

Item 1. Cover Page

Brochure of
Churchill Management Corp.
(doing business as Churchill Management Group)

5900 Wilshire Boulevard
Suite 400
Los Angeles, CA 90036

877-937-7110 (toll free)

www.churchillmanagement.com

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This brochure provides information about the qualifications and business practices of Churchill Management Corp., doing business as Churchill Management Group (“Churchill”). If you have any questions about the contents of this brochure, please contact us at 877-937-7110. 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.

Additional information about Churchill also is available on the SEC’s website at www.adviserinfo.sec.gov.

Although Churchill is a “Registered Investment Adviser,” that registration does not imply a certain level of skill or training.

Item 2. Material Changes

The following are the material changes since the last annual amendment on January 10, 2013.

Items 4 and 5.

- A.** Churchill no longer offers its Absolute Return Strategy.
- B.** Churchill provides certain “model portfolio” services.
- C.** Churchill provides financial planning services to clients that specifically engage Churchill for that service.

Item 12.

Churchill has added additional disclosure about “model portfolio” services.

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Item 4. Advisory Business

Churchill is a California corporation that has been in business since 1963. Churchill serves as the investment adviser to multiple client Accounts and investment limited partnerships. Churchill's controlling owner is Fred A. Fern. As of January 1, 2014, Churchill had total discretionary assets under management of approximately \$3,191,155,855, and had total non-discretionary assets under management of approximately \$3,509,993.

Churchill invests on behalf of its clients principally, but not solely, in equity and equity-related securities that are traded publicly, but is authorized to enter into any type of investment transaction that it deems appropriate, pursuant to the terms of the client's partnership or other Account agreement.

The investors in the funds that Churchill manages have no opportunity to select or evaluate any fund investments or strategies. Churchill selects all fund investments and strategies.

Churchill also provides financial planning services for clients that specifically engage Churchill for that service. Churchill may assist a Client in hiring professionals, such as CPAs and Estate Attorneys, but does not endorse any such professional. It is ultimately the Client's responsibility to interview and hire such professional based on their own judgment.

Churchill also provides advice to Retirement Plan clients regarding the investment options, including investment options managed by Churchill, that may be offered to participants in the Retirement Plan.

Each client selects a strategy based on the individual needs of the client. Churchill's discretionary authority can be limited as described in Item 16.

Item 5. Fees And Compensation

A. General Terms.

A client may terminate an Account at will at any time or may change an Account classification on notification to Churchill. All Management Fees are charged against the brokerage or other custodian Account, unless otherwise specifically negotiated with a client.

The Management Fee for Account relationships under \$1 million at the time the relationship is initially billed (regardless of any future additions to an Account or additional Accounts added to the relationship after the first billing) is computed semi-annually in advance based on the total value of the Account at the beginning of each semi-annual computation period.

The Management Fee for Account relationships equal to or above \$1 million at the time the relationship is initially billed (regardless of any future additions to an Account or

additional Accounts added to the relationship after the first billing) is computed quarterly in advance based on the total value of the Account at the beginning of each quarterly computation period.

If additions or withdrawals are made to or from an Account during a given semi-annual period, Management Fees on the incremental additions or withdrawals are pro-rated daily and are payable or reduced at the beginning of the next period. Management Fees are payable on the last day of the first month (new Account first billing may be paid prior to the last day of the first month) and the last day of the seventh month of the management year. The frequency with which a relationship is billed does not change regardless of any changes to the size of that relationship. If the Client does not wish to have fees deducted from the Account and wishes to pay fees from another Account or via invoice, direction must be provided to Management. Management will have sole discretion in allowing fees to be billed separately and not taken from the Account. In all events if Client is ever more than 60 days delinquent on paying any portion of fees due, Client authorizes Management to take such fees directly from the Account. (Even in the case of a Retirement Account). In the event that the client terminates, prepaid fees are refunded for the period remaining between the date of termination and the end of the period for which the fee was prepaid. However, Churchill reserves the right to offset any refund for any losses suffered by Churchill due to a trading error at the closing of the Account caused by the client failing to provide proper notice as required in the Management Agreement.

A one time fee of \$1,000 to cover Account set-up expenses will apply if the client terminates the Account within the first six months. This fee can be deducted from any reimbursement owed to client for fees prepaid.

In certain unique relationships, the terms for fees and billing may differ than those described above, typically in wrap type relationships or unique relationships with a broker, brokerage office or brokerage firm. Accounts managed with a cash reserve fixed income strategy, which may be opened by a client in anticipation of later being invested in another strategy may also have different (or no) fees, if any.

B. Annual Management Fees. Although fees may vary and may be negotiated, the typical annual Management Fees for the Accounts (including bonds and other fixed income assets) are:

- (i) Fee Schedule for Maximum Growth Tactical Strategy:

1.25%

- (ii) Tiered Fee Schedule for Premier Wealth Tactical (previously known as Premier Wealth), Premier Wealth Tactical Core (previously known as Premier Wealth Publicly Traded Funds), ETF Sector Rotation (previously known as Smart Sector), Equity Growth and Value (previously known as Elite Equity), Equity Dividend Income, Tactical Opportunity (previously known as Strategic Growth) and all the Premier Wealth Tactical Core/ ETF Sector Rotation Strategies:

1.2% on Account relationships under \$500,000
1.0% on Account relationships \$500,000 or more and less than \$2,500,000
million
.80% on the next \$2,500,000
.70% on the next \$5,000,000
.60% on the balance

(iii) Solicitors and Joint Advisers. Churchill's annual Management Fees for Accounts introduced by third-party solicitors or joint advisers vary and are available on request.

(iv) Fee Increase Only Strategies with the same fee schedule will be combined when calculating relationship size for tiered fee reductions. Churchill has the discretion to waive the first tier (1.2%) of the fee schedule and typically does so for account relationships which start with more than \$500,000 (which relationship size does not include Maximum Growth Tactical accounts). For any relationship signed prior to September 1st, 2012, (including accounts that opened subsequent to September 1st, 2012 which relationships were signed prior to September 1st, 2012) including those beginning with a relationship size equal to or greater than \$500,000 (which relationship size does not include Maximum Growth Tactical accounts), which subsequently drops below \$450,000 due to investment losses or withdrawals or otherwise, the fee will increase to 1.20% for Premier Wealth Tactical, Premier Wealth Tactical Core, ETF Sector Rotation, Equity Growth and Value, Equity Dividend Income, Premier Wealth Tactical Core/ ETF Sector Rotation and Tactical Opportunity. In addition, Maximum Growth Tactical Accounts signed prior to September 1st, 2012 are typically charged 2% per annum. Churchill reserves the right to charge clients less than set forth in the Management Agreement.

(v) Pre-2008 Clients. Accounts signed before mid to late 2007 had a lower fee schedule starting at 1%. Account relationships opened before late 2009 have their billing cycle (quarterly vs. semi-annually) based upon whether the Account relationship was equal to or above \$2,500,000 or below \$2,500,000 or if the Account relationship was referred by the Charles Schwab Network Program. Furthermore, in order for those Accounts to increase their fee to 1.2% (if they began at 1%) the value of the Account had to drop below \$400,000. At times, Churchill may not increase the fee for Accounts below \$500,000.

(vi) Wrap-Fee/Model Portfolio Program. Churchill participates in the following wrap-fee or model portfolio programs wherein Churchill receives an annual asset fee, charged quarterly: Linsco/Private Ledger Corp.– typically up to 0.8%, Lockwood Advisors Inc.- typically 65bps, Oppenheimer Asset Management Inc.- typically 55bps, Wells Fargo Advisors– typically up to 0.25% and Placemark Investments– typically between 30bps and 55bps. The services provided by Churchill to

those clients differ from those provided to full service clients in that the contact with the client is directed through the sponsor, and quarterly performance is reported to the sponsor, as well as the client. Churchill may act as a sub-adviser to the sponsor, or the sponsor may receive Churchill's model portfolio and, based on that model, the sponsor may exercise investment discretion. The sponsor (not Churchill) determines each client's investment objectives and suitability. See description of brokerage practices under Item 12, below.

(vii) Chartwell Family Funds. Churchill acts as the investment adviser to the Chartwell Family Funds, California Limited Partnerships (the "Chartwell Funds"), (see Item 8, below). Each Limited Partner pays pay a monthly Management Fee of 0.07% - 0.09% of assets under management. If a client of Churchill invests as a Limited Partner of a Chartwell Family Fund, the amount invested by the client is not included in the client's Churchill-managed Account for purposes of calculating a Management Fee, and that Limited Partner pays only its share of the fee as a Limited Partner of the Fund.

(viii) Retirement Plan Advice and Other Fee Arrangements. Notwithstanding the fee structures set forth above, from time to time other Management Fees for Accounts are subject to negotiation and alterations in billing practice at the discretion of Churchill. For example, these practices may differ when the custodian as opposed to Churchill Management Group is calculating the Management Fee.

C. Mutual Fund Fees. Accounts that invest in mutual funds (including ETFs) also pay, indirectly, investment advisory fees to the managers of those funds.

D. Fees of Other Advisers. Churchill believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

E. ERISA Plans. The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in an investment limited partnership of which Churchill is general partner, to use the "alternative reporting option" to report Churchill's compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

F. Chartwell Funds' Agreements. Churchill's relationships with the Chartwell Funds are terminable on expiration of the Chartwell Fund's term, dissolution of the Chartwell Fund or on Churchill's withdrawal as general partner. Each Limited Partner may withdraw from a Chartwell Fund, on specified prior written notice, on the last day of any calendar month.

G. Fees on Termination. In all cases, expenses and the pro rata portion of the Management Fee through the date of termination are charged to the Account. All prepaid but unearned Management Fees are refunded on termination of a client's Account. An investor who withdraws from a Chartwell Fund on a date other than the last day of a

month, however, does not receive a refund of the Management Fee previously paid.

H. Costs. Each Account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions and clearing and settlement charges). Churchill bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or a portion of these costs and expenses may be paid, however, by securities brokerage firms that execute clients' securities trades, as discussed in Item 12 below.

I. Financial Planning. Churchill does not typically charge any fee for financial planning services.

Item 6. Performance-Based Fees And Side-By-Side Management

Churchill currently manages only Accounts that pay asset-based Management Fees as described in Item 5. It does not manage Accounts that pay performance-based compensation.

Item 7. Types Of Clients

Churchill provides investment advice to individuals, trusts, pension plans, investment funds and other types of entities. Churchill prefers Accounts with a minimum of \$500,000. Investors in the Chartwell Funds are required to invest a minimum of \$1,000,000, but Churchill may waive this minimum.

Item 8. Methods Of Analysis, Investment Strategies And Risk Of Loss

Financial Planning Services. Churchill provides financial planning services to clients that specifically engage Churchill for that service. The planning can include defining goals, designing a plan, assisting with implementing the plan, and evaluating and adjusting the plan over time, at the request of the client. The financial planning includes advice regarding securities investing, and may include discussions of a client's tax, insurance, employee benefits, estate planning and other issues. Churchill, however, does not provide legal, insurance, employee benefit, estate planning, tax or accounting advice, and the client must rely on legal, insurance and accounting professionals for that advice and documentation.

Investment Strategies

General Investment Approach. Churchill believes that over the long term both financial markets and economic environments tend to move in a cyclical fashion. Churchill's studies have shown that various investments provide significantly different results dependent upon where the market is in various economic cycles. It is Churchill's philosophy that understanding these cycles provides an outstanding reference point from which to make investment decisions.

Since 1963, Churchill has developed and successfully used technical, fundamental and sentiment indicators that guide Churchill in the investment arena for certain strategies. Churchill may use these market indicators as tools in a “top-down” manner to help Churchill make decisions about the allocation of client assets between various types of asset classes, while Churchill may evaluate the particular investments in a “bottom-up” approach. Churchill uses these analytical tools to gauge and manage the degree of risk and reward involved with differing investments in the market environment.

Some investment strategies are developed at Churchill by using basic “top down” inputs: for example, forecasts by economists who have had positive success records; the outlook for money supply growth and for interest rates; the monetary and fiscal policies of the federal government and international monetary policies. Fundamental research may be aided and confirmed by research from carefully screened institutional firms. In addition, Churchill typically reviews the company’s annual and quarterly reports and other information that might be provided by the company. Churchill’s own technical and fundamental evaluations of the debt and equity markets are based on economic and psychological indicators. Churchill maintains many of these indicators in-house, and subscribes to various outside services.

The investment strategies summarized in Item 8 represent Churchill’s current intentions, are general in nature and are not exhaustive. Based on each client’s Management Agreement, there may be no limits on the types of securities in which Churchill may take positions on behalf of its clients, the types of positions it may take, the concentration of its investments or the amount of leverage that it may use. Churchill may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described in this Form ADV 2. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities markets and the economy generally, Churchill may pursue any objectives or use any techniques that it considers appropriate and in the interest of its clients to the extent permitted in a client’s Management Agreement.

Churchill offers several securities management strategies, including (I) Premier Wealth Tactical and Premier Wealth Tactical Core, (II) ETF Sector Rotation, (III) Premier Wealth Tactical Core/ ETF Sector Rotation, (IV) Equity Growth and Value, (V) Equity Dividend Income (VI) Maximum Growth Tactical, (VII) Tactical Opportunity, and (VIII) Balanced Accounts with each equity strategy (other than Maximum Growth Tactical). Some clients may also invest in a Real Estate Partnership or a Chartwell Fund (as described in such investment fund’s offering documents). These actively managed strategies are long-term investments, and no guarantee can be made as to achieving a client’s goals or performance over any given period. No guarantee can be made as to curtailing tax liabilities and a Client should look to a separate tax adviser to provide assistance as to tax advice regarding all the strategies. Further discussion of each strategy and some of the investment risks are set forth below.

I. Premier Wealth Tactical and Premier Wealth Tactical Core

Premier Wealth Tactical and Premier Wealth Tactical Core's philosophy is to achieve growth over the long-term by judging the prevailing risks in the stock market and by increasing or decreasing stock market exposure in response to those risks. A client's benchmark for the equity goals performance will typically include a 25% cash equivalent allocation consistent with Churchill's philosophy. The Premier Wealth Tactical Strategy will invest in stock of companies or Publicly Traded Funds (Exchange Traded Funds ("ETFs") or other investment/mutual funds) that Churchill believes have the potential for significant price increases, domestic or foreign. The Premier Wealth Tactical Core Strategy will invest in Publicly Traded Funds (Exchange Traded Funds ("ETFs") or other investment/mutual funds) that Churchill believes have the potential for significant price increases, domestic or foreign. Accounts may, for the most part, stay fully invested in Churchill type equities except during periods of concern. The percentage invested in the stock market may vary substantially as Churchill assesses market risk or risks versus benefits of individual securities.

Investment Approach (Premier Wealth Tactical and Premier Wealth Tactical Core). Churchill's equity or stock market philosophy can best be described as earnings growth driven under its fundamental approach within a technically oriented framework. Premier Wealth Tactical purchases the stock of companies it believes will have significant price appreciation. Additionally, Churchill seeks to buy those companies in which Churchill has a sufficient degree of comfort so they can be held with confidence for the long term when Churchill believes market risks are low. Churchill's objective is to own companies with strong competitive positions and formulas for growth that are proven and sustainable.

Churchill uses computer databases to attempt to identify the stocks that typically exhibit the technical characteristics for sustainable revenue and earnings growth and have the potential for a substantial price increase. Once Churchill believes these stocks are identified, a significant amount of fundamental research on the individual company as well as the industry in which it operates is conducted.

Churchill is looking for a company that, first, has portrayed positive technical characteristics, and, second, has a demonstrated fundamental formula for business success. Furthermore, on the fundamental side, a company typically needs to exhibit growing revenues and earnings, and a management team capable of the challenge of managing a fast growing company. The decision to buy a company results from a thorough process of analysis whereby a select list of target companies are examined from a fundamental standpoint. Once a stock is purchased, in-depth research of the company continues to ensure that the fundamentally sound formula remains in place. In some circumstances which may be a significant percentage of a client's Account, Churchill may utilize Publicly Traded Funds (ETFs and other mutual funds), some of which may purchase foreign securities, and stocks on foreign exchanges. In fact, for Premier Wealth Tactical Churchill may choose to manage Clients' Accounts solely in ETFs or other mutual funds, not buying individual equities, due to the size of the Account or market conditions. Clients may choose Premier Wealth Tactical Core which will only invest in

Publicly Traded Funds (ETFs and other mutual funds) The percentage invested in the stock market may vary substantially depending on Churchill's judgment as to the prevailing risk in the market at any time. When Churchill believes risks in the stock market are low, Churchill may increase the exposure to equities to attempt to take advantage of growth opportunities. When Churchill believes risks in the market are high, all of or a portion of the equity exposure may be moved to the more stable cash equivalent or fixed income section of the portfolio in order to aim to protect capital and position the asset allocation in line with current market risk. Churchill may choose to sell in total or partial positions. This approach is tied to Churchill's fundamental belief that certain market environments are favorable and offer a superior risk-to-reward relationship, while others do not. This approach has been refined and successfully used since 1963 through numerous market cycles. It has been instrumental in enabling Churchill to both protect capital in prior down markets and build wealth over the long term.

Selling Approach (Premier Wealth Tactical and Premier Wealth Tactical Core). One of the more difficult decisions in equity investing is determining when to sell a stock or other equity investment. The Investment Management Team at Churchill may reduce or eliminate its position in a company or investment fund when it believes the fundamentals have deteriorated, when the company or investment fund exhibits unusually negative technical characteristics, or when overall comfort level regarding the company or investment fund or the market environment changes.

Churchill may also sell for the reason of success for the dual purpose of realizing profits and reducing exposure. That is, as a company experiences growth in revenues, earnings and share price appreciation, the Investment Management Team may begin to pare back core positions, often through partial sales, which may be in the form of profit. This action attempts to protect and capture profits in an Account and also reduces exposure to a company that may have become too expensive or has grown to a relatively large percentage of the portfolio.

Changes In Allocation (Premier Wealth Tactical and Premier Wealth Tactical Core). In all events each Account is assigned general investment percentage goals/guidelines which may change from time to time on written or oral direction from the client. The client understands these goals/guidelines are approximate and the actual amount invested in each asset class may vary considerably depending on Churchill's assessment of market risk. At times, Churchill may choose to invest Accounts, including Accounts which have assets with a fixed income and equity goal/guideline, above the equity goal/guideline set by the client, effectively adjusting the balance of the portfolio, as Churchill determines in its sole discretion that under present market conditions so doing would be in the reasonable best interests of the portfolio. Churchill may employ defensive investment strategies notwithstanding clients' investment strategies and restrictions. This may mean investing all or part of the assets of a portfolio with an equity goal in cash, cash equivalents or debt securities if Churchill determines in its sole discretion that under the applicable facts and circumstances, including, without limitation, economic, market or political conditions, so doing would be in the reasonable best interest of the portfolio.

II. ETF Sector Rotation.

ETF Sector Rotation has two strategies. The first is tied 100% to the sectors making up the Standard & Poor's 500 Index through the use of sector ETFs. The second is tied to the sectors making up the Standard & Poor's 500, Russell Market Capitalization and Style sectors and International sectors through the use of ETFs with specific allocation goals selected by each Client. In all events, investing is made with the ultimate goal of out-performing the Standard & Poor's 500 over full market cycles. As Churchill assesses market risk, the index which tracks the Standard & Poor's 500 or fixed income/cash equivalents, to a limited and rare extent, may be purchased instead of a Russell, International or the sectors of the Standard & Poor's 500 Index itself. Typically, ETF Sector Rotation Accounts stay fully invested during bull and bear markets. The strategy's percentage allocations are measured at the time of purchase; therefore, the percentage allocation may be more or less than the goals at any given time.

Investment Approach (ETF Sector Rotation). ETF Sector Rotation philosophy is that certain sectors within the market tend to outperform and under perform for prolonged periods of time. Churchill may initially purchase an ETF that is comprised of all equities on the S&P 500. Once Churchill has identified certain sectors in the S&P 500 that it believes have the potential to outperform the S&P 500, Churchill will overweight the Account in those certain sectors. Churchill may choose to underweight or eliminate exposure to sectors by not owning the ETF representing that sector and the ETF comprised of all equities on the S&P 500. Based on the client's needs, goals and chosen allocation, Churchill may also choose to invest a portion of the Account in various stylistic ETFs (i.e. large cap, growth) and international ETFs (emerging and international markets) based on Churchill's analysis of the market and what Churchill believes to be the potential return.

Churchill uses a variety of technical and fundamental indicators to identify the sectors that Churchill believes will typically exhibit the potential for significant price appreciation versus the overall market. In addition, certain sectors will be employed as offensive positions and others as defensive positions.

A client may elect to have a portion of its portfolio allocated to the Russell market capitalization, style sectors and some international sectors in addition to sectors of the S&P 500. This portion will be invested, depending on the sole discretion of Churchill and based on market conditions, in ETFs that comprise the large, mid, and small cap sectors as defined by Russell iShares (or similar ETFs) and growth, blend, and value sectors as defined by Russell iShares (or similar ETFs). The international portion will be invested, depending on the sole discretion of Churchill and based on market conditions, typically in ETFs that often comprise certain European and emerging markets as defined by Vanguard and Russell iShares (or similar ETFs). Other sector ETFs may be utilized in replacement of or in addition to those outlined herein, at Churchill's discretion. On rare occasions Churchill may choose to utilize cash equivalents or fixed income investments if doing so appears to be in the best interest of the client as Churchill judges market risk. However, ETF Sector Rotation will typically be fully invested in both bull and bear markets which increases the risk of loss, especially in a down market.

Standard & Poor's 500, Russell iShares and Vanguard are trademarks of their respective owners and are not affiliated with Churchill and have not endorsed Churchill in any way.

Investment Process (ETF Sector Rotation). First, Churchill will examine the market from a "top-down" perspective to see where it believes the market is in the overall economic cycle. Churchill believes that investments tend to flow in and out of certain sectors based on the economic cycle. Churchill seeks to identify in advance the future flow of money into different sectors through its use of repetitive indicators. Churchill invests in sectors that, due to the indicators, it believes will have an influx of cash from the market. Churchill tracks various technical and fundamental indicators to measure money flow, trade volume, and relative performance.

Once Churchill has received positive technical and fundamental signals regarding a certain sector, Churchill will overweight a portion of the portfolio in the specific sector.

Selling Approach (ETF Sector Rotation). The Investment Management Team at Churchill may reduce or eliminate a position when it believes the fundamental and technical characteristics of the position have begun to deteriorate or when overall comfort level regarding the ETF or the market environment changes according to specific indicators. Churchill may also sell for reasons of success and realizing profits. Typically, when exposure is reduced in a sector and the indicators do not suggest an overweighting in another sector, the ETF representing the S&P 500 will be purchased or, in some rare cases, cash equivalents and fixed income investments may be purchased.

Change In Allocation (ETF Sector Rotation). In all events, each Account is assigned general investment allocation goals which may change from time to time on oral or written direction from the client. The client understands that these allocations are approximate and the actual amount invested in each asset class may vary considerably depending on Churchill's assessment of the market. Churchill may employ defensive investment strategies notwithstanding clients' investment strategies and restrictions. This may mean overweighting part of the assets of a portfolio in sectors that Churchill believes to perform better in high risk market environments. During extremely high risk times Churchill may also elect to invest a portion of the portfolio in cash, cash equivalents or debt securities if Churchill determines in its sole discretion that under the applicable facts and circumstances, including, without limitation, economic, market or political conditions, so doing would be in the reasonable best interest of the portfolio. However, the ETF Sector Rotation Accounts will largely stay fully invested throughout the market cycles which can increase the chance of loss, especially during down markets.

III. Premier Wealth Tactical Core/ ETF Sector Rotation Hybrids

Client may choose to open a managed Account of which a percentage of the equity goal employs the Premier Wealth Tactical Core Strategy (Some clients were able to previously choose Premier Wealth Tactical) and the remainder of the equity goal employs the ETF Sector Rotation Strategy. Client may choose from several allocations. All allocations will only purchase Exchange Traded Funds/Mutual Funds. The Descriptions and Risks

as described herein for each of these Equity Strategies apply. Consistent with the ETF Sector Rotation Strategy Description: (above) and Risk Factors (below), this portion of the Account must open with all cash or cash equivalents (unless Churchill determines it is unnecessary because, for example, the new Account is being converted from an existing Churchill Account under a different Equity Strategy). A client authorizes Churchill to liquidate all assets of the Account in order to raise the cash necessary for the portion to be managed under ETF Sector Rotation immediately, regardless of any tax ramifications or penalties that Client might suffer. This liquidation may occur prior to the Account opening on Churchill's reporting and portfolio management system. Thus, all future reporting to Client from Churchill will not include these liquidating transactions. While this account has a stated percentage of the equity goal allocated to Premier Wealth Tactical Core and the remainder of the equity goal allocated to ETF Sector Rotation, the actual percentage invested in either Strategy within the Account may vary considerably over time. If one of the Equity Strategy's investments grows beyond or decreases below the stated goal, Churchill may choose not to re-allocate to the stated Premier Wealth Tactical Core percentage and ETF Sector Rotation percentage goals. Churchill will, in its sole discretion, determine if and when to re-allocate investments between the two Equity Strategies. The transactions in the ETF Sector Rotation portion of this Account may not mirror what occurs in an account which is 100% ETF Sector Rotation.

IV. Equity Growth and Value.

Equity Growth and Value seeks to comprise a diversified portfolio of stocks selected from the 500 stocks found in the S&P 500 Index with the goal of obtaining returns that outperform the S&P 500 Index itself. The S&P 500 index is divided into nine sectors: Energy, Utilities, Basic Materials, Technology, Financials, Healthcare, Consumer Staples, Consumer Discretionary, and Industrials. Equity Growth and Value's philosophy is that the individual stocks within the Standard & Poor's 500 Index tend to outperform and underperform for extended periods of time. Its goal is to attempt to identify and purchase these individual stocks in an effort to outperform the S&P 500 and to attempt to reduce short-term capital gains by potentially holding each position for 1 year, subject to investment considerations. It seeks to carry out this goal by identifying what Churchill perceives to be the top performing stocks in each sector category of the Standard & Poor's 500 Index by using a variety of technical and fundamental indicators. Churchill may purchase stocks across these sectors in various weightings over time with the goal of avoiding stocks from underperforming sectors. However, if additions are made to an Account, the equities purchased with the additions are likely to be sold before a one-year holding period. Equity Growth and Value maintains a relative stop loss as determined by Churchill from time to time. This relative stop loss, if executed, could inhibit Equity Growth and Value's goal of minimizing short-term capital gains. While Equity Growth and Value is typically fully invested in both bull and bear markets, on rare occasions, Churchill may choose to utilize cash equivalents or fixed income investments if doing so appears to be in the best interest of the client as Churchill judges market risk. However, Equity Growth and Value will typically be fully invested in both bull and bear markets, which increases the risk of loss, especially in a down market.

Investment Process (Equity Growth and Value). Equity Growth and Value begins with the philosophy that the individual stocks within the S&P 500 tend to outperform or underperform the aggregate index for extended periods of time. The strategy looks to identify the stocks in the midst of a trend of outperforming and purchase a diversified portfolio across the various sectors in the belief that a percentage of the stocks will maintain the trend and offer the portfolio an opportunity to outperform.

Equity Growth and Value recognizes that a percentage of the stocks will not maintain the trend. While a goal is to attempt to be patient with stocks, Equity Growth and Value does look to minimize mistakes by having a selling process that implements the use of stop losses. Of course, holdings may be sold for other reasons.

Another goal of Equity Growth and Value is to minimize short term capital gains. It seeks to do this by holding as many of the stocks as possible for greater than a one year period. The investment philosophy was largely developed by recognizing that if the individual stocks tend to outperform for a period of years, then gains could be made over a longer holding periods. However, we recognize that certain market environments are much more favorable for the process than others and at times holdings will need to be sold over shorter holding periods creating tax liabilities. Churchill cannot guarantee the strategy will curtail tax liabilities, and a client should rely on the client's separate tax advisor to provide assistance as to tax advice.

Selling Approach (Equity Growth and Value). As with all Churchill's strategies, depending on when an Account opens, it might own different investments than other Accounts that opened at a different time. Churchill's goal is to own these stocks for greater than a one year period. Churchill may sell stocks before the one year holding period for investment considerations. These reasons include, but are not limited to, realizing profits, minimizing losses, swapping into alternative investments, offsetting short-term gains or losses, reallocation of the portfolio, and fulfilling liquidation requests. Equities purchased with additions to the Account are also likely to be sold before a one year holding period. Churchill will typically use a stop loss strategy.

Changes In Allocation (Equity Growth and Value). In all events, each Account is assigned general investment allocation goals which may change from time to time on oral or written direction from the client. The client understands that these allocations are approximate and the actual amount invested in each asset class may vary considerably depending on Churchill's assessment of the market. Churchill may employ defensive investment strategies notwithstanding clients' investment strategies and restrictions which may allow for unforeseen short-term gains. This may mean overweighting or underweighting in an asset class, individual security, or market sector that Churchill believes to perform better in the given market environment. During extremely high risk times Churchill may also elect to invest a portion of the portfolio in cash, cash equivalents or debt securities if Churchill determines in its sole discretion that under the applicable facts and circumstances, including, without limitation, economic, market or political conditions, so doing would be in the reasonable best interest of the portfolio. However, the Equity Growth and Value portfolios will largely stay fully invested

throughout the market cycles, only rarely using cash equivalents. By typically staying fully invested, portfolios may face a higher risk of loss, especially during down markets.

V. Equity Dividend Income

The strategy looks to identify a portfolio of individual dividend paying stocks from the universe of stocks found on all domestic exchanges. Stocks selected would generally meet the criteria of paying a higher than average dividend as compared to the S&P 500, exhibit reasonable earnings growth prospects, generally show a growing dividend, and have reasonable relative strength characteristics as compared to the dividend paying group. Equity Dividend Income maintains a relative stop loss as determined by Churchill from time to time. While accounts are typically fully invested in both bull and bear markets, on rare occasions, Churchill may choose to utilize cash equivalents or fixed income investments if doing so appears to be in the best interest of the client as Churchill judge's market risk. However, Equity Dividend Income will typically be fully invested in both bull and bear markets, which increases the risk of loss, especially in a down market with its primary focus on the dividend. Stocks breaking the criteria above would look to be sold and replaced.

Investment Process (Equity Dividend Income). The Strategy looks to purchase higher quality dividend stocks and purchase a diversified portfolio across multiple sectors. While a goal is to attempt to be patient with stocks, Equity Dividend Income does look to minimize mistakes by having a selling process that implements the use of stop losses. Of course, holdings may be sold for other reasons.

Selling Approach (Equity Dividend Income). As with all Churchill's strategies, depending on when an Account opens, it might own different investments than other Accounts that opened at a different time. Equity Income Dividend will sell for multiple reasons including, but are not limited to, realizing profits, minimizing losses, swapping into alternative investments, offsetting short-term gains or losses, reallocation of the portfolio, dividend reduction, quality of the investment, and fulfilling liquidation requests. Churchill may also utilize a stop loss strategy.

Changes In Allocation (Equity Dividend Income). In all events, each Account is assigned general investment allocation goals which may change from time to time on oral or written direction from the client. The client understands that these allocations are approximate and the actual amount invested in each asset class may vary considerably depending on Churchill's assessment of the market. Churchill may employ defensive investment strategies notwithstanding clients' investment strategies and restrictions which may allow for unforeseen short-term gains. This may mean overweighting or underweighting in an asset class, individual security, or market sector that Churchill believes to perform better in the given market environment. During extremely high risk times Churchill may also elect to invest a portion of the portfolio in cash, cash equivalents or debt securities if Churchill determines in its sole discretion that under the applicable facts and circumstances, including, without limitation, economic, market or political conditions, so doing would be in the reasonable best interest of the portfolio. However, the Equity Dividend Income portfolios will largely stay fully invested

throughout the market cycles, only rarely using cash equivalents. By typically staying fully invested, portfolios may face a higher risk of loss, especially during down markets.

VI. Maximum Growth Tactical.

Maximum Growth Tactical's objective is to generally be invested in equity securities and to attempt to outperform the Standard & Poor's 500 and Russell 3000 Indices over time. When Churchill's analysis leads it to believe that the risk and reward ratios are more favorable for a particular type of security, it reallocates the assets in the portfolios accordingly. During what Churchill believes is a low-risk market, Churchill may employ leveraging techniques by, for example, purchasing investments that use margin and (for accounts with margin agreements) investing up to 50% on margin. In what Churchill believes is a high-risk market, Churchill may utilize cash and cash equivalents to the point of having no exposure to equities. Maximum Growth Tactical may be heavily invested in any one or a limited number of securities at any given time.

The securities are largely individual common stocks and American Depository Receipts ("ADRs") listed and/or traded on the major North American exchanges, Nasdaq and foreign exchanges. In certain markets when Churchill believes it is favorable to invest in a larger group of stocks, the Accounts may also purchase exchange traded funds ("ETFs"), holding company depository receipts ("HOLDRS") and similar securities that represent either indices, sectors, industries, countries etc. The portfolios of these mutual fund securities may purchase securities on margin (using borrowed funds to increase investment exposure) or financial instruments which may have similar leveraging characteristics.

Investment Approach (Maximum Growth Tactical). Maximum Growth Tactical is designed to attempt to take advantage of the prevailing market conditions. Its strategy will vary over time as it adapts to what Churchill believes is the most appropriate strategy based on Churchill's short, intermediate and long term outlooks. During what Churchill believes is a secular bull market, the strategy is more likely to resemble a longer-term growth strategy, rather than a shorter-term trading strategy. In what Churchill believes is a secular bear market, the strategy will be shorter term and more trading oriented.

The Strategy operates with the Top Down philosophy that markets move in cycles. Each normal cycle consists of a bull market that ends with a top that is followed by a bear market that concludes with a bottom which leads back to a bull market. Each bull market may be separated into multiple legs by intermediate corrections. In addition, Churchill focuses on bottom up technical chart patterns, along with fundamentals, when choosing individual investments.

1) If Churchill judges the risks in the market to be higher, such as during a top or bear market, Churchill may move aggressively to lighten up its investments to the point of being entirely in cash equivalents and/or investment grade debt instruments. During what Churchill believes is a bottom phase and the beginning of a bull market or the end of an intermediate correction, Churchill may get fully invested or purchase securities which, themselves, purchase securities through the use of various leveraging

techniques. Additionally, Churchill may invest in investment funds that use margin or other leveraging techniques or (for accounts with margin agreements) invest up to 50% on margin (measured at the time of any investment) when it believes the risks are lower, typically at expected market bottoms or early stages of the bull markets or after intermediate corrections. Churchill may determine to purchase few positions as large percentages of the Account as it measures market and investment risk.

2) Its use of margin, a focused approach, and its ability to purchase securities with similar characteristics of leveraging sets Maximum Growth Tactical apart from Churchill's Premier Wealth Tactical strategy, in that it is implicitly more aggressive. In addition, some securities (including individual securities, securities traded on international exchanges, ADRS and ETFs) purchased for the Maximum Growth Tactical portfolios exhibit what Churchill believes to be more aggressive fundamental and technical characteristics. These characteristics include, but are not limited to, position orientation, differences in the market capitalization, balance sheet ratios, price earnings ratios, experience of management, industry fundamentals, competitive positioning, barriers to entry, market share, size of market, regulatory risks, environmental risks, earnings history, debt levels, stock price, relative strength, float, volume characteristics, liquidity, relative strength, technical chart pattern, technical indicators, institutional sponsorship and earnings. Based on the same characteristics, Maximum Growth Tactical may hold equities for a duration that may be shorter or longer than that of Premier Wealth Tactical. Long positions in which Maximum Growth Tactical invests are likely to be concentrated in the groups that Churchill believes are leading the market. Maximum Growth Tactical Accounts may purchase significant positions in Publicly Traded Funds (ETFs and other mutual funds), some of which may purchase foreign securities, and stocks on foreign exchanges. Maximum Growth Tactical also has the alternative of moving completely to cash and/or cash equivalents of other types of fixed income investments at Churchill's discretion.

Decisions based on tax implications will always follow the investment decision. Maximum Growth Tactical for taxable accounts is only appropriate for Accounts that have margin agreements with their custodians. Maximum Growth Tactical may be used in tax-deferred accounts through investments in funds that use margin or other leveraging techniques. Tax-deferred accounts which have margin agreements may go on margin. Furthermore, the securities purchased in the taxable accounts may differ than those securities purchased in the tax-deferred accounts without margin agreements.

Selling Approach (Maximum Growth Tactical). One of the more difficult decisions in equity investing is determining when to sell a stock or other equity investment. The Investment Management Team at Churchill may reduce or eliminate its position in a company or investment fund when it believes the fundamentals have deteriorated, when the company or investment fund exhibits unusually negative technical characteristics, or when overall comfort level regarding the company or the investment fund or the market environment changes.

Churchill may also sell for the reason of success for the dual purpose of realizing profits and reducing exposure. That is, as a company experiences growth in revenues,

earnings and share price appreciation, the Investment Management Team may begin to pare back core positions, often through partial sales, which may be in the form of profit. This action attempts to protect and capture profits in an Account and also reduces exposure to a company that may have become too expensive or has grown to a relatively large percentage of the portfolio.

Changes In Allocation (Maximum Growth Tactical). Each Account is assigned general investment percentage goals/guidelines which may change from time to time on direction from the client. The client understands these goals/guidelines are approximate and the actual amount invested in each asset class may vary considerably depending on Churchill's assessment of market risk. At times, Churchill may choose to invest Accounts, including Accounts which have assets with a fixed income and equity goal/guideline, above the equity goal/guideline set by the client, effectively adjusting the balance of the portfolio, as Churchill determines in its sole discretion that under present market conditions so doing would be in the reasonable best interests of the portfolio. Churchill may employ defensive investment strategies notwithstanding clients' investment strategies and restrictions. This may mean investing all or part of the assets of a portfolio with an equity goal in cash, cash equivalents or debt securities if Churchill determines in its sole discretion that under the applicable facts and circumstances, including, without limitation, economic, market or political conditions, so doing would be in the reasonable best interest of the portfolio. Maximum Growth Tactical may be heavily invested in any one or a limited number of securities at any given time. Investing all or a large portion of one's portfolio in one or a limited amount of investments provides for a higher risk of loss or gain and may lead to greater volatility than a more diversified portfolio.

VII. Tactical Opportunity

Tactical Opportunity's objective is to attempt to outperform the S&P 500 by identifying individual stocks which have positive technical characteristics suggesting a short term opportunity.

Investment Approach (Tactical Opportunity). The Strategy combines a group of stocks found from within the S&P 500 with stocks from the entire universe of domestically traded stocks. Using a stock filter, the stocks found within the S&P 500 tend to be mid to large capitalization stocks, while those found from the broader universe will often be smaller, more thinly traded stocks.

In addition, Tactical Opportunity may complement its holdings with the use of ETFs in order to increase exposure to the equity market. If the indicators dictate that risks are such that accounts can be fully invested, the strategy first looks to find individual stocks to purchase. However, if the strategy does not identify enough stocks to purchase to be invested to the percentage level it is suggesting, then ETFs may be utilized to do so. Thus, accounts within the strategy may hold different investments based upon when the account opened. Similarly, as the strategy identifies risks and a determination is made to decrease exposure to the equity market, individual stocks and ETFs may be sold. Typically, however, a portion of the stocks found within the S&P 500 universe will be held longer than the remaining portion of the account and will largely stay invested

throughout all markets. By remaining invested during high risk down markets it puts that portion of the account at more risk of loss.

Inherent in the strategy is increased volatility. The type of stocks identified by the filter tend to have the potential for quicker increases and quick sell offs. Additionally, many of the stocks purchased may be low-priced stocks, which bring some increased volatility. Stocks would be expected to have an average holding period of less than one year, often only months in length, making for high turnover.

Selling Approach (Tactical Opportunity). The strategy may sell securities as a determination is made that they are not technically performing. This might include decreasing exposure in individual stocks and ETFs. In addition, a trailing stop loss may be utilized to sell equities.

Changes in Asset Allocation (Tactical Opportunity). At times cash and cash equivalents may be utilized for extended periods if the strategy is not indentifying equities that have the characteristics needed to maintain them in the portfolio. As a result, the strategy does aim to provide some protection to high risk down markets.

VIII. Balanced Account.

The Balanced Account allows each Balanced Account to be managed toward its own particular asset allocation goal, while attempting to achieve the proper balance between yield-oriented investments (which can include both taxable and non-taxable bonds and bond funds) and equity investments under one of Churchill's equity strategies.

The approximate percentage at the time of any purchase for each Balanced Account invested in each investment area will typically be consistent with the client's expressed goals, but, as described in this Form ADV 2, Churchill may invest the Account outside those goals from time to time. Consistent with these goals, Churchill may reserve a percentage of a Balanced Account for real estate or real estate limited partnership investments, provided, however, actual real estate investments will be approved by the client in advance in writing.

Yield-Oriented Instruments: Income And Stability – Premier Wealth Tactical – Premier Wealth Tactical Core – ETF Sector Rotation – Equity Growth and Value – Tactical Opportunity – Equity Dividend Income – Premier Wealth Tactical Core/ ETF Sector Rotation. The purpose of yield-oriented investments in a Balanced Account is to reduce volatility and risk while providing an underlying base of consistent returns to the portfolio. To accomplish Churchill's fixed income strategy, Churchill places a tremendous emphasis on quality. Churchill pays close attention to the strength of the bond issuer, buys only investment-grade issues and maintains diversification across industry sectors and issuers. Churchill generally "ladders" bonds with an average maturity of between three to seven years. Various money market dynamics, including the yield curve, the major interest rate trend and the bond call price, are extensively used in managing the Yield Approach. Accordingly, the average length of maturity as well as industry grouping and quality, may be adjusted from time to time by sales or swapping

procedures. In addition, Churchill's studies of the cycles of inflation, deflation and money market conditions greatly influence the buying, selling, swapping and balancing of maturities for the yield investments.

Yield-oriented investments are made in a variety of investment-grade taxable and non-taxable instruments, including, but not limited to, U.S. government and government agency bonds, municipal bonds, corporate bonds and preferred stock only for corporate Accounts. At times, depending on the size of an Account's fixed income allocation, bond funds may be purchased instead of individual securities.

Clients may choose to have an account managed with solely a fixed income goal. This includes, but it is not limited to, accounts that are opened by a client in anticipation of later being included in another strategy. In the instance when this is the goal, the account will typically be invested in shorter-term fixed income instruments as compared to other managed accounts.

IX. Chartwell Family Funds.

The Funds' investment strategies generally seek to invest in what Churchill anticipates will be the leading groups in the securities markets. A focused, technical and sometimes anticipatory approach is used, and the Funds' strategy is typically more aggressive than that of the Premier Wealth Tactical's strategy. Despite the different strategies, there are times when the investments in the Funds will overlap those of the separate Accounts. This may result in the purchase of the same security for both strategies, although the inherent differences in the strategies will often result in a series of transactions for one strategy, but not the other. In addition, transactions made for one strategy may vary in timing from the other strategy due to the different investment approaches. Also, the Funds' strategies may be less diversified and have no position size, industry exposure or sector exposure limits and may include more technical trading and higher securities turnover. These limited partnerships are available only on a private offering basis.

X. Cash Equivalents – Premier Wealth Tactical – Premier Wealth Tactical Core – ETF Sector Rotation – Equity Growth and Value – Maximum Growth Tactical – Tactical Opportunity – Equity Dividend Income – Premier Wealth Tactical Core/ ETF Sector Rotation.

When Churchill believes the risks of investing in equities are high, including those investments tied to the interest rate (yield) market, stock market or real estate market, significant amounts of money may be moved into short-term maturities to protect capital as well as to wait for a more opportune time to enter into investments for the longer term. These shorter term investments include cash equivalents, such as treasury bills, money market funds (both taxable and all or partially tax exempt), commercial paper, certificates of deposit or government agency securities. The amount, if any, moved into cash equivalents may also depend on the equity investment strategy chosen by the Client. Cash equivalents will rarely, if ever, be used in the ETF Sector Rotation, Equity Dividend Income and Equity Growth and Value Strategies.

XI. Individual Account Management.

Each Churchill Account is constructed with the client's individual goals and objectives in mind. The equity Account is comprised of a mix of equity investments for capital gains. The balanced Account also uses yield-oriented debt instruments for current income and risk reduction.

In order to design the optimal Account, it is essential that Churchill understand its client's needs, goals and concerns. This requires an understanding of issues, such as investment horizon, tolerance for risk, current income requirements, tax considerations, future requirements for income or principal, and reporting needs. As a client's needs change and the client or the client's advisers communicate those changes to Churchill, and as the Investment Team at Churchill maps changes in the investment environment, the balance between asset classes and the goals/guidelines of a client's Account and the appropriate strategy is continuously reassessed and modified as necessary.

XII. Account Terms for Equity & Balanced Accounts.

Investments may be concentrated in a limited number of issues. Investments will be made chiefly in securities (domestic or international) listed on national exchanges including the New York Stock Exchange, the American Stock Exchange and over-the-counter stocks quoted on the NASDAQ system and, on occasion, foreign exchanges. Churchill may buy new or existing debt issues, including government, government agency or instrumentality, municipal, floating rate municipal, bank or corporate issues. When it deems it appropriate, Churchill may buy cash equivalents including money market funds, both taxable and non-taxable, commercial paper, Eurodollars, Treasury Bills, and Bond Funds. New issues and secondary offerings of equities and variable preferreds may also be purchased.

Churchill believes that some of the investment decisions made will prove to be right and that some of them will prove to be wrong.

All Accounts, whether or not any margin loans are outstanding against them, will be held with the broker in "street name," except where a special agreement is reached between Churchill and the client providing for some contrary arrangement. One such arrangement is where a custodian will hold the client's Account. The custodian will be responsible for collecting and crediting dividends, and the payment of Churchill's Management Fees. On termination of the power of attorney as to all brokers selected, the custodian shall make available to the client the entire balance of the client's Accounts. Neither Churchill nor anyone acting by or on behalf of Churchill shall deal as principal with any of the stock market or bond market Accounts. All agreements between Churchill and the client will be non-assignable without client's consent. Unless otherwise provided for by written agreement, Churchill will be vested by the client with full discretionary power respecting purchases and sales in the client's brokerage Accounts.

XIII. Investment Approach - Real Estate.

Also among the investments that Churchill may recommend for its clients are real estate investments typically in a limited partnership format. These investments are typically in shopping centers, office buildings, and other retail structures. Acquisitions typically will be limited to developed properties, although some major refurbishing may be done after purchase to increase rents and returns. These limited partnerships are available only on a private offering basis.

XIV. Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any Account that Churchill manages. Any or all of such risks could materially and adversely affect investment performance, the value of any Account or any security held in an Account, and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks a client or investor may encounter. Potential investors in a fund should review such fund's offering circular carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. The risks described below also generally apply to individually managed Accounts. A potential client should discuss with Churchill's representatives any questions that such person may have before opening an Account.

No Guaranties/Long-Term Horizon. An investment in any Churchill strategy is not intended to meet clients' short-term financial needs or to provide a complete or balanced investment program. A client should decide to invest with a long-term time horizon. Investing in the securities markets entails the risk of loss. Accordingly, no one can guarantee investment results. Churchill's strategies can include the purchase of equity securities when Churchill believes the equity markets will appreciate and the sale of equity securities when Churchill believes equity markets will decline. Accordingly, any error in Churchill's judgment may cause a client Account to experience losses in a down market or fail to experience gains in an improving market.

Investment Risks. Each strategy involves the investment of substantially all of an Account's available capital (other than capital Churchill determines to retain in cash or cash equivalents) in securities. While these instruments are generally expected to be traded in public markets, markets for such instruments in general are subject to fluctuations and the market value of any particular investment may be subject to substantial variation. Notwithstanding the existence of a public market for particular securities, such securities may be thinly traded or may cease to be traded after an Account invests in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. A strategy may invest in securities with relatively low prices, which may be subject to greater percentage price fluctuations than higher priced securities. No assurance can be given that the Account will generate any income or will appreciate in value. The ETF Sector Rotation, Equity Dividend Income, Equity Growth and Value and a portion of the Tactical Opportunity Strategies are typically fully invested and, hence, one should expect decreases in Account

value, especially in down markets. Of course, while the other strategies might use cash or cash equivalents no guarantee can be made as to protecting capital in up and, especially, down markets.

General Risks of Leverage. The Maximum Growth Tactical Strategy uses leverage by borrowing on margin and/or by buying securities (including ETFs), that engage in borrowing on margin (including significant margin, several times the value of the fund's assets), entering into swaps and other derivatives contracts and other leveraging strategies. Such leverage increases the risk of loss and volatility. In addition, the use of leverage requires an Account to pledge its assets as collateral. Margin calls or changes in margin requirements can cause the Account (or the ETFs in which it invests) to be required to pledge additional collateral or liquidate the Account's (or the ETF's) holdings, which could require the Account (or the ETFs) to sell portfolio securities at substantial losses that would not otherwise be realized.

Information Sources. In certain of its strategies, Churchill selects investments for an Account by employing a strategy based principally on Churchill's subjective analysis of the following 3 variables: (a) fundamental analysis, including information and data filed by the issuers of such securities with various government regulators or made directly available to Churchill by the issuers or through sources other than the issuers, forecasts by economists who have had positive success records, money supply growth and interest rates, and U.S. and international monetary and fiscal policies; (b) technical analysis of the individual securities and securities markets; and (c) studies of crowd psychology and the "theory of contrary opinion." Churchill is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available. There can be no assurance Churchill will correctly evaluate these variables. If it does not, its allocation of Account funds may be incorrect and substantial losses may be incurred.

Investment Companies. Investment companies (such as ETFs) are companies registered with the SEC under the Investment Company Act of 1940 that purchase and sell securities, such as stocks and bonds, under the direction of an investment adviser. Many of the investment companies purchased for an Account's portfolio will concentrate heavily in a particular asset category or sector. These categories could include, among others, sector funds, blue chip stock funds, small capitalization stock funds, growth funds, bond funds and international funds; such funds may specialize even further on the basis of country or region of the world and engage in the use of leverage and short selling. Shareholders of an investment company generally bear all expenses of that company, including fees of the investment adviser and custodian, brokerage commissions and legal and Accounting fees. As a result, clients pay two levels of advisory fees -- the Management Fee to Churchill and the advisory fee charged by the investment adviser of the investment companies in the client's portfolio. The Account will also bear its own brokerage commissions and other expenses related to the purchase, sale or transmittal of the Account assets.

Portfolio Turnover. Each strategy's investment program includes trading. Short-term market considerations frequently are involved, and the turnover of the Account's

portfolio may be substantially greater than the turnover rates of other types of investment programs. The brokerage commissions and other transaction costs incurred by the Account are generally higher than those incurred by a strategy with a lower portfolio turnover rate.

Swaps, Options and Other Derivatives. Each strategy may buy ETFs that trade in exchange-traded and over-the-counter derivatives, including but not limited to swaps, options, futures, forwards and contracts for differences. Trading in these instruments is highly speculative and entails risks that are greater than those of investing in other securities. Prices of these instruments generally are more volatile than prices of other securities. The ETF speculates on market fluctuations of such securities and securities exchange indices while investing only a small percentage of the value of the securities or index underlying the contract, thus permitting a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the market price of the contract may result in a profit or loss that is high in proportion to the ETF's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict. In addition, if the ETF purchases options or other derivatives that it does not sell or exercise, it will lose the premium paid in such purchase. If the ETF sells call options and must deliver the underlying securities at the option strike price, the ETF has a theoretically unlimited risk of loss if the price of such underlying securities increases. If the ETF sells put options and must buy the underlying securities, the ETF risks the loss of the difference between the market price of the underlying securities and the option strike price. Any gain or loss from the sale or exercise of an option is reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option. These derivative instruments also may be difficult to value accurately. Any misvaluation could adversely affect the ETF and, consequently, the client's Account.

General Risks of Non-U.S. Investments. Each strategy invests in securities of non-U.S. companies. Investing in such securities, which may be denominated in U.S. or non-U.S. currencies, and using non-U.S. forward contracts, involves unusual risks not typically associated with investing in U.S. companies. An Account may be affected unfavorably by exchange control regulations or changes in the exchange rate between non-U.S. currencies and the U.S. dollar. Moreover, individual non-U.S. economies may differ unfavorably from the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. With respect to some non-U.S. countries, there is the possibility of expropriation or confiscatory taxation, limitations on the removal of funds or other assets of the Account, exchange controls, political or social instability, or diplomatic developments that could materially and adversely affect the value and marketability of the Account's investments in those countries.

The securities of non-U.S. issuers held by an Account generally are not registered under, nor are the issuers thereof subject to the reporting requirements of, U.S. securities laws and regulations. Accordingly, there may be less publicly available information about the securities and about the non-U.S. company or government issuing them than is

available about a U.S. company, government entity or board of trade. Non-U.S. companies and non-U.S. boards of trade generally are not subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Further, non-U.S. government supervision of stock exchanges, boards of trade, securities brokers and issuers of securities generally is less stringent than supervision in the U.S. The investments also may be subject to withholding taxes imposed by the applicable country's taxing authority.

Securities of some non-U.S. companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in non-U.S. securities creates a greater risk of clearance and settlement problems than does investing in U.S. securities.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect an Account's investments and prospects materially and adversely. None of these conditions is within Churchill's control, and it may not anticipate these developments. These factors may affect the volatility of securities prices and the liquidity of an Account's investments. Unexpected volatility or illiquidity could impair an Account's profitability or result in losses.

Economic conditions also affect an Account's investment in fixed income securities. For example, an increase in overall interest rates will depress the investment value and consequently the price of any bonds that the Account holds. The value of these securities also may be affected by non-payment of interest due on them, or liquidation or dissolution proceedings with respect to their issuers.

Concentration of Investments. An Account's investment portfolio (on Account of size, investment strategy and other considerations) may be confined to the securities of relatively few issuers. There are no particular limits as to concentration in particular issuers or types of investments. By concentrating investments in several, relatively large security positions or industries relative to an Account's capital, a loss in any one position or a downturn in a sector in which the Account is invested could materially reduce the Account's performance. Thus, any investment by the Account in the securities of a single issuer or the concentration of the Account's investments in a particular industry may increase the level of risk.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities And Affiliation

Chartwell Properties, Inc., is a licensed California real estate broker owned by Fred A. Fern. Chartwell Properties, Inc. will receive property Management Fees, leasing commissions and construction fees from real estate limited partnerships in which

Churchill's clients invest. The property Management Fees typically range from 5% to 6% of annual gross rents on each property managed.

Leasing commissions and construction supervision fees are established and disclosed in advance.

Fred A. Fern is the managing member of Chartwell Family Collection, LLC, which is the general partner of El Paseo Collection and El Paseo Collection II, California Real Estate Limited Partnerships. He is the managing member of Chartwell Family Collection North, LLC, which is the general partner of El Paseo Collection North, a California Real Estate Limited Partnership. He is the managing member of Chartwell Family Premier, LLC, which is the general partner of El Paseo Premier Centre, a California Real Estate Limited Partnership. Fred Fern is also a managing member of Chartwell Family Promenade, LLC, which is GP of El Paseo Collection Promenade, LLC a Delaware limited liability company. He is the managing member of Chartwell Family Collection III, LLC, which is the general partner of El Paseo Collection III, a California Real Estate Partnership.

He is also managing member of Chartwell Family Office, LLC, which is the General Partner of Chartwell Family Fund, L.P., and Chartwell Family Fund-TFI, L.P., California Investment Limited Partnerships.

Item 11. Code Of Ethics, Participation Or Interest In Client Transactions And Personal Trading

Churchill has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, which establishes standards of conduct for Churchill's supervised persons. The Code of Ethics includes general requirements that Churchill's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons periodically to report their personal securities transactions and holdings to Churchill's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of Churchill receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of Churchill's Code of Ethics by contacting Eileen A. Holmes at Churchill.

Under Churchill's Code of Ethics, Churchill and its directors, officers and employees may personally invest in securities of the same classes as Churchill purchases for clients and may own securities of issuers whose securities that Churchill subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a client Account to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item

12 regarding aggregating securities transactions, Churchill and its directors, officers and employees do not trade in the same securities on the same day, and employees may also buy or sell specific securities for their own Accounts based on personal investment considerations aside from company or industry fundamentals, which Churchill does not believe appropriate to buy or sell for clients.

Churchill solicits investors, who may or may not be Churchill's clients, to invest in its limited partnership clients. Churchill has an incentive to cause a client to invest in a limited partnership instead of an individually managed Account because of the reduced expenses and administrative burdens of managing a fund compared to an individually managed Account, and Limited Partners have less transparency and liquidity than individual Account clients. In addition, if a fund investor also has an individually managed Account with Churchill that uses an investment strategy that is similar to that of the fund, the investor may use knowledge of the other Account's portfolio to decide if and when to make an additional investment or withdraw assets from the fund at times when other fund investors would have made similar decisions had they had similar transparency.

Because Churchill manages more than one Account, there may be conflicts of interest over its time devoted to managing any one Account and allocating investment opportunities among all Accounts that it manages. For example, Churchill selects investments for each strategy based solely on investment considerations for that strategy. Different clients may have differing investment strategies and expected levels of trading. Churchill may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. Churchill attempts to resolve all such conflicts in a manner that is generally fair to all of its clients. Churchill may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client so long as it is Churchill's policy, to the extent practicable, to allocate investment opportunities to its clients fairly and equitably over time. Churchill is not obligated to acquire for any Account any security that Churchill or its directors, officers or employees may acquire for its or their own Accounts or for any other client, if in Churchill's absolute discretion, it is not practical or desirable to acquire a position in such security for that Account.

Item 12. Brokerage Practices

Unless otherwise instructed by a client, Churchill has complete discretion in selecting the broker that it uses for client transactions and the commission rates that clients pay such brokers. In selecting a broker for any transaction or series of transactions, Churchill may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;

- special execution capabilities;
- order of call;
- offering to Churchill on-line access to computerized data regarding clients' Accounts;
- custody, recordkeeping and similar services;
- computer trading systems; and
- the availability of stocks to borrow for short trades.

Churchill may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research services, including third-party research fees;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- recommendations;
- research conferences;
- general reports;
- periodical subscription fees;
- consultations;
- performance measurement data;
- on-line pricing;
- news wire and data processing charges;
- quotation services;
- proxy voting services; and
- computer hardware and software.

Churchill may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms or direct a brokerage firm that executes transactions to share some of its commissions with a brokerage firm that provides soft dollar benefits to Churchill.

Churchill may allocate the costs of certain computer equipment and software used for both research and non-research purposes between their research and non-research uses, and use soft dollars to pay only for the portion that Churchill allocates to research uses.

Churchill may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. Churchill determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Churchill's overall fiduciary duty to its clients. An Account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on Account trading activity.

The research and other benefits resulting from Churchill's brokerage relationships benefit Churchill's operations as a whole and all Accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and Accounts of clients that direct Churchill to use a broker that does not provide Churchill with soft dollar services. Churchill does not allocate soft dollar benefits to client Accounts proportionately to the soft dollar credits that the Accounts generate.

For example, clients whose Accounts contain only equity securities may generate soft dollars through commissions which are used, in part, to obtain research with respect to fixed income securities. In addition, some clients may direct Churchill to use a broker that does not provide soft dollar services or Churchill may enter trades electronically for lower commission fees, but without generating any soft dollar credits. Some clients may also have a prime brokerage account, through which they trade with brokers other than their custodial broker. In such cases, the client may pay fees that are greater than the commissions that may be available if the account was traded only through the custodial broker, and those accounts may generate soft dollars, as described above.

Churchill's relationships with brokers that provide soft dollar services influence Churchill's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. Churchill has an incentive to select or recommend a broker based on Churchill's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Churchill uses soft dollars to pay expenses it would otherwise be required to pay itself.

Churchill has addressed these conflicts of interest by annually evaluating the trade execution services that Churchill receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. Churchill considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

Churchill may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other Accounts that Churchill manages or with Accounts of its affiliates. In such event, Churchill may charge or credit a client, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if Churchill were not executing similar transactions concurrently for other Accounts. Churchill may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both such clients. Typically, this may occur when one client has a need to sell a less liquid security at the same time as another client has need to buy such security, either due to cash flow or for investment strategy reasons. To mitigate any conflict of interest between the clients, Churchill typically obtains independent pricing information.

Churchill's policies and procedures generally provide that if Churchill makes an error while placing a trade for a Client Account (whether that error results in a gain or a loss), Churchill corrects the error as quickly as possible (which may include moving the trade to an "error Account" held by Churchill) and bears all costs (if any) of correcting the error, unless otherwise provided in a Client's agreement with Churchill.

In return for the broker's referral and typically at the direction of prospective clients, Churchill will direct brokerage to that broker. Churchill may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective clients or investors. Directing brokerage to a broker in exchange for client or investor referrals creates a conflict of interest in that Churchill has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct its brokerage transactions.

If a client directs Churchill to use a specific broker, Churchill has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker. Churchill is not responsible for obtaining from any such broker the best prices or particular commission rates. A client that directs Churchill to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if Churchill had discretion to select broker-dealers other than those that the client chooses.

Purchases and sales of securities by any account managed by Churchill may have an adverse effect on the price or availability of securities identified from time to time in a model portfolio provided to a program sponsor that receives a portfolio model from Churchill, and Churchill is not precluded by reason of such adverse effect or possible adverse effects, from effecting such purchases, sales or recommendations for any account managed by Churchill. In many instances because a model portfolio will be updated only once each business day, changes in the securities identified in a model portfolio may occur contemporaneously with, or shortly thereafter, transactions in such securities (or related securities) by an account managed by Churchill, which transactions could have an adverse effect on the price or availability of the securities identified in a model portfolio.

Charles Schwab

For Accounts of Churchill's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Churchill's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Churchill may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Trades for client Accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Churchill's other clients. Thus, trades for Accounts custodied at Schwab may be executed at different times and different prices than trades for other Accounts that are executed at other broker-dealers.

TD Ameritrade

Churchill may receive client referrals from TD Ameritrade, Inc., member FINRA/SIPC/NFA ("TD Ameritrade") through its participation in TD Ameritrade AdvisorDirect ("AdvisorDirect"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Churchill may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client Accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Churchill, and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. TD Ameritrade does not supervise Churchill and has no responsibility for Churchill's management of client portfolios or Churchill's other advice or services. Churchill pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the Management Fee that the client pays to Churchill (the "Solicitation Fee"). Churchill will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Churchill from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Churchill on the recommendation of such referred client. Churchill may also be required to pay TD Ameritrade a one-time fee if a referred client's assets are held in custody at a financial institution other than TD Ameritrade. Churchill will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade on to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Churchill's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client Accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Churchill may have an incentive to recommend to clients that the assets under management by Churchill be held in custody with TD Ameritrade and to place transactions for client Accounts with TD Ameritrade. TD Ameritrade will also receive a fee for clearance and settlement of trades executed through broker-dealers other than TD Ameritrade, which fees are in addition to the executing broker-dealer's fees. Thus, Churchill may have an incentive to cause trades to be executed through TD Ameritrade rather than another broker-dealer. Trades for client Accounts held in custody at TD Ameritrade may be executed through a different broker-dealer and at different times and prices than trades for other Accounts managed by Churchill. In addition, Churchill has agreed not to solicit clients referred to it through AdvisorDirect to transfer their Accounts from TD Ameritrade or to establish brokerage or custody Accounts at other custodians, except when its fiduciary duties require doing so, and Churchill may not refer any clients referred through AdvisorDirect to another financial services provider,

but only back to TD Ameritrade. Churchill's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client Accounts.

Churchill also participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade and is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Churchill receives some benefits from TD Ameritrade through its participation in the program. Through the Institutional division, Churchill participates in the Separate Account Exchange (SAE) and the Unified Managed Account Exchange (UMAX), which allow third party investment advisers to outsource their money management services to Churchill.

Churchill may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Churchill's participation in the program and the investment advice it gives to its clients, although Churchill receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or added discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client Accounts); the ability to have advisory fees deducted from client Accounts; access to an electronic communications network for client order entry and Account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to Churchill by third party vendors. These benefits received by Churchill do not depend on the amount of brokerage transactions directed to TD Ameritrade, however certain soft dollar benefits received from TD Ameritrade do depend on the amount of such brokerage transactions.

Churchill serves from time to time on various TD Ameritrade Institutional Panel (the "Panels"). The Panel meets in person on average one to four times per year and conducts periodic conference calls on an as needed basis. Investment advisers are appointed to serve by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade does not compensate Panel members. However, TD Ameritrade pays or reimburses Churchill for the travel, lodging and meal expenses Churchill incurs in attending Panel meetings. The benefits received by Churchill or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Churchill or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Churchill's recommendation of TD Ameritrade for custody and brokerage services.

Item 13. Review Of Accounts

Churchill's approach to Account management is based on the "Team Concept." The Investment Management Team is headed by Fred A. Fern, CEO; Randy Conner, President, Eileen A. Holmes, Executive Vice President, Ted Fern, Senior Vice President, David Tse, Executive Vice President, David C. Messer, Executive Vice President, and Robert Peterson, Senior Vice President. Churchill has developed the support staff, computer systems and technical and quantitative tools to carry out Churchill's mission on behalf of clients.

The leasing, management and construction oversight for Churchill's real estate investments are the responsibility of David A. Fletcher who is Senior Vice President of Chartwell Properties, Inc., a California licensed real estate corporation and Churchill affiliate. The Investment Management Team continually monitors the debt and equity markets, the fundamental status of securities owned, and evaluate the technical status of each security owned. They evaluate and consider new securities and real estate investments daily. They are aided by Churchill's in-house computer system which provides research and current market data on every client.

Item 14. Client Referrals And Other Compensation

Churchill may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and Churchill complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

Item 15. Custody

The custodian of each individually managed Account sends Account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from Churchill.

Item 16. Investment Discretion

Churchill has discretionary authority to manage securities Accounts on behalf of clients pursuant to a grant of authority in each fund's limited partnership agreement or a limited power of attorney in each other client's Account agreement. Except for Churchill's limited partnership clients, such discretion is limited by the requirement that clients advise Manager of:

- the investment objectives of the Account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the Account.

A client must promptly notify Churchill in writing if the client considers any investments recommended or made for the Account to violate such objectives or restrictions. A client

may at any time direct Churchill to sell any securities or take such other lawful actions as the client may specify to cause the Account to comply with the client's investment objectives. In addition, a client may notify Churchill at any time not to invest any funds in the client's Account in specific securities or specific categories of securities.

Item 17. Voting Client Securities

Churchill votes all proxies on behalf of each Account over which Churchill has proxy voting authority based on Churchill's determination of the best interests of such Account. In determining whether a proposal serves the best interests of an Account, Churchill considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director Accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Churchill abstains from voting proxies when Churchill believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between Churchill and a client, Churchill will vote all proxies in accordance with the policy described above. If Churchill determines that this policy does not adequately address the conflict of interest, Churchill will notify the client of the conflict and request that the client consent to Churchill's intended response to the proxy solicitation. If the client consents to Churchill's intended response or fails to respond to the notice within a reasonable time specified in the notice, Churchill will vote the proxy as described in the notice. If the client objects in writing to Churchill's intended response, Churchill will vote the proxy as directed by the client.

A client can obtain a copy of Churchill's proxy voting policy and a record of votes cast by Churchill on behalf of that client by contacting Churchill.

Item 18. Financial Information

Not Applicable.

Item 19. Requirements For State-Registered Advisers

Not Applicable.

Privacy Policy

Churchill and the investment limited partnerships for which it serves as general partner:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors on applications or other forms, and
 - information about clients' or investors' transactions with Churchill, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

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