

Adherence Capital Management

Mutual Advisors, LLC DBA Adherence Capital Management

10250 Constellation Boulevard

23rd Floor, Suite 2320

Los Angeles, CA 90067

310-270-9477

www.adherencecapital.com

Main Office

1551 Three Crowns Drive

Suite 100

Casper, WY 82604

307-234-1200

www.mutualadv.com

Form ADV, Part 2A Brochure

July 3, 2013

This brochure provides information about the qualifications and business practices of Mutual Advisors, LLC DBA Adherence Capital Management. If you have any questions about the contents of this brochure, please contact us at 307-234-1200 or adv@mutualadv.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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Mutual Advisors, LLC DBA Adherence Capital Management or any person associated with Mutual Advisors, LLC DBA Adherence Capital Management has achieved a certain level of skill or training. Additional information about Mutual Advisors, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 167658.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of material changes since the previous annual update to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

This brochure reflects only the business practices of investment adviser representatives of Mutual Advisors, LLC (“Mutual Advisors”) doing business as Adherence Capital Management (“Adherence”).

Mutual Advisors reviews and updates our brochure at least annually to confirm that it remains current. In the future, this item will discuss only specific material changes that we made to the brochure and provide you with a summary of such changes. Future summaries will also reference the date of the last annual update of this brochure.

ITEM 3 - TABLE OF CONTENTS

ITEM 1 - COVER PAGE.....	1
ITEM 2 - MATERIAL CHANGES	2
ITEM 3 - TABLE OF CONTENTS	3
ITEM 4 - ADVISORY BUSINESS	6
Description of Advisory Firm	6
Advisory Services Offered.....	6
Investment Management Services.....	6
Institutional Consulting Services	7
Limitations on Investments	7
Non-Managed Assets	8
Tailored Services and Client Imposed Restrictions.....	8
Wrap Fee Programs	8
Assets Under Management	8
ITEM 5 - FEES AND COMPENSATION.....	8
Fee Schedule.....	8
Investment Management Services.....	8
Billing Method	9
Investment Management Services.....	9
Other Fees and Expenses.....	10
Termination	10
Investment Management Services.....	10
Other Compensation	10
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	11
ITEM 7 - TYPES OF CLIENTS.....	11
Account Requirements	11
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
Methods of Analysis and Investment Strategies	11
General Investment Strategies.....	11
Methods of Analysis for Selecting Securities	12
Investing Involves Risk	13

Specific Security Risks	14
General Risks of Owning Securities	14
Exchange-Traded Funds (ETFs).....	14
Debt Securities (Bonds)	15
Municipal Bonds.....	17
Obligations Related to the U.S. Government.....	17
Equity Securities	18
Real Estate Investment Trusts (REIT)	19
Investing Outside the U.S.	19
Cash and Cash Equivalents	20
Master Limited Partnerships (MLPs).....	20
ITEM 9 - DISCIPLINARY INFORMATION	21
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	22
Registered Representative of Related Broker-Dealer	22
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	22
Code of Ethics	22
Personal Trading Practices	22
Aggregation with Client Orders.....	23
ITEM 12 - BROKERAGE PRACTICES.....	25
Factors Considered in Selecting Broker-Dealers for Client Transactions	25
Client Brokerage and Custody Costs	26
Research and Other Benefits	26
Aggregation and Allocation of Transactions.....	27
ITEM 13 - REVIEW OF ACCOUNTS	27
Managed Account Reviews	27
Account Reporting	27
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....	28
Fidelity Support Products and Services	28
Outside Compensation	28
ITEM 15 - CUSTODY.....	29
ITEM 16 - INVESTMENT DISCRETION	29

ITEM 17 - VOTING CLIENT SECURITIES	29
Proxy Voting.....	29
Class Actions	30
ITEM 18 - FINANCIAL INFORMATION	30
Form ADV, Part 2B Brochure Supplement	i
ITEM 1 - COVER PAGE	i
Steven Johnson, CFA	ii
ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE	ii
ITEM 3 - DISCIPLINARY INFORMATION	ii
ITEM 4 - OTHER BUSINESS ACTIVITIES	ii
ITEM 5 - ADDITIONAL COMPENSATION.....	iii
ITEM 6 - SUPERVISION	iii
Mark Lewis	iv
ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE	iv
ITEM 3 - DISCIPLINARY INFORMATION	iv
ITEM 4 - OTHER BUSINESS ACTIVITIES	iv
ITEM 5 - ADDITIONAL COMPENSATION.....	iv
ITEM 6 - SUPERVISION	v

ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

Mutual Advisors, LLC (“Mutual Advisors,” “we,” “our,” or “us”) is a privately owned limited liability company headquartered in Casper, Wyoming. Mutual Advisors is registered as an investment adviser with the U.S. Securities and Exchange Commission. Mutual Advisors was formed in 2013. The firm’s principal owners are the Voss Wyoming Trust and the Sabol Wyoming Trust.

***This brochure reflects only the business practices of investment adviser representatives of Mutual Advisors, LLC (“Mutual Advisors”), doing business as Adherence Capital Management (“Adherence”).**

Advisory Services Offered

Adherence offers the following services to advisory clients:

Investment Management Services

Adherence provides continuous and regular investment management services on a discretionary basis. Steven Johnson and Mark Lewis work with clients and have the ongoing responsibility to select, based upon the objectives of the client and the designated portfolio type, specific securities or other investments that they purchase or sell in client accounts.

Adherence offers three different portfolio types for managing client accounts:

1. All Asset Global Portfolios
2. Institutional Fixed Income Portfolios
3. Private Client Municipal Bond Portfolios

We describe the investment strategy for each portfolio type in **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss** below.

Depending on the portfolio type, Adherence will primarily utilize one or more of the following when making investment purchases in client accounts:

1. Exchange traded funds (ETFs)
2. Corporate bonds
3. Municipal securities
4. U.S. government related securities

Additionally, depending on the availability of securities for the portfolio type and/or the individual investment objectives and needs of the client, Adherence’s investment selections may include:

1. Equity securities
2. Real estate investment trusts (REITs)

3. Foreign government related securities
4. Master limited partnerships (MLPs)

Adherence may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. Adherence may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for many of the securities that we utilize under the heading ***Specific Security Risks*** in ***Item 8*** below.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below. We describe the fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

Institutional Consulting Services

From time to time, Adherence may be engaged to provide financial consulting and advice to institutional clients, on a non-discretionary basis, with respect to their portfolios. We describe the fees charged for institutional consulting services below under ***Item 5 - Fees and Compensation***.

Limitations on Investments

In some circumstances, Adherence's advice may be limited to certain types of securities.

Limitation by Plan Sponsor/Employer

In the event Adherence is managing assets within a retirement plan, such as a 401(k), 403(b), or other employer plan, Adherence is limited to those investment providers and investment options chosen by the plan administrator. Similarly, when we provide services to participants in an employer-sponsored plan, the participant may be limited to investing in securities included in the plan's investment options. Therefore, Adherence can only select investments from among the available options and will not invest the client's account in other securities, even if there may be more suitable options elsewhere.

Limitation by Custodian

There may also be limitations on the mutual funds that we recommend. All clients establish brokerage accounts with Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), registered broker-dealer, Member SIPC. Adherence is limited to mutual funds either sponsored by or otherwise available through Fidelity.

Limitation by Client

Adherence may also limit advice based on certain client-imposed restrictions. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this Item below.

Non-Managed Assets

Adherence may offer securities trading activities for non-managed positions in a client's managed account, acting as an intermediary between the client and the custodian. We do not provide investment advice regarding that portion of the client's managed account designated as non-managed assets nor do we provide opinions as to the merits of any non-managed asset held in the account. We also do not make any judgments as to the appropriateness of assumed risk or suitability of any non-managed investment given the client's situation. Adherence offers this service at no charge and at our discretion, in consideration of other accounts that we manage for the client.

Tailored Services and Client Imposed Restrictions

Adherence manages client accounts based on the portfolio type, as discussed below under **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our investment selections may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep Adherence informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want Adherence to buy or sell certain specific securities or security types in the account. Adherence reserves the right to not accept and/or terminate management of a client's account for any reason whatsoever, including if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

Wrap Fee Programs

Adherence currently does not manage accounts as part of a wrap or bundled fee program.

Assets Under Management

Mutual Advisors manages client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As a newly formed firm, Mutual Advisors has no assets under management. As of 3/31/2013, the total amount of assets under the management of Mutual Securities, Inc. (the previous Registered Investment Adviser owned by the indirect owners of Mutual Advisors) was \$110,111,326.

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Investment Management Services

Adherence charges advisory fees for investment management services. Adherence's advisory fees are charged based on a percentage of the market value of the portfolio, per the following schedule:

All Asset Global Portfolios:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$1MM	1.00%
Next \$4MM	0.75%
\$5MM +	0.50%

Institutional Fixed Income Portfolios:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$100MM	0.20%
Next \$300MM	0.15%
\$400MM +	Negotiable

Private Client Municipal Bond Portfolios:

0.50% (fee may be lower based on account size)

Some accounts may be under different fee schedules honoring prior agreements. Our standard fee schedule may be negotiable based on a number of factors, which include but are not limited to “grandfathered” accounts, related accounts, and other structures that we may consider in special situations. Adherence may aggregate client accounts that have family relationships with each other for purposes of calculating the advisory fee rate applicable to each client. We also offer to manage family, employee, or affiliate accounts at reduced rates.

Institutional Consulting Services

Fees for these services are subject to negotiation.

Billing Method

Investment Management Services

Adherence’s advisory fees are payable quarterly in arrears based on the average month-end account market values for the three months in that calendar quarter. The first payment is due after the first quarter or partial quarter under management. The formula used for the calculation is as follows:
(Annual Rate) x (Average of Total Assets Under Management for the Three Month-Ends Occurring in the Quarter) / 4.

For new client accounts, the first payment is a pro-rata calculation that takes into consideration the number of days remaining in the quarter and the quarter-end value of the portfolio. The formula used to calculate the initial advisory fee would be as follows: *(Result of Quarterly Calculation) x (Days Remaining in Quarter) / (Total Number of Days in Quarter)*. For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays.

With client authorization, Adherence will instruct the custodian to automatically withdraw our advisory fee from the client's account. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee.

Other Fees and Expenses

Adherence's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, margin charges, foreign exchange and settlement fees, and/or other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to Adherence. See **Item 12 - Brokerage Practices** below for more information on the factors that Adherence considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Adherence for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares.

Termination

Investment Management Services

Either party may terminate without cause the advisory agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement at any time by writing Adherence at our office. Upon termination of the agreement, any earned, unpaid advisory fees will be due and payable. The client will receive an invoice showing the advisory fees due for services rendered and not yet paid.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Adherence will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, Adherence will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party. Our ongoing management and/or ability to effect transactions in a client's account(s) may be limited by restrictions placed on accounts by the client's broker/custodian.

Other Compensation

Adherence does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Other than the charge on percentage of assets set forth in Item 5 above, Adherence does not charge other fees such as performance-based fees based on total returns, capital gains, or capital appreciation of the assets of a client.

ITEM 7 - TYPES OF CLIENTS

Adherence generally provides discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, individual participants of retirement plans, pension and profit sharing plans, charitable organizations, municipalities, other institutional investors and businesses. From time to time, Adherence may also be engaged to provide non-discretionary consulting services for institutional clients.

Account Requirements

Generally, Adherence requires clients to maintain a minimum account size of (a) \$1 million for All Asset Global Portfolios and Private Client Municipal Bond Portfolios and (b) \$10 million for Institutional Fixed Income Portfolios. We generally combine family accounts to meet the account size minimum. Adherence may reduce or waive the account minimum requirements at our discretion.

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

Methods of Analysis and Investment Strategies

General Investment Strategies

Adherence invests client assets using one or more of the distinct portfolio types described below. Adherence generally uses diversification in an effort to minimize risk and optimize the potential return of a portfolio. Depending on the portfolio type, we seek economic exposure to multiple asset classes, sub asset classes, security types, market capitalizations, sectors, regions and currencies, as well as diversify across varying economic scenarios, in order to provide overall portfolio diversification.

All Asset Global Portfolios

For these accounts, Adherence implements and updates clients' investments in accordance with a diversified, proprietary model, and tilts the exposures according to our strategic and tactical investment outlook. This model, which is regularly monitored and updated by Steven Johnson and Mark Lewis, can consist of multiple asset sub-classes, each generally represented by an ETF, although under certain circumstances, for example to gain exposure to the large capitalization portion of the private equity market, or to avoid ETF fees in the government related fixed income market, individual securities may be purchased.

In the interest of diversification, Adherence maintains strategic long-term target allocations for all asset classes in the All Asset Global Portfolios. Based on its assessment of where the current economy is in

terms of the economic cycle, however, Adherence may adjust these allocations within a range specified by Adherence.

Institutional Fixed Income Portfolios

For these accounts, institutional clients typically engage Adherence to invest all or part of the fixed income portion of their aggregate portfolios in accordance with the client's investment policy statement ("IPS"). Adherence's investments for clients are generally made in short to intermediate term, investment grade corporate, government, government agency, or other government related debt.

Other limitations on the type, credit quality, concentration, or duration of a client's investments may be specified by the client's IPS.

Private Client Municipal Bond Portfolios

For these accounts, Adherence constructs a customized tax-exempt portfolio for high net worth clients. Steven Johnson and Mark Lewis select securities for these portfolios primarily by deploying a bottom-up, fundamental analysis of securities issued by state and local issuers and agencies within the context of Adherence's internal investment guidelines for the municipal securities market.

Methods of Analysis for Selecting Securities

For all of its strategies, Adherence uses both cyclical and fundamental analysis in the selection of securities.

Cyclical Analysis

Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying or selling particular asset and sub-asset classes.

Fundamental Analysis

Fundamental analysis typically involves analysis of financial statements, specialized research publications, and general news sources.

Leverage

In eligible accounts, Adherence may use moderate leverage in an effort to increase portfolio returns, typically using a moderate amount of margin borrowing to increase exposure to historically low volatility assets relative to decreased exposure to historically high volatility assets. Adherence may also use call options on common stocks or stock indexes, and/or employ leveraged ETFs. The amount of leverage employed and the precise techniques used are determined based on current and anticipated future market conditions. While the use of leverage can increase returns, it can also magnify losses. Clients may specifically request that Adherence limit or avoid the use of some or all types of leverage in their accounts.

The above investment techniques may involve the use of derivative securities, including options and futures, in an effort to increase portfolio return. Securities are considered derivatives when their value is determined by or derived from the performance of an underlying asset or index. A client's account

would lose the premium and transaction costs related to the purchase of an unexercised option that expires worthless.

The price movements of derivatives may be more volatile than the price movements of other securities, and therefore may result in more than ordinary investment risk. Many of these investments may not enjoy as much liquidity as other securities, although Adherence seeks to invest in liquid derivative contracts to the extent possible and consistent with our investment strategy.

The use of the strategies discussed above may increase the recognition (for income tax purposes) of gains and losses and increase other expenses (such as brokerage charges) compared to accounts that do not use these techniques.

Inverse/Enhanced Market

Adherence may also use exchange traded funds and/or leveraged long and short mutual funds that are designed to perform in either an:

1. Inverse relationship to certain market indices (at a rate of one or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against falling equity prices, deteriorating credit quality, falling commodity prices, rising interest rates; or
2. Enhanced relationship to certain market indices (at a rate of one or more times the actual result of the corresponding index) as an investment strategy and/or in an effort to increase gains in an advancing market.

There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Adherence, in writing, not to employ any or all such strategies for the client's accounts.

Margin

Some clients of Adherence maintain margin accounts. Accordingly, we may use margin transactions to implement investment advice given to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include "margin calls" (also called "fed calls" or "maintenance calls"). Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client's account, requiring the investor to deposit additional money or securities into their margin account. While the use of margin borrowing can increase returns, it can also magnify losses. Clients may specifically request that Adherence limit or avoid the use of margin transactions in their accounts.

Investing Involves Risk

Prior to entering into an agreement with Adherence, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;

2. That securities markets experience varying degrees of volatility, and historically they have made sudden shifts from quiet to turbulent regimes where many investors lost a substantial portion of their money;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available for investment on a long-term basis.

Specific Security Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Exchange-Traded Funds (ETFs)

An ETF is a type of investment company (usually, an open-end fund or unit investment trust) containing a basket of marketable securities. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector. ETFs are intended to offer liquidity during market hours and may be more highly traded than their underlying basket of marketable securities. This may make ETFs subject to "hot money" flows, which may cause their price to deviate from the last known prices of the securities in their underlying basket. ETFs may experience more volatility and/or a lower price than the price of their underlying basket.

During the market decline of June 2013, some dealers did not always make markets to allow investors to exit from their ETF positions. Investors should not assume that all dealers will at all times make markets in ETFs in the future. Adherence seeks to minimize this risk through investing in ETFs with adequate daily average trading volume, market capitalization, and trading history.

Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Some ETFs are "inverse" or "short" funds, meaning that they seek to deliver the opposite of the performance of the index or benchmark they track. Some funds are both short and leveraged, meaning

that they seek to achieve a return that is a multiple of the inverse performance of the underlying index. Most leveraged and inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect is magnified by the use of leverage. Therefore, inverse and leveraged ETFs that are reset daily typically are unsuitable for retail investors who plan to hold them for longer than one trading session, particularly in volatile markets. There is uncertainty about the effectiveness of using a leveraged inverse ETF as a hedge over a long holding period. This risk does not preclude Adherence from utilizing such ETFs, or even being willing to lose money on such an individual ETF, so long as Adherence believes the ETF offers an adequate hedging benefit with respect to the risk and total return of the overall portfolio. Unless instructed otherwise by the client or required by statute, Adherence seeks to maximize the risk adjusted total return of clients’ portfolios, not of individual securities.

Debt Securities (Bonds)

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond’s maturity, the greater its interest rate risk.

Certain additional risk factors relating to debt securities include:

Reinvestment Risk

When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Inflation Risk

Inflation causes tomorrow’s dollar to be worth less than today’s; in other words, it reduces the purchasing power of a bond investor’s future interest payments and principal, collectively known as “cash flows.” Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

Interest Rate and Market Risk

Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Call Risk

Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors.

Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond to a risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Mortgage Prepayment Risk

Mortgage backed securities, commercial mortgage backed securities, and other types of consumer related debt generally allow the borrower to prepay or pay off their entire principal balance at any time. This means investors may receive less money than expected to reinvest at a high rate when rates rise and/or more money than expected to reinvest at a low rate when rates fall.

Credit Risk

If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and Valuation Risk

There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

It may be possible to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

Bond rating agencies may assign modifiers (such as +/-) to ratings categories to signify the relative position of a credit within the rating category. Unless we state otherwise, clients should include any security within that category without considering the modifier when reading their investment policies based on ratings categories.

Municipal Bonds

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds carries risk unique to these types of bonds, which may include:

Legislative Risk

Legislative risk includes the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

Tax-Bracket Changes

Municipal bonds generate tax-free income, and therefore pay lower interest rates than taxable bonds. Investors who anticipate a significant drop in their marginal income-tax rate may benefit from the higher yield available from taxable bonds.

Liquidity Risk

The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Municipal bonds may be less liquid than other bonds.

Credit Risk

Credit risk includes the risk that a borrower will be unable to make interest or principal payments when they are due and therefore default. To reduce investor concern, insurance policies that guarantee repayment in the event of default back many municipal bonds.

Alternative Minimum Tax (AMT)

Adherence invests in a variety of fixed income securities for clients. We seek to limit or avoid municipal bonds subject to AMT for those accounts seeking preservation of capital and current income exempt from taxation.

Obligations Related to the U.S. Government

U.S. government obligations include the following types of securities:

U.S. Treasury Securities

U.S. Treasury securities include direct obligations of the U.S. Treasury, such as Treasury bills, notes, and bonds. For these securities, the U.S. government unconditionally guarantees the payment of principal and interest, resulting in high credit quality. Fluctuations in interest rates subject U.S. Treasury securities

to variations in market value. Adherence expects U.S. Treasury securities to be paid in full when held to maturity. However, given U.S. federal deficits, increased U.S. debt levels, and the increased foreign ownership of U.S. debt, the purchasing power from payment in full when held to maturity is not known with certainty.

Federal Agency Securities

Certain U.S. government agencies and government-sponsored entities guarantee the timely payment of principal and interest with the backing of the full faith and credit of the U.S. government. Such agencies and entities include the Government National Mortgage Association (Ginnie Mae), the Veterans Administration (VA), the Federal Housing Administration (FHA), the Export-Import Bank (Exim Bank), the Overseas Private Investment Corporation (OPIC), the Commodity Credit Corporation (CCC) and the Small Business Administration (SBA).

Other Federal Agency Obligations

Additional federal agency securities neither are direct obligations of, nor guaranteed by, the U.S. government. These obligations include securities issued by certain U.S. government agencies and government-sponsored entities. However, they generally involve some form of federal sponsorship: some operate under a government charter; specific types of collateral back some; the issuer's right to borrow from the Treasury supports some; and only the credit of the issuing government agency or entity supports others. These agencies and entities include, but are not limited to the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and the Tennessee Valley Authority and Federal Farm Credit Bank System.

On September 7, 2008, Freddie Mac and Fannie Mae were placed into conservatorship by their new regulator, the Federal Housing Finance Agency. Simultaneously, the U.S. Treasury made a commitment of indefinite duration to maintain the positive net worth of both firms.

On June 25, 2013, the Chicago Tribune reported that a bipartisan bill was proposed in the Senate to replace Fannie Mae and Freddie Mac with a new federal reinsurer that would backstop private capital in a crisis. The price of existing and yet-to-be-issued Fannie Mae and Freddie Mac debt may fluctuate depending on investors' expectations related to this legislation.

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in, and other factors. Further, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

There may be little trading in the secondary market for particular equity securities, which may adversely affect the ability to value accurately or dispose of those equity securities. Adverse publicity and investor

perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

Small Capitalization Equity Securities

Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

Real Estate Investment Trusts (REIT)

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values and liquidity of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

Investing Outside the U.S.

Although we generally limit foreign investments to ETFs that hold foreign securities, the risks of foreign investing still apply to the underlying portfolios of funds. Investing outside the United States may involve additional risks of foreign investing. These risks may include deteriorating sovereign debt ratings due to deficits and debt, currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors to greater risk. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Investments in developing countries can further heighten the risks described above. A developing country may be in the earlier stages of its industrialization cycle with a low per capita gross domestic product ("GDP") and a low market capitalization to GDP ratio relative to those in the United States and the European Union. Historically, the markets of developing countries have been more volatile than the markets of developed countries.

Developing countries may have less developed legal and accounting systems. The governments of these countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect security prices. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. Securities markets in these countries are also relatively small and have

substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid than securities issued in countries with more developed economies or markets.

An account's investment activities outside the United States could lead to additional costs. Brokerage commissions may be higher outside the United States, and the account will bear certain expenses in connection with its currency transactions. Furthermore, increased custodian costs may be associated with maintaining assets in certain jurisdictions.

In determining the domicile of an issuer, Adherence will consider the domicile determination of a leading provider of global indexes or financial data, such as Morgan Stanley Capital International or Bloomberg Inc., respectively, and may take into account such factors as where the company lists its securities, where the company is legally organized, and where it maintains principal corporate offices, and/or conducts its principal operations. The account may purchase and sell currencies to facilitate securities transactions.

Cash and Cash Equivalents

The account may hold cash or invest in cash equivalents. Cash equivalents include:

1. Commercial paper (for example, short-term notes with maturities typically up to 270 days in length issued by corporations, governmental bodies or bank/corporation sponsored conduits (asset-backed commercial paper));
2. Short-term bank obligations (for example, bank notes, certificates of deposit, or bankers' acceptances (time drafts on a commercial bank where the bank accepts an irrevocable obligation to pay at maturity));
3. Savings association and savings bank obligations (for example, bank notes and certificates of deposit issued by savings banks or savings associations);
4. Securities of the U.S. government, its agencies or instrumentalities that mature, or may be redeemed, in one year or less; and
5. Corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Cash and cash equivalents are generally considered to be liquid investments. Cash and cash equivalents are considered low-risk investments, meaning there is little risk of losing the principal investment. Typically, low risk also means low return, and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Master Limited Partnerships (MLPs)

MLPs are publicly traded partnerships that trade mainly on the New York Stock Exchange and/or the NASDAQ, the same as stocks. MLPs are equity investment vehicles issued by several of the largest private equity firms, and many MLPs hold and operate assets related to the transportation and storage of energy (certain MLPs may have commodity risk). Most publicly traded companies are corporations.

Corporate earnings are usually taxed twice. The business entity is taxed on any money it makes and then shareholders are taxed on the earnings the company distributes to them.

In the 1980s, Congress allowed public trading of certain types of companies as partnerships instead of as corporations. The main advantage a partnership has over a corporation is that partnerships are “pass through” entities for tax purposes. This means that the company does not pay any tax on its earnings. Distributions are still taxed, but this avoids the problem of double taxation that most publicly traded companies face. Congress requires that any company designated as an MLP has to produce 90% of its earnings from “qualified resources” (natural resources and real estate). Many MLPs are involved in energy infrastructure; i.e., things like pipelines. MLPs are required to pay minimum distributions to limited partners. A contract establishes the payments, so distributions are predictable. Otherwise, the shareholders could find the company in breach of contract.

In addition to general business risks, MLPs bear the following risks:

Risk of Regulation or Change

The main advantage of an MLP is its tax-advantaged status under the current Internal Revenue Code. Therefore, changes in the tax code resulting in the loss of its preferential treatment could significantly affect the viability of MLP investments.

Interest Rate Risk

It is commonly thought that MLPs perform better when interest rates are low, making their yield higher in relation to the safest investments, such as Treasury bills and securities that are guaranteed by the U.S. government. Consequently, MLPs may perform better during periods of declining or relative low interest rates and more poorly during periods of rising or high interest rates.

Tax Risk

MLPs are pass-through entities, passing earnings through to the limited partners. Investors must be aware that there are potentially significant tax implications of investing in MLPs and they should consult with their tax advisor before investing in these securities. For example, income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, may be allocated unrelated business taxable income from a master limited partnership and this income could be taxable to them.

ITEM 9 - DISCIPLINARY INFORMATION

Adherence and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Adherence does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Representative of Related Broker-Dealer

Mark Lewis is a registered securities representative of Mutual Securities, Inc. (“MSI”), a related broker-dealer and member of the Financial Industry Regulation Authority (“FINRA”). MSI is owned and controlled by Mitchell Voss and Ryan Sabol, the indirect owners of Mutual Advisors. Mr. Lewis also receives compensation, commissions, and/or trailing 12b-1 fees from MSI for services provided to MSI’s brokerage clients. Adherence implements securities transactions for its clients through Fidelity Institutional Wealth Services. Mr. Lewis does not receive commissions or other transaction-based compensation for these transactions in addition to the advisory fees Adherence receives.

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

Code of Ethics

Mutual Advisors believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Mutual Advisors has adopted a Code of Ethics that emphasizes the high standards of conduct that Mutual Advisors seeks to observe. Mutual Advisors’ personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Mutual Advisors’ Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Mutual Advisors’ personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients’ purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

Mutual Advisors will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

Mutual Advisors and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client’s account. Mutual Advisors and our personnel may purchase or sell securities for themselves that we also recommend/utilize for clients. This includes related securities (e.g., warrants, options, or other derivatives). This presents a potential conflict of interest, as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment decisions/recommendations prior to and in preference to accounts of your Mutual Advisors' investment adviser representative ("IAR").
2. Mutual Advisors prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If your Mutual Advisors' IAR wishes to purchase or sell the same security as he/she recommends or takes action to purchase or sell for a client, he/she will not do so until the custodian fills the client's order. As a result of this policy, it is possible that clients may receive a better or worse price than Mutual Advisors' IAR for transactions in the same security on the same day as a client.
4. Mutual Advisors requires our IARs to report personal securities transactions on at least a quarterly basis.
5. Conflicts of interest also may arise when Mutual Advisors' IARs become aware of limited offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, limited offerings and IPOs demand extreme care. Mutual Advisors' IARs are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.
6. Under certain limited circumstances, we make exceptions to the policies stated above. Mutual Advisors will maintain records of these trades, including the reasons for any exceptions.

Aggregation with Client Orders

Mutual Advisors may aggregate orders for clients in the same securities in an effort to seek best execution, negotiate more favorable commission rates, and/or allocate differences in prices, commissions, and other transaction costs equitably among our clients. These are benefits of aggregating orders that we might not obtain if we placed those orders independently. Mutual Advisors may aggregate trades in like securities among client accounts as well as with accounts of Mutual Advisors and our personnel, as described in the policies below. Aggregation presents a potential conflict of interest as we may have an incentive to allocate more favorable executions to our own accounts or the accounts of our personnel.

Our policies to address this conflict are as follows:

1. We will disclose our aggregation policies in this brochure;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients. The trade also needs to be consistent with the terms of our investment advisory agreement with each client that has an account included in the aggregation;

3. We will not favor any account over any other account. This includes accounts of Mutual Advisors or any of our personnel. Each account in the aggregated order will participate at the average share price for all of our transactions in a given security on a given business day (per custodian). All accounts will pay their individual transaction costs;
4. Before entering an aggregated order, we will prepare a written statement (the "Allocation Statement") specifying the participating accounts and how we intend to allocate the order among those accounts;
5. If the aggregated order is filled entirely, we will allocate shares among clients according to the Allocation Statement; if the order is partially filled, we will allocate it pro-rata according to the Allocation Statement.
 - a. If we determine that a pro-rata allocation is not appropriate under the particular circumstances, we will base the allocation on other relevant factors, which may include:
 - i. When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash;
 - ii. With respect to sale allocations, allocations may be given to accounts low in cash;
 - iii. We may allocate shares to the account with the smallest order, or to the smallest position, or to an account that is out of line with respect to security or sector weightings, relative to other portfolios with similar mandates;
 - iv. We may allocate to one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results and that can be purchased by other accounts in the block;
 - v. If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after an order is placed;
 - vi. If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, we may exclude the account(s) from the allocation and disgorge any profits. Generally, de minimis allocations do not exceed 5% of the total allocation. Alternatively, we may execute the transactions on a pro-rata basis.
 - vii. The CCO will document the reasons for any deviation from a pro rata allocation.
6. If an aggregated order is partially filled and we allocate it differently than the Allocation Statement specifies, no participating account may purchase or sell the security for a reasonable period following the execution of the block trade. This only applies when the participating

account sells or receives more shares than it would have if the aggregated order been completely filled;

7. Our books and records will separately reflect each aggregated order and the securities held by, bought, and sold for each client account;
8. Funds and securities of clients participating in an aggregated order will be deposited with one or more qualified custodians. Clients' cash and securities will not be held collectively any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held collectively for clients will be delivered out to the qualified custodian as soon as practical;
9. We do not receive additional compensation or remuneration of any kind as a result of aggregating orders; and
10. We will provide individual investment advice and treatment to each client's account.

ITEM 12 - BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

Adherence requires all clients to open one or more custodian accounts in their own name at a qualified custodian. Adherence generally requires non-institutional accounts to be established with Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), a Fidelity Investments company, an unaffiliated service provider. Fidelity clears through National Financial Services, LLC ("NFS"). Adherence engages Fidelity to clear transactions and custody assets. Fidelity provides Adherence with services that assist us in managing and administering clients' accounts, which include software and other technology that: (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with certain back-office functions, recordkeeping and client reporting.

As part of the arrangement described above, Fidelity also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Fidelity to our firm may include research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, we have an incentive to continue to use or expand the use of Fidelity's services. Our firm examined this conflict of interest when we chose to enter into the relationship with Fidelity and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Client Brokerage and Custody Costs

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

Fidelity generally does not charge clients 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 Fidelity or that settle into accounts at Fidelity. Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Fidelity that may be higher than another qualified broker dealer might charge to effect the same transaction where we determine 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 the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Research and Other Benefits

Fidelity makes available to us the products and services described above, some of which may benefit Adherence but may not directly benefit our clients' accounts. We place trades for our clients' accounts subject to our duty to seek best execution. Consequently, we may use broker-dealers other than Fidelity to execute trades for client accounts maintained at Fidelity (e.g., fixed income transactions), but this practice may result in additional costs to clients. In addition to commissions, Fidelity charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Fidelity account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Therefore, we are more likely to place equity

trades through Fidelity rather than other broker-dealers. Fidelity's execution quality may be different from other broker-dealers.

As part of our fiduciary duties to clients, Adherence endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Adherence or our personnel in and of itself creates a potential conflict of interest and may influence Adherence's recommendation of Fidelity for custody and brokerage services.

Aggregation and Allocation of Transactions

We describe our aggregation practices in detail in *Item 11 - Aggregation with Client Orders* above.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Account Reviews

We manage all portfolios on a continuous basis. The composition of the model All Asset Global Portfolio is reviewed daily, and client accounts with All Asset Global Portfolios are traded and rebalanced as needed so that client portfolios reflect target exposures in the model portfolio, while at the same time considering the transaction costs of rebalancing as well as any client specified investment constraints. We generally review all positions in client accounts with Institutional Fixed Income or Private Client Municipal Bond Portfolios at least daily. We offer account reviews to clients on a quarterly basis. Clients may choose to receive reviews in person, by telephone, or in writing. Steven Johnson and/or Mark Lewis Financial Advisors, conduct all reviews based on a variety of factors. These factors may include but are not limited to stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts.

In addition, we may conduct a special review of an account based on one or more of the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. Other than periodic commentary and third party presentations, Adherence does not provide additional reporting on the accounts we manage.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Fidelity Support Products and Services

We receive an economic benefit from Fidelity in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Fidelity's products and services to us.

Solicitors

If an unaffiliated or an affiliated solicitor introduces a client to Adherence, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements.

Outside Compensation

Adherence may refer clients to unaffiliated professionals for a variety of services, such as insurance, mortgage brokerage, real estate sales, real estate and investment analysis and management, venture capital investments, tax planning, estate planning, legal, and/or tax/accounting services. In turn, these professionals may refer clients to Adherence. Adherence does not receive any monetary compensation for referring our clients to unaffiliated professionals. However, it could be concluded that Adherence is receiving an indirect economic benefit from this practice, as the relationships are mutually beneficial and there could be incentive to recommend services of those who refer clients to Adherence. These referrals do not involve in any way client brokerage or the use of client commissions. Adherence will never share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these professionals. Adherence will not refer clients to financial planners and other investment advisers unless they are licensed, registered or exempt from registration as an investment adviser.

Adherence only refers clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and Adherence has no control over the services provided by another firm. Clients who choose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by Adherence.

If the client desires, Adherence will work with these professionals or the client's other advisers (such as an accountant or attorney) to help ensure that the provider understands the client's investments and to coordinate services for the client. Adherence does not share information with an unaffiliated professional unless first authorized by the client.

ITEM 15 - CUSTODY

Adherence has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly to or from the client's account. We have no authority otherwise to make deposits to or withdrawals from a client's account. A qualified custodian (either Fidelity National or a client specified broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. Clients may receive statements from Adherence as well as from the qualified custodian. They should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

Adherence generally has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. Adherence will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority to conduct buys and sells in their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types. See also ***Tailored Services and Client Imposed Restrictions*** under ***Item 4*** above.

Adherence may agree to provide non-discretionary advisory services for certain clients with Institutional Fixed Income Portfolios. In such cases, we make recommendations to the clients on what securities or products to buy or sell, and it is up to the client to approve and implement our recommendations.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

Adherence does not accept or have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. Adherence will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

ERISA

For accounts subject to ERISA, an authorized plan fiduciary other than Adherence will retain proxy voting authority. Our investment advisory agreement and/or the plan's written documents will evidence and outline this authority.

Class Actions

Adherence does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Adherence does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.

Form ADV, Part 2B Brochure Supplement

Steven Johnson, CFA
Mark Lewis

10250 Constellation Boulevard
23rd Floor, Suite 2320
Los Angeles, CA 90067
310-270-9477

Adherence Capital Management

Mutual Advisors, LLC DBA Adherence Capital Management

Main Office
1551 Three Crowns Drive
Suite 100
Casper, WY 82604
(307) 234-1200

July 3, 2013

This brochure supplement provides information about Mark Lewis and Steven Johnson that supplements the Mutual Advisors, LLC DBA Adherence Capital Management brochure. You should have already received a copy of that brochure. Please contact Mutual Advisors' compliance department at (307) 234-1200 if you did not receive our brochure or if you have any questions about the contents of this supplement. Additional information about Mark Lewis is available on the SEC's website at www.adviserinfo.sec.gov.

Steven Johnson, CFA

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Steven Johnson, Financial Advisor, b. 1963

Education:

- University of Southern California, MBA, Finance, 1996
- University of Minnesota, B.S., Mechanical Engineering, 1986

Business Background:

Steve has gained significant experience while managing institutional investment portfolios for corporations, governments, and high net worth individuals for the past 17 years.

In addition to serving as Financial Advisor for Adherence, Steve currently serves as Chief Investment Officer for CCG Asset Management, LLC, an unaffiliated Registered Investment Adviser. Most recently, Steve was the Chief Investment Officer at Apple Inc.'s wholly owned investment subsidiary, Braeburn Capital Inc. He led a five-person team in managing Apple's cash, short-term and long-term investments from 2007 to 2012. Under Steve's leadership, this subsidiary grew from one employee and \$13 billion in discretionary assets under management to five employees and \$113 billion. The majority of these assets were managed in-house to a strict investment policy for a globally diversified multi-asset low-volatility portfolio.

Steve's previous assignment was Chief Investment Officer at the City of San Diego where he managed the pooled operating funds and bond proceeds of America's 7th largest city. Earlier in his career, Steve was a portfolio manager at Caterpillar Inc. and two other buy-side firms in Los Angeles, where he managed various types of U.S. dollar portfolios for institutions and high-net-worth individuals.

Chartered Financial Analyst:

The Chartered Financial Analyst ("CFA") designation is sponsored by CFA Institute. To earn a CFA charter, candidates must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The three proctored course exams correspond to three 250-hour self-study levels. Completing the Program takes most candidates between two and five years. More information regarding the CFA is available at <https://www.cfainstitute.org>.

ITEM 3 - DISCIPLINARY INFORMATION

Steven Johnson has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

As described in **Item 2** above, Steven Johnson also serves as Chief Investment Officer for CCG Asset Management, LLC ("CCG"), an unaffiliated Registered Investment Advisor. Mr. Johnson spends approximately 50% of his time in providing services to CCG.

ITEM 5 - ADDITIONAL COMPENSATION

Steven Johnson has a minority interest in the net profits of CCG.

ITEM 6 - SUPERVISION

Zahid Sadiq, Chief Compliance Officer, supervises and monitors activities of all Investment Adviser Representatives on a regular basis. Mr. Sadiq reviews outgoing correspondence for written financial advice provided to clients. Please contact Mr. Sadiq at 805-764-6740 x 239 if you have any questions about this brochure supplement.

Mark Lewis

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Mark Lewis, Financial Advisor, b. 1963

Business Background:

Mark has over 24 years of experience in the financial services industry. His global experience includes finance, business development, sales and trading, marketing, relationship management, employee management, and operational management. In addition to serving as Financial Advisor for Adherence, Mark is currently a Registered Representative, Investment Adviser Representative, Institutional Fixed-Income Trader, and General Securities Principal for Mutual Securities, Inc., a related broker-dealer firm.

Previously, Mark was a Managing Director and Principal with Wilshire Associates, Inc. ("Wilshire") (Wilshire is a leading global investment technology, investment consulting and investment management firm with four distinct business units including Wilshire Analytics, Wilshire Consulting, Wilshire Funds Management and Wilshire Private Markets). Mark was directly responsible for managing Global Business Development and Global Client Relationship Management teams in Santa Monica, Chicago, New York, London, and Singapore. Clients included Central Banks, Custodian Banks, Mutual Funds, Hedge Funds, Insurance Companies, State Retirement Boards, Trust Departments, Universities, and Governments. Wilshire advises on approximately \$1 trillion in assets, directly manages approximately \$10 billion in assets, and provides analytical tools to approximately 350 institutions around the world.

Prior to his role at Wilshire, Mark spent more than 17 years in the financial services industry working with financial institutions, governments, foundations, insurance companies, and high net worth individuals throughout the United States.

Mark holds Financial Industry Regulatory Authority (FINRA) licenses as a General Securities Principal (Series 24), a General Securities Representative (Series 7), and a NASAA Uniform Combined State Law (Series 66).

ITEM 3 - DISCIPLINARY INFORMATION

Mark Lewis has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

As described in **Item 2** above, Mark Lewis also serves in various capacities for Mutual Securities, Inc. ("MSI"), a related broker-dealer firm. Mr. Lewis spends approximately 50% of his time in providing services to clients of MSI.

ITEM 5 - ADDITIONAL COMPENSATION

Mark Lewis also receives compensation, commissions, and/or trailing 12b-1 fees from MSI for services provided to MSI's brokerage clients. When Adherence clients implement advisory recommendations, Mr. Lewis does not receive commissions or other transaction-based compensation in addition to the advisory fees Adherence receives.

ITEM 6 - SUPERVISION

Zahid Sadiq, Chief Compliance Officer, supervises and monitors activities of all Investment Adviser Representatives on a regular basis. Mr. Sadiq reviews outgoing correspondence for written financial advice provided to clients. Please contact Mr. Sadiq at 805-764-6740 x 239 if you have any questions about this brochure supplement.