perform in respect of those assets. Those shareholder servicing fees are often referred to as trailers, rebates or revenue sharing arrangements and are received from various mutual fund companies with respect to its clients whose assets are invested in those mutual funds, which typically range from 5 basis points to 50 basis points depending on the mutual fund purchased. Because the affiliate(s) of HighTower Securities receive an economic benefit, HighTower Advisors has a potential conflict of interest in recommending to clients that they use a specific custodian and invest their assets in certain mutual funds. These fees will not always be used to offset HighTower’s fees, although in some cases clients’ quarterly fee may be lower because of the receipt of the Shareholders Services fees. The possibility of this compensation creates an incentive for an Investment Advisor to make decisions for the clients which would have the effect of increasing this compensation. Fees debited from the Advisor Directed Program account(s) will appear on statements received from JP Morgan. Clients are encouraged to verify the fees charged.

Besides general equities and fixed income securities, Financial Advisors and Money Managers may employ strategies that utilize the following types of investments: (i) American Depositary Receipts (“ADRs”), which are receipts issued by a U.S. bank or trust company that evidence ownership of non U.S. securities and are traded on a U.S. exchange or in the over the counter market; (ii) Global Depositary Receipts (“GDRs”), which are receipts issued generally by a non U.S. bank or trust company that evidence ownership of non U.S. securities; (iii) World Equity Benchmark Shares (“WEBS”), which are shares of Foreign Fund, Inc., an open end investment company organized in series, each of which invests primarily in non U.S. common stocks in an effort to track the performance of a specified foreign country equity market index compiled by Morgan Stanley Capital International (“MSCI”); or (iv) closed end investment companies that invest a substantial portion of their assets in the securities of specified foreign countries (“closed end country funds”). Clients will bear, in addition to the Wrap Fee, a proportionate share of any fees and expenses associated with ADRs, GDRs, WEBS and REITs, if applicable, in which account assets are invested, and may also bear any fees and expense associated with converting non U.S. securities into ADRs or GDRs, if applicable.

A portion of the Wrap Fee is paid to the Financial Advisor. In addition, in their roles as registered representatives of HTS, certain Financial Advisors may receive production-based bonuses that take into account revenues from brokerage-related services provided by HTS and/or a portion of the commissions paid by clients with non wrap fee accounts in connection with transactions for their accounts. The Financial Advisor receives compensation as a result of the client’s participation in the Advisor Directed Program, and the amount of this compensation may be more or less than what the Financial Advisor would receive if the client participated in other HTNA or affiliate’s programs or paid separately for

investment advice, brokerage, and other services. The Financial Advisor may have a financial incentive to recommend the Advisor Directed Program over other HTNA or affiliate's programs and services.

iv. Fee Calculations and Withdrawals

The Wrap Fee is an agreed upon annual fee that will be payable quarterly in arrears. HTNA will calculate the initial fee as of the date it accepts the Advisory Directed Program Agreement, the effective date. The initial fee will cover the period from the effective date until the last day of the initial calendar quarter. Fees will be invoiced in arrears for all quarters. Billing for the quarter will be "in arrears" based on the average daily balance and the number of days assets are in the Account(s). The quarterly fee will become due on the first business day of the following calendar quarter, and will be deducted from the account shortly thereafter, unless otherwise instructed by the client and in accordance with applicable law. HTNA will not be responsible for managing any account before its effective date. Any transactions executed in an account before its effective date will be executed by HTS in its capacity as broker-dealer only and will be subject to HTS' customary brokerage fees or commissions. Institutional money market funds will not be included in the account value when calculating the "average daily balance" but "sweep" money market funds balances will be included.

The fees charged will be based upon the agreed upon fee rate and will not be affected by the services the client receives or the number of transactions actually executed during a quarter; however, such factors may be taken into account in negotiating new fee rates.

Clients may make additions into an account at any time, subject to HTNA's right to terminate the account. Additions may be in cash or marketable securities of any kind, provided that HTNA and the Selected Custodian reserve the right to decline to accept particular securities into the account or impose a waiting period before certain securities may be deposited. Fee adjustments will generally not be made for client accounts with a custodian other than Selected Custodians unless specifically agreed to by HTNA in writing.

When opening a Program account, clients generally will authorize HTNA to deduct the fee and all other applicable charges from the account on or following the date they are payable. Clients are responsible for ensuring that the amount of any debit is correct. Selected Custodians may withhold any tax to the extent required by laws, and may remit such taxes to the appropriate government authority. In appropriate circumstances, clients may instruct HTNA to deduct the Fee and other expenses from another account that the client has at HTNA or to deduct the fees due with respect to another account that the client has at HTNA from the Advisor Directed Program account. Clients also may elect to be billed for fees and expenses with respect to certain accounts.

The client may designate certain securities as "Excluded Securities" in an addendum to the Client Advisory Agreement. Excluded Securities are held in the Advisor Directed Program account with the consent of HTNA, but they are not part of the portfolio managed by HTNA. HTNA will thus not be obligated to provide any advice with respect to Excluded Securities and the risks presented by the Excluded Securities. Excluded Securities are not included in fee calculations. Transactions in Excluded Securities will be subject to commissions and other transactions charges that may or may not be discounted from standard rates. Excluded Securities will be considered brokerage assets and not advisory assets and as a consequence, a client's rights and HTNA's duties and obligations to the client may differ, including the scope of HTNA's fiduciary obligations. Excluded Securities are subject to acceptance by the Money Manager (if applicable).

HTNA is not compensated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of any client.

v. Execution of Transactions

In the Client Advisory Agreement, clients generally authorize and direct HTNA and its Financial Advisors and in turn, the Money Managers, to execute transactions for their accounts. Transactions in the account may be effected through HTS and the Qualified Custodian of choice, unless otherwise required by applicable law. When a transaction is executed through the Client's Qualified Custodian the Custodian will be entirely responsible for the execution and clearance of the

transaction. By recommending the Advisor Directed Program, HTNA may be recommending HTS as its affiliated broker-dealer. Clients should understand that this directed brokerage arrangement may cause the client to forego any savings on execution costs that HTNA otherwise might be able to negotiate with different broker-dealers, other than HTS, such as reduced execution costs that may result from utilizing alternative trading services. Clients are encouraged to consider the possible costs and disadvantages of such directed brokerage arrangements.

All transactions are subject to any HTNA internal policies or procedures. In no event is HTNA obligated to effect any transaction for an account that HTNA believes would violate applicable federal or state law or the regulations of any regulatory or self regulatory body or would otherwise present an unacceptable risk to HTNA.

Riskless Principal Transactions. For accounts in the Advisor Directed Program, if HTS executes a riskless principal transaction as agent through an unaffiliated dealer, HTS will not receive commission or other compensation in connection with the trade.

b. **Envestnet Asset Management, Inc.**

Envestnet is an investment management firm providing investment management and advisory services through independent Money Managers. Envestnet provides HTNA the ability to use the Fidelity custodial platform, or other custodial platforms, with the Money Managers established on the Envestnet platform. Envestnet performs the initial and ongoing due diligence on Money Managers and provides other “back-office” operations needed for this type of program. Envestnet reserves the right to hire and fire Money Managers as it deems appropriate.

- **Managed Account Resources Program (“MAR Program”)**

A complete description of the MAR Program can be found in the Envestnet Appendix 1, provided under separate cover.

Under the MAR Program no separate advisory agreement is required between the client and Envestnet or the Money Manager. HTNA clients will only sign an advisory agreement with HTNA.

The MAR Program enables HTNA to choose from a selection of advisory programs and related services as described in Envestnet’s Form IIA – Appendix 1. The MAR Program and any of the services that are part of the MAR Program may be modified or terminated by HTNA, Envestnet or Fidelity upon reasonable notice. The following programs are offered as part of the MAR Program.

- **Manager Resource Network Program (“MRN Program”)**

Envestnet has established relationships with various Money Managers to make the services of such Money Managers available to HTNA and its clients as part of the Manager Resource Network Program. Envestnet will identify such Money Managers and provide HTNA’s clients with the ability to access private money management services of one or more of the Money Managers directly using a separately managed account for each Money Manager. HTNA has no obligation to use any Money Manager selected by Envestnet; nor do the clients of HTNA. Much of the research, evaluation, and selection of Money Managers are done by Envestnet. HTNA is responsible for determining that it has sufficient information about a Money Manager before choosing it to provide services to clients. HTNA may do separate due diligence on Money Managers or rely on Envestnet’s research.

HTNA has the ability to choose the Money Managers appropriate for managing clients’ account(s) in the Envestnet programs. In addition, HTNA will have full discretionary authority to hire and fire Money Managers on clients’ behalf.

Money Managers are matched to each client’s suitability and asset allocation recommendations and then chosen. In some cases, the client may review more than one Money Manager and make a selection together with HTNA. In all cases, HTNA may initiate or terminate relationships with the Money Managers based on a change in the client’s circumstances; a significant change in the overall Money Manager’s performance or management of its accounts; a

significant change in the personnel of the Money Manager; negative news about the Money Manager and/or its key employees; a regulatory or legal investigation or action against the Money Manager and/or its key employees; significant market or economic news that may have an impact on client accounts; or other reasons determined by HTNA to be in the client's best interests.

- **Mutual Fund Wrap Program**

HTNA and its clients will have access to Envestnet's proprietary mutual fund wrap programs through the MAR Program. The programs are made available to us by outside custodians and/or managers that have developed a method for screening and selecting mutual funds by performance and risk characteristics, asset class, minimum fund size, inception date, manager tenure, load fees and security holdings. The information obtained by HTNA from a client may be used to choose a platform and program that fit that client's needs and objectives.

- **Fidelity SAN Program ("SAN Program")**

Clients should be advised that Fidelity also offers a Separate Account Network program ("SAN Program"). Money Managers in the SAN Program are different than those available via the MAR Program and HTNA is responsible for performing due diligence on such Money Managers and programs as well as negotiating pricing.

Some managers under the SAN program may require an additional client advisory agreement with you in addition to the agreement you sign with HTNA.

For a complete description of the services offered, the programs and the fees charged, please refer to the separate disclosure brochure (such as Part IIA of Form ADV) maintained by the Money Manager as provided by your Financial Advisor.

- i. Fee Schedule

Under the programs offered by Envestnet and Fidelity SAN program, client will pay a wrap fee inclusive of HTNA's advisory fee and the relevant program fee charged by the custodian and/or the Money Managers. There are no separate commissions or transaction costs charged to the client. These are what are commonly referred to as "wrap programs." In all cases, you should read the separate disclosure document of the Money Manager for complete details on the charges and fees you will incur.

If there is insufficient cash in the account(s) at the time the fee is to be debited from the account(s), the Money Manager or HTNA may sell assets in the account(s) to generate sufficient cash to pay the fee, which may create a taxable gain or loss. If assets are illiquid and HTNA or the Money Manager determines that the sale is not feasible, HTNA will send the client an invoice for the fee for the quarter. Clients must pay this invoice within ten (10) days of receipt.

The standard wrap fee schedule charged by HTNA for Envestnet is as follows, but may be negotiable in certain situations, at HTNA's discretion:

Account Asset Value	Equity/Balanced Annual Fee	Fixed Income Annual Fee
0 - \$500,000	2.50%	2.00%
\$500,001 - \$1,000,000	2.00%	1.50%
\$1,000,001 - \$5,000,000	1.75%	1.00%
\$5,000,001 and up	Negotiable	Negotiable

Fees are calculated quarterly in arrears; thus the annual fee is divided by four. The Wrap Fee will typically range from 0.20% to 2.50% based on the complexity of a client's needs, the product chosen, and frequency and types of reporting, among other factors. Clients are encouraged to verify the fees that are charged. Fees are calculated on a per account basis.

ii. Fee Calculation and Withdrawals

To ensure clients are billed fairly for the assets they have under management or supervision with HTNA, fees will be based on the average daily balance in client account(s) during a quarter, as determined by Black Diamond. Black Diamond generally relies on the prices provided directly to it by account custodians. Custodians, in turn, generally rely on prices provided by reputable, independent third parties. The custodian and Black Diamond may value assets using a slightly different method (e.g., trade date versus settle date). Therefore, the account statement sent by custodians may differ from the Black Diamond statement sent by HTNA. Clients are encouraged to compare the statements received from custodians with the Black Diamond performance statement.

Black Diamond may be unable to price certain securities or may assign prices that do not reflect current market conditions. In the normal course of providing investment advisory services to clients, Financial Advisors will continually assess the prices assigned by Black Diamond, custodians, and other sources. If deemed necessary, and on a case-by-case basis, HTNA will fair value account holdings that are assigned a stale or inaccurate price by Black Diamond, custodians, and/or other sources.

iii. Fee Related Issues

The cost of investment advisory services provided through the Envestnet Programs may be more or less than the cost of purchasing similar services separately. Among other factors impacting the relative cost of the program to a particular client include the size of the account; the type of account (i.e., equity or fixed income); the size of the assets devoted to a particular strategy; and the managers selected.

Although HTNA's Financial Advisors generally recommend and purchase only no-load or load-waived mutual funds for client advisory accounts, some funds may impose an initial or deferred sales charge. Clients may also own some of these funds when they transfer the account(s) to HTNA. HTNA may benefit indirectly from the sales charges imposed by mutual funds through its registered broker-dealer, HTS.

The Financial Advisor or the Money Manager may invest account assets in open-end mutual funds (including money market funds), closed-end funds, ETFs, and other collective investment vehicles that have various internal fees and expenses, which are paid by such funds but which are ultimately borne by the client as an investor. HTNA and/or its affiliates may provide services to and receive compensation in connection with these mutual funds. For example, HTNA may benefit indirectly from the sales charges imposed by mutual funds through HTS.

The fee that the custodian pays HighTower Securities might represent a significant amount of that custodian's mutual fund service fees. The fee is in recognition of certain shareholder servicing that registered representative affiliate(s) of HighTower Securities perform in respect of those assets. Those shareholder servicing fees are often referred to as trailers, rebates or revenue sharing arrangements and are received from various mutual fund companies with respect to its clients whose assets are invested in those mutual funds, which typically range from 5 basis points to 50 basis points depending on the mutual fund purchased. Because the affiliate(s) of HighTower Securities receive an economic benefit, HighTower Advisors has a potential conflict of interest in recommending to clients that they use a specific custodian and invest their assets in certain mutual funds. These fees will not always be used to offset HighTower's fees, although in some cases clients' quarterly fee may be lower because of the receipt of the Shareholders Services fees. The possibility of this compensation creates an incentive for an Investment Advisor to make decisions for the clients which would have the effect of increasing this compensation. Fees debited from MAR Program account(s) will appear on statements received from the custodian. Clients are encouraged to verify the fees charged.

For a number of discretionary client accounts, we currently have the discretionary authority to pick a non-related broker (other than your current custodian) to execute a fixed income trade. Each trade placed at a broker-dealer other than your selected custodian costs up to \$25.00, which is charged by the custodian to settle the trade. This is in addition to any mark-up or mark-down that may be paid to the broker-dealer we select to buy or sell the security. No mark-ups or

markdowns are charged by HTS in its role as broker-dealer when it serves as the broker-dealer for advisory accounts. Clients are advised that fees charged by broker-dealers other than your custodian will be charged to your account in addition to the Wrap Fee discussed above.

iv. Execution of Transactions

Clients who participate in the programs offered by Envestnet generally authorize and direct HTNA, its Financial Advisors, and Money Managers to execute transactions for their accounts. Transactions in the account will typically be effected through the custodian with which the account is held. When a transaction is executed through a broker-dealer other than those custodians, the other broker-dealer will be entirely responsible for the execution and clearance of the transaction. Clients should understand that when a program recommends a particular broker-dealer through a directed brokerage arrangement, it may cause the client to forego any savings on execution costs that the Money Manager may otherwise be able to negotiate with different broker-dealers such as reduced execution costs that may result from utilizing alternative trading services. Clients are encouraged to consider the possible costs and disadvantages of such directed brokerage arrangements.

c. Charles Schwab & Co.

HTNA has a relationship with the Institutional division of Schwab, a registered broker-dealer and Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab will provide custody and execution services in accordance with the terms set forth in its custodial agreement. HTNA's clients have the ability to participate in the following programs offered by Schwab: Managed Account Select Program, Managed Account Access Program, and Managed Account Marketplace. A description of the "Schwab Programs" is below.

- **Schwab Managed Account Select Program**

Under this program, research on the Money Managers and their investment strategies are done by Schwab's Center for Financial Research (a division of Schwab) and provided to HTNA. HTNA then helps clients decide whether the Select program and any of the Money Managers are suitable for them. The program bundles research, Schwab's brokerage, custodial and client reporting fees under a single, all-inclusive fee.

Access to managers in this program is typically offered at the following account levels (although some money managers may have a higher account minimum): \$100,000 for equity strategies and \$250,000 for fixed income strategies. Schwab Select Program fees include the money manager fee, Schwab's administrative service and Schwab's brokerage/clearing/custodial services (but not trading costs for other brokers used by Money Managers in the program). The exact fee imposed includes a monthly minimum fee of \$100 for equity accounts and \$130 for fixed income accounts. Additional fee disclosures are provided below.

Performance reporting and client billing are provided by Schwab under the Select Program. HTNA will also provide clients with a quarterly performance report from Black Diamond. Clients are encouraged to compare performance reports to custodial statements for accuracy.

- **Schwab Managed Account Access Program**

Under this program, HTNA may offer our clients a selection of different Money Managers than under the Schwab Select Program. HTNA performs all monitoring and on-going due diligence of the Money Managers in the Access Program. Schwab will provide performance reporting to clients of HTNA that are enrolled in the Schwab Access Program. The program fee includes the Money Manager fee, Schwab's administrative services and Schwab's brokerage/clearing/custodial services (but not trading costs for other brokers used by Money Managers in the program).

- **Schwab Managed Account Marketplace**

i. Program Description

This is not a "program", but rather a managed account platform provided by Schwab, and it is substantially different from the Schwab Select and Schwab Access programs. In Schwab's Marketplace, there is no option for "householding" your accounts for fee discounts. The services provided are "unbundled," meaning fees for Schwab's execution and custodial services are not combined with the Money Manager fees, which are negotiated with the individual Money Manager by HTNA on behalf of the client and are based on the total assets under management and the type of management services (equity or fixed income) provided. Schwab is not involved in the fee negotiations with the Money Manager. In some instances when a client uses Marketplace, HTNA pays Schwab's execution costs in the form of an asset-based fee. Fees charged to the client may range from .15% to .03%, plus the cost of the specific Money Manager hired.

Schwab does not provide any research on Money Managers available under this platform. However, some of the Money Managers available under this program are also available under Schwab's Select Program. Select Program Money Manager research is available to any other investment adviser participant on the Schwab platform, and therefore that research may be used for any Managed Account Marketplace client.

HTNA will provide Marketplace clients a quarterly Black Diamond performance report, as Schwab does not provide client reporting for any Marketplace advisor under the Marketplace Program. Schwab will provide custodial statements for Marketplace clients on at least a quarterly basis. Clients are encouraged to review and compare the custodial statements provided by Schwab and the Black Diamond performance report provided by HTNA.

ii. Fee Schedule

Under the Select and Access programs offered by Schwab, clients pay include a single fee inclusive of HTNA's fee as well as Schwab's administrative service fee and brokerage/clearing/custodial services (but not trading costs for other brokers used by Money Managers in the program).

If there is insufficient cash in the account(s) at the time the fee is to be debited from the account(s), the Money Manager or Schwab may sell an amount of assets in the account(s) to generate sufficient cash to pay the fee, which may create a taxable gain or loss. If assets are illiquid and HTNA or the Money Manager determines that the sale is not feasible, HTNA will send the client an invoice for the fee for the quarter. Clients must pay this invoice within ten (10) days of receipt.

The standard fees charged by HTNA are as follows, but may be negotiable in certain situations, at HTNA's discretion:

Account Asset Value	Equity/Balanced Annual Fee	Fixed Income Annual Fee
0 - \$500,000	2.50%	2.00%
\$500,001 - \$1,000,000	2.00%	1.50%
\$1,000,001 - \$5,000,000	1.75%	1.00%
\$5,000,001 and up	Negotiable	Negotiable

Fees are calculated quarterly; thus the annual fee is divided by four. The HTNA fee will typically range from 0.20% to 2.50% based on the complexity of your needs; the product chosen; and frequency and types of reporting; among other factors. Clients are encouraged to verify the fees that are charged.

iii. Fee Calculation and Withdrawals

Depending on the Schwab Program, Schwab or HTNA may be responsible for collecting fees. To ensure clients are billed fairly for the assets they have under management or supervision with HTNA, fees will be based on the average daily balance in client account(s) during a quarter, as determined by Schwab or Black Diamond. Black Diamond generally relies on the prices provided directly to it by account custodians. Custodians, in turn, generally rely on prices provided by reputable, independent third parties. The custodian and Black Diamond may value assets using a slightly

different method (e.g., trade date versus settle date). Therefore, in the event HTNA bills the account, the account statement sent by Schwab may differ from the Black Diamond statement sent by HTNA. Clients are encouraged to compare the statements received from custodians with the Black Diamond performance statement.

Black Diamond may be unable to price certain securities or may assign prices that do not reflect current market conditions. In the normal course of providing investment advisory services to clients, Financial Advisors will continually assess the prices assigned by Black Diamond, custodians, and other sources. If deemed necessary, and on a case-by-case basis, HTNA will fair value account holdings that are assigned a stale or inaccurate price by Black Diamond, custodians, and/or other sources.

Fees will be invoiced in arrears for all quarters.

iv. Fee Related Issues

The cost of investment advisory services provided through the Schwab Programs may be more or less than the cost of purchasing similar services separately. Among other factors impacting the relative cost of the program to a particular client include the size of the account; the type of account (i.e., equity or fixed income); the size of the assets devoted to a particular strategy; and the managers selected.

It is possible for a client to use the Managed Account Marketplace and receive the same research services (for Money Managers that are also in Select), for a lower fee than available under the Select Program. The bundled fees charged for the Select Program are typically higher than the "unbundled fees" in the Managed Account Marketplace.

The Financial Advisor or the Money Manager may invest account assets in open-end mutual funds (including money market funds), closed-end funds, ETFs, and other collective investment vehicles that have various internal fees and expenses, which are paid by such funds but which are ultimately borne by the client as an investor. Although HTNA's Financial Advisors generally recommend and purchase only no-load or load-waived mutual funds for client advisory accounts, some funds may impose an initial or deferred sales charge. Clients may also own some of these funds when they transfer the account(s) to HTNA. HTNA and/or its affiliates may provide services to and receive compensation in connection with these mutual funds. For example, HTNA may benefit indirectly from the sales charges imposed by mutual funds through HTS.

The fee that the custodian pays HighTower Securities might represent a significant amount of that custodian's mutual fund service fees. The fee is in recognition of certain shareholder servicing that registered representative affiliate(s) of HighTower Securities perform in respect of those assets. Those shareholder servicing fees are often referred to as trailers, rebates or revenue sharing arrangements and are received from various mutual fund companies with respect to its clients whose assets are invested in those mutual funds, which typically range from 5 basis points to 50 basis points depending on the mutual fund purchased. Because the affiliate(s) of HighTower Securities receive an economic benefit, HighTower Advisors has a potential conflict of interest in recommending to clients that they use a specific custodian and invest their assets in certain mutual funds. These fees will not always be used to offset HighTower's fees, although in some cases clients' quarterly fee may be lower because of the receipt of the Shareholders Services fees. The possibility of this compensation creates an incentive for an Investment Advisor to make decisions for the clients which would have the effect of increasing this compensation.

Fees debited from Schwab Program account(s) will appear on statements received from the custodian. Clients are encouraged to verify the fees charged.

Clients may also maintain transaction-based accounts with Schwab whereby the client pays one fee to HTNA and HTNA's Financial Advisors are responsible for paying transaction fees for trades executed through Schwab. To the extent a client account at Schwab is based upon transactional based pricing rather than the participation in a wrap fee program sponsored or administered by Schwab, there may be a disincentive for HTNA to effect securities trades in the

client account in as much as HTNA will then be required to pay the transaction/execution costs associated with such trades directly to Schwab.

v. Execution of Transactions

Clients who participate in the programs offered by Schwab generally authorize and direct HTNA, its Financial Advisors, and Money Managers to execute transactions for their accounts. Transactions in the account will typically be effected through Schwab. When a transaction is executed through a broker-dealer other than Schwab, the other broker-dealer will be entirely responsible for the execution and clearance of the transaction. Clients should understand that when a program recommends a particular broker-dealer through a directed brokerage arrangement, it may cause the client to forego any savings on execution costs that the Money Manager may otherwise be able to negotiate with different broker-dealers such as reduced execution costs that may result from utilizing alternative trading services. Clients are encouraged to consider the possible costs and disadvantages of such directed brokerage arrangements.

ADDITIONAL FEES

HighTower shall comply with its duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where HighTower determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while HighTower will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

In addition, HTNA may receive certain products and services from broker/dealers that are customary in the course of an institutional brokerage relationship. To the best of HighTower’s knowledge, these services are generally made available to all institutional investment advisers doing business with these broker/dealers. These bundled services are made available to HighTower on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business directed to these broker/dealers. Since these products and services are merely made available by broker/dealers as part of a bundled business package to HighTower, HighTower does not consider products and services received in this context to be “soft dollars”.

ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Clients participating in the Advisor Directed Program may include endowments, foundations, retirement plans, corporations, individuals, and other entities.

Clients participating in programs offered by Envestnet may include endowments, foundations, retirement plans, corporations, individuals, and other entities. The minimum account size for programs offered by Envestnet is \$100,000, but is negotiable.

The minimum account size to participate in a Schwab Program is \$100,000, but is negotiable.

ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION

The selection of Portfolio Managers' normally starts with a request or need. If a financial advisor wants to invest with a certain manager they need to be approved first.

All portfolio managers are approved by one of the following:

- Group Investment Solutions ("GIS")
- HighTower's Enterprise Risk Committee
- Envestnet
- CAIS
- Custodian (Schwab, Fidelity)

HighTower relies on Envestnet, CAIS and the custodians for the first approval of all portfolio managers. If a money manager is not approved by the above, HighTower's GIS will do their own due diligence on the manager.

We do not approve portfolio managers on performance alone. HighTower looks at many factors of a portfolio manager before approval.

- Operational functionality
- Safety of client assets
- Investment Review
 - Infrastructure
 - Portfolio Manager capabilities
 - Track Record

Once all these areas have been reviewed the Enterprise Risk Committee votes on whether to approve the manager or not based on the results of the reviews. HighTower does not have a uniform and consistent basis to calculate performance.

RELATED PERSONS AS PORTFOLIO MANAGERS

No related person is a portfolio manager of one of wrap fee programs described above. MD Sass however is a portfolio manager that Financial Advisors may choose to invest some or all of a client's assets within a wrap fee with. HighTower does not receive any additional compensation for being a related person and invest client assets with MD Sass.

SUPERVISED PERSONS AS PORTFOLIO MANAGERS

All of HighTower's Financial Advisory teams in some fashion act as portfolio managers. Some advisory teams are one hundred percent portfolio managers and run their own models, while some teams only manage a portion of their client's assets as a portfolio manager, with the remainder going to other money managers or mutual funds.

The advisory business offered when HighTower is acting as portfolio manager is no different than any other advisory business offered as described in the Advisory Business section of Form ADV Part IIA. The advisory team will obtain the necessary client information to make an informed decision on the asset allocation for the client.

Unless requested by the client, HighTower will vote the proxies associated for the client. HighTower has chosen an independent proxy voting service, RiskMetrics Group/Institutional Shareholder Services, Inc. ("ISS") to vote all proxies for advisory accounts.

ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

CLIENT PROFILE

Initially HTNA will interview prospective clients to determine their financial position, investment goals and objectives (e.g., risk tolerance and time horizon), investment limitations, reasonable investment restrictions and risk tolerance (collectively “Investor Profile”). The Investor Profile is used to help determine which Money Manager(s) fits clients’ investment needs. At least annually, HTNA will contact clients to determine whether they have had any changes to their Investor Profile. Should changes occur to a client’s Investor Profile before the annual conference call or meeting, it is the client’s responsibility to contact HTNA as soon as possible.

ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS

Some of HighTower’s Financial Advisory teams act as the Portfolio Manager on the client accounts. In those cases, there are no restrictions placed on the client contacting them.

HTNA will be reasonably available for consultation with clients regarding the management of their account. Questions about client account(s) and/or the investment activity should be directed to the client’s Financial Advisor at HTNA. HTNA will serve as the liaison between clients and their Money Manager(s), and if appropriate, arrange for a meeting or conference call between the client and the Money Manager(s).

ITEM 9. ADDITIONAL INFORMATION

POTENTIAL CONFLICTS OF INTEREST

1. Aggregation of Orders

With respect to accounts over which HTNA has discretionary authority to buy and sell securities, HTNA may, but is not required to, aggregate orders for the sale or purchase of securities for the client’s account with orders for the same security for other brokerage or advisory clients of HTNA and its affiliates, and including orders for HTNA’s and its affiliates’ employees and their related persons. HTNA will only aggregate client orders when it believes doing so will likely be in the participating clients’ best interests. HTNA generally will not aggregate orders of client accounts managed by different Financial Advisors. A client order that is not aggregated with one or more other client orders may be executed at a less favorable price and incur greater transaction costs than an aggregated order. The execution of aggregated orders may be subject to delay for certain reasons, including but not limited to the time required for HTNA to review proposed orders for compliance with investment restrictions or investment policy guidelines that clients (including advisory clients and brokerage clients for whom HTNA exercises limited discretion) may have provided to HTNA. Accordingly, the aggregation of the client’s orders with other client orders may cause the client’s orders to be executed later, and at different price, than they would have been had the client’s orders not been aggregated with other client orders. Aggregated orders will generally be filled at an average price, with a pro-rata share of transaction costs (if applicable). On occasion, an aggregated order will not be fully executed, meaning that the entire order could not be reasonably filled. Any partial fill of such an aggregated order will generally be allocated pro-rata; de minimis deviations from the allocation statement are permitted in the interest of placing round lots in client accounts. Factors that can affect the decision to include an account in a block transaction include, but are not limited to, available cash in each account, the size of each account and order, client or other restrictions on the portfolio in each account, and the desirability of

avoiding odd lots. HTNA may have a conflict of interest in its allocation of partial fills among participating clients and HTNA's and its affiliates' employees and their related persons. For specific information on a Money Manager's procedures to address the aggregation of orders, please refer to their Form ADV, Part IIA disclosure.

2. Other Brokerage Accounts

Certain clients in the programs described in this brochure may also have brokerage accounts with HTS in which HTNA does not act in an advisory capacity. HTS's interests may not always be the same as the client's when it acts in only a brokerage capacity. These activities are separate and apart from HTNA's advisory activities. Clients should ask questions to make sure they understand their various rights and HTS's obligation to them, when HTS acts in a brokerage only versus an advisory capacity, including the differences in the extent of HTS's obligation to disclose conflicts of interest and to act in the client's best interests. When HTS acts as a broker, it is paid both by the client and, sometimes, by people who compensate HTS based on what the client buys. Therefore, HTS's profits and its salespersons' compensation may vary by products and over time.

3. IPOs

Initial public offerings ("IPOs") generally are not made available to clients in the aforementioned programs. From time to time, limited opportunity investments (e.g., IPOs) may be made available as a result of relationships with the issuer's manager, distributor, or other third parties. With respect to accounts over which a Money Manager has discretionary authority to buy and sell securities, if a Money Manager determines that the opportunity is suitable for certain clients in the program, clients may receive an allocation of such. For specific information on a Money Manager's procedures to address the allocation of limited opportunity investments, please refer to their Form ADV, Part IIA disclosure.

4. Personal Trading

HTNA and Financial Advisors may recommend securities in which they directly or indirectly have a financial interest or control relationship, and may buy and sell for their personal securities accounts securities that they recommend to advisory clients for purchase and sale. In addition, HTNA access persons (as defined in HTNA's Regulatory Compliance Manual) or related persons may have accounts with Money Managers that are available via platforms and programs that are made available to clients. As such, HTNA access persons or related persons may buy or sell securities that clients also own in their own personal accounts. HTNA and its Financial Advisors, in addition to third-party Money Managers, may give different advice, take different action, or hold or deal in different securities for any other client or account, including HTNA's own accounts or those of its affiliates, from the advice that they give, action they take, or securities they hold or deal for client accounts. HTNA has adopted policies and procedures designed to prevent unauthorized personal trading. HTNA has also adopted policies and procedures designed to control the flow of "inside" and proprietary information between Financial Advisors from different advisory businesses and affiliates of HTNA.

Financial Advisors, like all HTNA investment personnel, are subject to HTNA's personal trading policies and procedures as detailed in HTNA's Code of Ethics, which is available upon request. A description of the Code of Ethics is provided further in this disclosure, number 10.

Please refer to each Money Manager's Form ADV, Part IIA for a description of the Money Manager's Code of Ethics.

5. No Liability in Connection With Certain Events

HTNA shall not be liable for losses caused directly or indirectly by suspension of trading, wars, civil disturbances, terrorism, strikes, natural calamities, labor or material shortages, government restrictions, acts or omissions of exchanges, specialists, markets, clearance organizations or information providers, delays in mails, delays or inaccuracies in the transmission of orders or information, governmental, exchange or self regulatory organization laws, rules or actions, or any other causes beyond HTNA's control that may prevent or delay the performance of HTNA's obligations.

6. Additional Compensation

Certain wrap program administrators and/or custodians may have dedicated services and technology for registered investment advisers. This is a key reason for HTNA's selection of these firms. They provide HTNA with benefits it may not receive from other firms, in terms of pricing and services. They also make available services intended to help HTNA 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. Through these firms HTNA may also receive direct access to real-time client account information, electronic download of trades, balances and positions, and the ability to directly debit clients' advisory fees. HTNA also receives software and support services, including reductions in seminar and conference fees from these firms. In addition, these firms may make available, arrange and/or pay for these types of services rendered to HTNA by independent third parties. Sponsors may also discount or waive fees they 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 HTNA.

These services provided to HTNA are not contingent upon any specific amount of business (assets or trading). While, as a fiduciary, HTNA endeavors to act in its clients' best interests, Financial Advisors' recommendation that clients invest via certain programs and/or maintain their assets at one of these firms may be based in part on the benefit to HighTower of some of these products and services and not solely on the nature, cost or quality of their custody and brokerage services. This may create a potential conflict of interest.

7. Economic Benefits Received for Providing Services to Clients

HTNA may receive certain products and services from broker/dealers that are customary in the course of an institutional brokerage relationship. To the best of HighTower's knowledge, these services are generally made available to all institutional investment advisers doing business with these broker/dealers. These bundled services are made available to HighTower on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business directed to these broker/dealers. Since these products and services are merely made available by broker/dealers as part of a bundled business package to HighTower, HighTower does not consider products and services received in this context to be "soft dollars".

8. Solicitations Arrangements

HTNA or its affiliates may enter into solicitation agreements under which they compensate affiliated or unaffiliated solicitors that refer advisory clients to HTNA or its affiliates, which subject such individuals to a conflict of interest. Program clients will not incur any additional charge as a result of these arrangements. All or a portion of the fee, and/or other fees charged by HTNA for its services may be paid to registered representatives of HTS or unaffiliated solicitors in connection with the introduction of accounts as well as the provision of supplemental and other client related services. In no event will such solicitation services include providing investment advisory services. These payments may be made for the duration of HTNA's management of the client's account under the Program. HTNA complies with Rule 206(4)-3 under the Advisers Act with respect to any solicitation arrangements to which it is a party.

HTNA may also receive client referrals from wrap sponsors and/or custodians. While HTNA may not receive such referrals pursuant to a formal agreement and may not directly compensate such firms for such referrals, such referrals could present a potential conflict of interest as HTNA could have an incentive to direct clients to certain programs and brokerage to certain broker-dealers in order to continue receiving referrals. HTNA does not consider client referrals from sponsors, custodians, and/or broker-dealers when making brokerage allocation decisions.

HTS maintains placement agent agreements with certain private fund managers for which it solicits investors for the private funds. HTS will not receive compensation in the event it solicits an advisory client of HTNA to invest in one of the private funds.

9. Other Business Activities and Affiliations

a. Other Investment Advisers

HTNA is registered as an investment adviser with the SEC and is noticed filed as needed in various states. HTNA and its affiliates offer other advisory services, including wrap fee programs utilizing third-party Money Managers, a mutual fund allocation program, and various other consulting services. HTNA's other advisory services are described in Part IIA of HTNA's Form ADV, which is available upon request.

HTNA is affiliated with other investment advisers as a result of the advisers, or affiliates of advisers' ownership interests in HighTower Holding, LLC, HTNA's parent company. Such investment advisers and their affiliates include, but are not limited to: HighTower Advisors, LLC ("HTA"), M.D. Sass Macquarie Financial Strategies Fund, Macquarie Funds Group (a wholly owned subsidiary of M.D. Sass Macquarie), Franklin Mutual Advisors, LLC, Envestnet, and Offit Capital. Financial Advisors may recommend that clients engage affiliates to provide advisory services and/or invest in advisory products managed by affiliates, including, but not limited to, limited partnerships. HTNA completes a rigorous due diligence review on its partners before approving their products and services for clients and only products that are believed to meet a client's investment objectives and risk tolerance are recommended. HTNA does not receive additional benefits or compensation from these firms because HighTower uses their products and services, although in some cases the pricing HTNA is able to offer its clients may be less than it would have been without this relationship.

b. Registered Broker-dealer

HTS is a wholly-owned subsidiary of HighTower Holding, LLC and its principal business is that of a broker-dealer involved in the sale of various types of securities, including but not limited to stocks, bonds and mutual funds. HTS is an introducing broker-dealer with a clearing arrangement through National Financial Services, LLC ("NFS"), a subsidiary of Fidelity.

HTS may receive fees or commissions from issuers of certain securities held in accounts of its clients and will earn "rebate" or 12b-1 service fees from some mutual funds clients hold in their advisory accounts, including money market funds. As an introducing broker-dealer, HTS may receive a margin interest spread, or rebate, on debit balances maintained in clients' margin accounts. Through HTS, Financial Advisors may receive a portion of such spreads or rebates as compensation. As such, Financial Advisors are subject to a potential conflict of interest in recommending that clients invest in programs or with Money Managers that purchase certain mutual funds or open margin accounts and maintain debit balances where HTS serves as the introducing broker-dealer.

HTNA does not participate in agency cross transactions.

c. Insurance Agency or Broker

HTS is licensed as a general insurance broker and agency and properly licensed Financial Advisors (who are also registered representative of HTS) HTNA may provide analysis of and recommend the purchase and sale of certain insurance products. HTS may receive a commission or other form of compensation in connection with such sales and compensate Financial Advisors with a percentage of such commissions or other forms of compensation. Certain Financial Advisors licensed to sell insurance products may devote as much as 20% of their time to this activity. Clients are not obligated to use HTS as their insurance broker or agent, or to use any recommended insurance company for any recommended insurance transaction. HTNA may utilize outside insurance agencies or broker-dealers for help with the analysis and recommendation of insurance products and/or for insurance licensing and appointments with various states and insurance companies.

Certain directors and members of executive management of HTNA also serve as directors and/or executive management of HTS, HTA and HighTower Holding, LLC, the parent company of both HTNA, HTA and HTS.

d. Time Spent on Other Activities

Investment adviser representatives and principals of HTNA may spend up to 90% of their time on other related or non-related activities, including management of the firm, recruiting, and registered representative activities, including the sale of commissionable products, through HTS, financial planning, and/or the sale or recommendation of insurance products.

10. Code of Ethics

A Code of Ethics (the "Code") has been developed for HTNA's access persons. This Code was developed to provide general ethical guidelines and specific instructions regarding the duties owed to advisory clients. All access persons must act with competence, dignity, integrity, and in an ethical manner, when dealing with clients, the public, prospects, third-party service providers and fellow access persons. Access persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting HighTower's services, and engaging in other professional activities. All access persons are expected to adhere to the highest standards with respect to any potential conflicts of interest with clients. As a fiduciary, HTNA must act in its clients' best interests. A copy of the complete Code may be obtained through a Financial Advisor or by contacting HighTower at Compliance@HighTowerAdvisors.com or Compliance at 312.962.3800.

Access persons' trades must be executed in a manner consistent with fiduciary obligations to clients; personal trades should avoid actual improprieties, as well as the appearance of impropriety. Access person's personal trades must not be timed to precede orders placed for any client, nor should trading activity be so excessive as to conflict with the access person's ability to fulfill daily job responsibilities. Other specific policies and prohibitions exist with respect to access persons' personal trading activities, as discussed in the complete Code.

Access persons must submit quarterly reports regarding securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts. HighTower monitors access persons' personal trading activity at least quarterly to ensure compliance with internal control policies and procedures. HTNA strives to ensure that all access persons act in accordance with applicable regulations governing registered investment advisory practices as they apply to HTNA. Any access person not in observance of this goal is subject to sanctions, including termination of employment.