



**Flexible Plan Investments, Ltd.**  
*Your partner in active wealth management*

flexibleplan.com | 800-347-3539 | 248-642-6741 FAX  
3883 Telegraph Road, Suite 100  
Bloomfield Hills, MI 48302

## Item 1 – Cover Page

# Flexible Plan Investments, Ltd.

**3883 Telegraph Rd. Suite 100, Bloomfield Hills, MI 48302**

**800-347-3539**

flexibleplan.com  
ontargetinvesting.com  
activeinvestmentadvisor.com  
faithfocusedinvesting.com

forabetterworld-investing.com  
annuityprices.com  
quantifiedfunds.com  
goldbullionstrategyfund.com

**October 23, 2014**

This Brochure provides information about the qualifications and business practices of Flexible Plan Investments, Ltd. If you have any questions about the contents of this Brochure, please contact our Compliance Department at 800-347-3539 or by e-mailing [gsmith@flexibleplan.com](mailto:gsmith@flexibleplan.com).

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Flexible Plan Investments, Ltd. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Flexible Plan Investments, Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



---

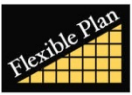
## Item 2 – Material Changes

In the past, we have offered or delivered information about our qualifications and business practices to Clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting our Compliance Department at 800-347-3539 or by emailing [gsmith@flexibleplan.com](mailto:gsmith@flexibleplan.com). Our Brochure is also available on our website at [www.flexibleplan.com](http://www.flexibleplan.com) free of charge.

Additional information about Flexible Plan Investments, Ltd. is available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Flexible Plan Investments, Ltd. who are registered, or are required to be registered, as investment adviser representatives of Flexible Plan Investments, Ltd. SEC File # 801-21073.



### Item 3 -Table of Contents

|   |     |
|---|-----|
| Item 1 – Cover Page .....   | i   |
| Item 2 – Material Changes .....   | ii  |
| Item 3 – Table of Contents.....   | iii |
| Item 4 – Advisory Business.....   | 1   |
| Item 5 – Fees and Compensation .....                                      | 1   |
| Item 6 – Performance-Based Fees and Side-By-Side Management .....         | 4   |
| Item 7 – Types of Clients .....   | 4   |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss..... | 4   |
| Item 9 – Disciplinary Information .....                                   | 16  |
| Item 10 – Other Financial Industry Activities and Affiliations .....      | 16  |
| Item 11 – Code of Ethics.....   | 18  |
| Item 12 – Brokerage Practices .....                                       | 19  |
| Item 13 – Review of Accounts.....   | 19  |
| Item 14 – Client Referrals and Other Compensation.....                    | 20  |
| Item 15 – Custody.....  | 20  |
| Item 16 – Investment Discretion.....                                      | 20  |
| Item 17 – Voting Client Securities .....                                  | 21  |
| Item 18 – Financial Information.....                                      | 21  |
| Privacy Notice.....   | 21  |
| Brochure Supplements Part 2B  |     |
| 1. Supplemental Information for Jerry C. Wagner.....                      | 1   |
| 2. Supplemental Information for Dr. Z. George Yang.....                   | 3   |
| 3. Supplemental Information for Kenneth B. Whitley.....                   | 5   |
| 4. Supplemental Information for Bryan Franco.....                         | 7   |



## Item 4 – Advisory Business

### OVERVIEW

Flexible Plan Investments, Ltd. ("Flexible" or "FPI" or "Adviser" or "we" or "our") was founded in Bloomfield Hills, Michigan in 1981 by Jerry C. Wagner, President and controlling owner. Combining expertise in investment analysis, system design, and software development, Mr. Wagner anticipated technological innovations that allow average investors to enjoy professional management advantages at one time available only to institutions and high net worth individuals. As of 06/30/14, Adviser had \$1,850,000,000 of discretionary assets under management.

For purposes of the following discussion, unless otherwise specified, the term "Investment" includes mutual funds, exchange traded funds, annuities, insurance or other investment products having unit values determined on a daily basis. These may include funds, sub-accounts or collective trusts of which Adviser is the adviser or sub-adviser. Adviser utilizes risk management investment methodologies known as "tactical asset allocation" and "dynamic asset allocation." Market index trading signals may be given to Advisors Preferred LLC as adviser of the sub-advised The Gold Bullion Strategy Fund, The Gold Bullion Strategy Portfolio Fund and Quantified Funds which are used to trade index futures within such funds. Client accounts are established in one or more Investment Families. An Investment Family means a mutual fund complex, insurance company, brokerage firm, or a trust company custodian that maintains a universe of Investments suitable for Adviser's management. Unless otherwise noted, account assets are invested by purchases and sales of money market, equity, and/or bond Investments based upon the advisability of the purchase or sale as supported by numerous indicators followed by Adviser. Use of any investment methodology is limited to those Investments approved by Adviser. Other restrictions may apply.

### INVESTMENT ADVISORY SERVICES

Adviser serves as an investment adviser to Clients under individual Investment Management Agreements. Adviser implements its investment advisory services through three (3) marketing channels; Managed Solutions, Strategic Solutions and Group Retirement Plans. In addition, Adviser acts as a sub-adviser to other advisers, including a sub-adviser on mutual funds under the names of The Gold Bullion Strategy Fund, The Gold Bullion Strategy Portfolio Fund and Quantified Funds.

**No Financial Planning/Consulting Services.** Adviser does not hold our self out as providing, nor do we provide, any financial planning or related consulting services. Neither Adviser, nor any of our representatives, serves as an attorney, accountant, or insurance agent, and no portion of Adviser's services should be construed as same.

**Managed Solutions.** Managed Solutions provides advisory services for variable annuities and variable universal life insurance

policies on several platforms throughout the country, as well as select mutual fund platforms.

**Strategic Solutions.** (See Part 2A, Appendix 1 of this Brochure.) This program is a mutual fund wrap fee program custodied at Trust Company of America and, for tax-deferred Investments, at Jefferson National Life Insurance Company.

**Group Retirement Plans.** Provide plan core fiduciary services, model portfolios and management of participant retirement plan accounts custodied on various platforms.

Adviser requires Clients to complete a suitability questionnaire as part of the Investment Management Agreement. This questionnaire establishes the Client's relative risk profile (conservative, moderate, balanced, growth or aggressive) and investment time horizon which guides the selection of strategies for the Client's account. Additionally, Clients may impose restrictions on Adviser's use of specific mutual fund investments.

There are no differences between Adviser's management of wrap fee accounts and management of other accounts, other than the variety of the strategies available and the underlying product's or platform's fee structure. Adviser receives a portion of the wrap fee for its services.

## Item 5 – Fees and Compensation

### OVERVIEW

Adviser is compensated for advisory services only through advisory fees charged to the Client. Unless otherwise noted, Adviser utilizes Investments (which may include Investments of which the Adviser is the sub-adviser) available at net asset value to construct Client portfolios designed to achieve the objectives designated by the Client.

Unless otherwise provided in an Agreement between the parties, all fees are computed quarterly in arrears at a rate equal to one-quarter (1/4) of the annual percentage multiplied by the Billable Balance. For this purpose, Billable Balance means the value of the Investment Account as of the last day of the relevant quarter adjusted daily to prorate additions and withdrawals during the quarter. Fees are due on or before the due date specified in the Client's invoice. Interest accrues on overdue fees at the highest rate allowed by law and is payable, together with all costs of collection, including reasonable attorney fees, in addition to the unpaid fees. All Investment Management Agreements can be terminated by written notice by either Adviser or Client. Upon termination, Client is required to pay all unpaid amounts due Adviser, including a pro-rata fee to the date of termination. Fees due from Strategic Solutions accounts custodied at Trust Company of America will be deducted by the Custodian from Client's account on the date directed by Adviser. For all other Client accounts, Automatic Fee Payment is authorized by the Client's execution of a Fee Liquidation authorization form.



Effective August 1, 2012, monthly fees in arrears will be available to select broker/dealers. These fees are computed by Adviser monthly in arrears at a rate equal to one-twelfth (1/12) of the Annual Percentage multiplied by the Billable Balance on the last day of the preceding calendar month.

**Advisory Fee, inclusive of any Solicitor Fee**, on all accounts except Flexible Fee Schedule ("FFS") accounts (see explanation below) and Group Retirement Plan Accounts:

| <u>Size of Account</u> | <u>Maximum Annual Fee</u> |
|------------------------|---------------------------|
| Up to \$500,000        | 2.00%                     |
| \$500,001 - \$999,999  | 1.50%                     |
| \$1,000,000 and up     | 1.00%                     |

**Advisory Fee, inclusive of any Solicitor Fee**, for Group Retirement Plan Accounts – "The Flex Plan" and "Strategic Advantage 401k:"

| <u>Size of Account</u> | <u>Maximum Annual Fee</u> |
|------------------------|---------------------------|
| All sizes              | 1.75%                     |

**Advisory Fee, inclusive of any Solicitor Fee**, for Group Retirement Plan Accounts at American Trust & Savings Bank:

| <u>Size of Account</u> | <u>Maximum Annual Fee</u> |
|------------------------|---------------------------|
| All sizes              | 1.45%                     |

**Advisory Fee, inclusive of any Solicitor Fee**, for accounts utilizing the FFS fee:

| <u>Size of Account</u> | <u>Maximum Annual Fee</u> |
|------------------------|---------------------------|
| Up to \$500,000        | 2.60%                     |
| \$500,001 - \$999,999  | 2.35%                     |
| \$1,000,000 and up     | 2.10%                     |

This advisory fee is governed by the terms and conditions appearing in Client's specific Investment Management Agreement with Adviser. The FFS fee is available to soliciting firms by execution of a Flexible Fee Addendum to the governing Referral Agreement and pursuant to Adviser's Flexible Fee Schedule (FFS). The fee amounts are specified by the terms and conditions of Client's specific FFS version of the Investment Management Agreement with Adviser.

**A single fee rate structure on new sales became effective July 1, 2003** for all services named below. Annual fees are billed pro-rata in arrears at the end of each calendar quarter at an annual rate of 2.6% on the first \$100,000 of assets; 1.8% on the next \$400,000 and 1.5% on assets in excess of \$500,000 and up to \$1,000,000; and 1% on all assets in excess of \$1,000,000. Fees in The Flex Plan are set in the manner described above under- "The Flex Plan", "Strategic Advantage 401k" and "American Trust & Savings Bank."

**For accounts established after September 1, 2007:** (1) the fee rate (not to exceed 2% annually, subject to a quarterly \$130 minimum account maintenance fee) shall be governed by the terms and conditions appearing in Client's specific Investment Management Agreement with Adviser; (2) for accounts established through soliciting firms that executed a Flexible Fee Addendum to the governing Referral Agreement and pursuant to Adviser's Flexible Fee Schedule, the maximum fee rate is 2.6% annually (also subject to a quarterly \$130 minimum account maintenance fee). The fee amounts are those specified by the terms and conditions of Client's specific FFS version of the Investment Management Agreement with Adviser.

**For accounts established after March 31, 2009**, the fee structure is modified as follows: (1) the quarterly \$130 minimum account maintenance fee is eliminated; (2) for accounts established with an initial value (the Investment amount specified in the Investment Management Agreement) of less than twenty-five thousand dollars (\$25,000) (a "Small Account"), a non-refundable Small Account Set-Up fee to offset administrative costs is charged in an amount equal to the lesser of 3% of the account initial value or \$350 (no portion of the Set-Up Fee is paid to the Solicitor); and (3) the Establishment Fee described below cannot be charged to an account that incurs a Small Account Set-Up Fee. The provision of Adviser's management to Small Accounts may be subject to certain procedural rules that Adviser may periodically publish, which may result in costs to Client and termination of the account at Adviser's discretion.

**Small Account Set-Up Fee.** For all accounts established with an initial balance of less than \$25,000, a non-refundable administrative Set-Up Fee to offset advisory and administrative costs is charged, upon the establishment of the account, in an amount equal to the lesser of three percent (3%) of the initial balance of the account (the "Approx \$" amount indicated in Client's Investment Management Agreement) or \$350. No portion of the Set-Up Fee is paid to the Solicitor. At Adviser's discretion the Set-Up Fee may be paid by the Client in the form of a check or by deduction from Client's Account by the Custodian after establishment of the Client's Account. The fee will be remitted to Adviser. For purposes of determining the applicability of this Fee to Client's account and the total Account Set-Up Fee due, Adviser, in its sole discretion, and regardless of the initial balance at the time of establishment, may at any time determine and/or re-determine the "initial balance" of any Client's account in the event that post-establishment additions to or withdrawals from the account by Client are made during the period from account establishment to the last day of the fourth full calendar quarter following establishment. The Establishment Fee described herein cannot be charged to an account that incurs a Small Account Set-Up Fee. The provision of Adviser's management to Small Accounts may be subject to certain procedural rules that Adviser may periodically publish, which may result in costs to Client and termination of the account at Adviser's discretion.

**Establishment Fee (applicable only to Quarterly Billing Option).** Generally, for all accounts established with an initial balance of twenty-five thousand dollars (\$25,000) or more and that



Client has not incurred a sales commission as a result of the initiation of the contract or account, these accounts may be charged a non-refundable Establishment Fee. This fee is for the following: (1) the Solicitor's consultation services with the Client concerning the intricacies of the program; (2) determining the Client's investment objectives; (3) the suitability of the Investment for the Client; and (4) the Adviser's administrative services necessary to establish the Client's account not only with the Adviser but also the separate establishment of the Client account with the Custodian including effecting arrangements for delivery of the investable assets to the Custodian. The Establishment Fee is up to 1.20% of the initial investment by the Client and is also computed for Clients whose Investment Management Agreement version is v1211 (1211 refers to December 2011) or earlier or whose agent is affiliated with a solicitor firm that has not modified its Referral Agreement with Adviser since December, 2011, on each quarterly addition to the account by the Client of \$5,000 or more. The Custodian deducts this fee from the Client's account and an amount equal to 0.20% is paid to the Adviser and an amount up to 1% is paid to the Solicitor who established the account for the Client. This is a one-time non-advisory fee imposed on each initial or, if applicable, subsequent affected addition of \$5,000 or more to the account. It is not a part of the periodic Advisory Fees and is for separate services rendered. The Establishment Fee is negotiable by the Solicitor, but, if charged, will not be less than the 0.20% payable to the Advisor. The Establishment Fee is charged in advance. The total of the Establishment Fee and the Advisory Fee paid in the first calendar year that services are provided by Adviser may not exceed 3% of the applicable Billable Balance. The Establishment Fee shall not be payable upon an initial account value, the entire amount of which is transferred from Client's funds for which an Investment Management Agreement with the Adviser is in effect at the time of initial investment in the Program.

**Paper Delivery Fee.** For accounts other than Group Retirement Plan accounts, all communications from Adviser will be transmitted by electronic means. In the event a Client fails to consent to delivery by electronic means, documents will be furnished in hard copy subject to a paper delivery fee charged at \$30 per quarter rate. This fee, if incurred, shall be deducted from the Client's account by the Custodian.

#### **ADDITIONAL FEE CONSIDERATIONS**

**Aggregation.** At Adviser's discretion, Investment accounts of immediate family members, including, pension plans, IRAs, annuities, 403(b) TSAs, and SEPs, may be aggregated for the purpose of determining the applicable fee rate, but not for the purpose of avoiding the Small Account Set-Up Fee. In other appropriate cases, Adviser may negotiate or waive fees and/or permit aggregation of accounts for the purpose of avoidance of the Small Account Set-Up Fee, applicability of Establishment Fee and/or determining the applicable fee rate, if done so in writing. Generally, all accounts of a Client selecting different strategies for multiple accounts will be given credit for the aggregate Billable Balances of

the accounts when computing the advisory fees applicable across strategies.

**No-Load Investments.** Adviser generally makes investments in no-load Investments. There are generally no commissions payable on exchanges made within the Investment. However, programs which utilize Exchange Traded Funds ("ETFs") may be subject to commissions and other taxes and trading costs. These costs are the responsibility of the Client and are not included in the Adviser's fees.

**Redemption Charges/Exchange Fees.** Investment Families may impose substantial redemption charges or exchange fees on Investments held for less than a minimum period established by the Investment Family. While best efforts will be made by Adviser where possible to avoid imposition of such charges, no guarantee is made that Client will not incur such charges. Clients entering and exiting a strategy using Investments with redemption charges or exchange fees are likely to incur such charges or delays may be imposed in implementing exchanges. Redemption charges and exchange fees are incurred by Client and are not included in Adviser's fee. When considering exchanges of Investments with back-end fees, Clients are advised to give careful attention to surrender time periods and charges, which may be incurred and to overall extension of the surrender period if taking advantage of bonus fees associated with tax-free exchanges.

**Additional Fees/Expenses.** It should be noted that all Investments incur expenses which are paid from fund assets, including, without limitation, fees of the advisers, 12b-1, administrative, shareholder servicing fees, or certain other fees, all of which reduce the net asset value of the Investments' shares on a continuing basis. All such fees and expenses are reflected in the value of the Investments' shares and are indirectly incurred by Clients in addition to Adviser's fees. From time to time such 12b-1, administrative or servicing fees may be available to Adviser. In such event, any and all such fees (except as noted below) to which Adviser may be entitled are, on a dollar for dollar basis, applied to and offset custodial, other third party expenses and obligations, or advisory fees which otherwise are usually borne by Client. No such fees are retained for the benefit of Adviser on other products with the exception of Security Benefit Life Insurance Company's AdvisorDesigns and AdvanceDesigns variable annuity products which pay Adviser a 25 basis point annual fee. In addition, variable annuities charge other expenses in the same manner, including mortality charges.

To ensure coverage of adequate custodial fees to compensate the Custodian, share classes subject to 12b-1 and sub-transfer agent fees are often selected even though institutional class shares are available. Failure to do so could result in leaving Clients exposed to direct charges from the Custodian in amounts potentially greater than mutual fund internal costs that may be avoided with institutional class shares. Since the amount of use of such non-institutional asset class shares and the resulting costs and reimbursements are unknown in advance, the result of such use may in any given period either work to the benefit of Clients or increase their costs. Adviser believes the utilization of non-institutional class shares to be in the long-term best interests of the





client, as it trades an uncertain result for the avoidance of otherwise certain custodial fees. Since the payment of higher internal fund fees will be reflected in Advisor's investment performance, Clients should judge from such results whether or not overall returns are adequate.

**Taxable Distributions From Annuities (Advisory Fees).** Clients should be aware that the Internal Revenue Service has taken a position in at least one private letter ruling that payments of advisory fees directly from an individual annuity (as opposed to an annuity which is part of a tax-qualified plan) constitute taxable distributions to the owner of the contract. Many insurers issue Form 1099 each year, in ordinary course, reflecting the advisory fees paid from the annuity. While it may be contended that the payments are an expense rather than a distribution, in the event the IRS is successful in establishing the fee payment as a distribution, the contract owner would be liable for federal income tax purposes on the amount and might also incur interest, a 10% early distribution penalty if the owner is under age 59 1/2, and additional costs. Adviser does not give legal or tax advice and Clients are urged to consult their own tax advisers.

**Trading Fees.** For accounts \$150,000 and up, utilizing the ETF Market Leaders Strategic strategy, a minimum commission fee of \$8.95 per trade is charged by the custodian. The advisory fee referenced above is charged by the Adviser. The minimum charge of \$8.95 per trade is available to Clients who elect e-delivery of statements from the custodian. The consequence of not electing e-delivery is a per-trade trading cost of \$19.95 + \$0.015 per share over 1,000 shares. Additionally, there is an Exchange Process Fee charged by the custodian on all ETF sell transactions. These trading commissions and fees are the responsibility of the Client and the entire amounts of such are charged by and payable to the custodian not the Adviser.

Clients should be aware that Adviser's fees might be higher than those charged by other investment advisers and that Client may be able to purchase similar services for less cost. Adviser reserves the right to negotiate fees to amounts less than its published fee rate schedule, including the right to offer, from time to time, special rates to accounts established during specific promotional periods.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client) and Adviser does not employ side-by-side management.

#### **Item 7 – Types of Clients**

Adviser provides investment advisory services to individuals, high net worth individuals, investment companies including mutual funds, corporate pension and profit-sharing plans, charitable organizations, state or municipal government entities, not for profit organizations, trusts, corporations and other businesses. Adviser reserves the right to waive account minimums.

#### **MINIMUMS TO OPEN AND MAINTAIN AN ACCOUNT**

For all accounts, Adviser requires a minimum of \$25,000 to open and maintain an account, except as follows:

1. Group Retirement Plans – no minimum on participant accounts to open or maintain.
2. Small Accounts Program (accounts between \$5,000 and \$24,999) – minimum to open and maintain is \$5,000.
3. FUSION Prime - minimum to open and maintain is \$100,000.
4. Strategic Solutions/Jefferson National Life Monument VA – minimum to open and maintain is \$25,000.
5. ETF Market Leaders Strategic strategy – minimum to open and maintain is \$150,000.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

##### **INVESTMENT/SECURITY ANALYSIS**

Adviser may utilize both fundamental and technical factors in its security analysis. Adviser utilizes a number of indicators, factors and statistics commonly available to investors, as well as a number of proprietary stock and bond market indicators to identify undervalued securities and market conditions. Adviser reserves the right to utilize new indicators or discontinue use of any indicators at any time. In addition, Adviser attempts to identify specific Investments which, in any given time frame and/or set of conditions may outperform similar Investments. Where referenced, the term drawdown refers to the largest drop in value from a peak to a bottom in a certain timeframe.

The technical indicators utilized by Adviser generate, for the most part, short-term gains or losses for tax purposes. However, market conditions may dictate changes in investment strategy that will generate long-term capital gains or losses on such transactions. When exchanges are indicated, they are made for all accounts utilizing the same strategy at the close of the day (which is the industry standard for the Investments chosen by Client or Client's agent). However, strategies utilizing ETFs may be traded at any time throughout the trading day. Adviser has adopted trading restrictions for any securities traded by it or pursuant to its instructions on an intra-day basis. See discussion of Adviser's allocation policy under Code of Ethics. Most Investments impose limitations designed to reduce adverse impacts of large redemptions on the Investment fund and non-redeeming shareholders. This may delay or prevent the Adviser from carrying out its buy or sell signals.

Adviser employs mathematical, technical and fundamental models and indicators, some of which are proprietary, in the management of Clients' Investment accounts. Unless otherwise noted, Adviser utilizes Investments (which may include Investments of which the Adviser is the sub-adviser) available at net asset value to construct Client portfolios designed to achieve the objectives designated by the Client. The general objectives are to (i) use periodic purchases



and sales of Investments to outperform Certificates of Deposit and inflation as measured by the Consumer Price Index; (ii) achieve that performance with less risk than the applicable referenced indexes, as measured by Beta, Standard Deviation or Ulcer Index; and (iii) outperform on a risk-adjusted basis a buy and hold approach in the Investments. These are long-term objectives requiring a full market cycle, including a 20% plus bull and bear market and lasting 4 to 7 years, to evaluate.

## METHODOLOGIES

Adviser does not provide financial planning services. Adviser is a quantitative asset management firm. Adviser employs methodologies known as tactical asset allocation and dynamic asset allocation. There is no generally accepted definition of the term "market timing." Adviser does not engage in what is now commonly referred to as "market timing," i.e., international arbitrage. However, a broad definition of the term could encompass any strategy employed other than "buy and hold," which Adviser does not employ.

Many of the strategy descriptions indicate that the strategy employs the Evolution Asset Allocation Methodology. This methodology is based upon creating portfolios by considering each selected security's volatility, correlation within the portfolio, and probability of momentum persistence. Adviser will invest in a broad range of Investments, including, without limitation, domestic and international bond and equity, style box, leveraged index, sectors, equity, precious metals equity and futures, inverse, money market and income Investments (which may be funds for which Adviser is sub-adviser) dependent upon Adviser's determination of which segment or segments has or have, at any given time, the highest appreciation potential consistent with a level of risk which Adviser deems acceptable. Certain of Adviser's strategies may be characterized by Adviser as having low to moderate risk, even though they may utilize Investments normally characterized as having higher risk.

## INVESTMENT STRATEGIES

### MANAGED SOLUTIONS

The strategies generally marketed through the Managed Solutions channel are highlighted by the following seven (7) core strategies:

**Market Leaders.** Market Leaders is the generic name for a series of active asset allocation strategies designed to overweight portfolio Investments into top performing asset classes while reducing exposure to under-performing assets. Fund selections and asset class exposures are adjusted as market conditions warrant. The result is a diversified model that allocates first to the strongest asset classes and then into the funds in those asset classes that demonstrate the greatest relative strength/momentum (the "leaders") avoiding the weak funds (the "laggards") that can drain portfolio performance.

**Market Leaders Strategic.** Market Leaders Strategic is the purest variation of Market Leaders, and is generally available on most

products managed by Adviser. The construction of the strategy begins with an all-equity portfolio, which reallocates monthly into the leading funds of the strongest asset classes and out of lagging funds and asset classes. Multiple risk profiles are achieved by applying a varying fixed income portfolio exposure. The percentage of bonds and/or money markets will vary as it is reset monthly based on each portfolio's volatility. This approach allows the Market Leaders Strategic strategy to target, monitor and adjust the portfolios to various levels of risk in an effort to meet the needs of most any Client.

**Market Leaders Tactical.** Market Leaders Tactical begins with the same allocation approach used in the all-equity Market Leaders Strategic strategy, but applies it quarterly, then combines that with Adviser's proprietary Market Environment Indicator ("MEI") signal (evaluated daily) which indicates bullish or bearish stock market conditions. If the signal indicates a bear market, up to one-half (1/2) of the equity portion of the portfolio, reallocated quarterly, will be allocated to money-market and/or fixed income Investments. A neutral position in the MEI can further vary the allocations and asset classes used. Multiple risk profiles are achieved by including varying degrees of bond exposure for less aggressive portfolios. Market Leaders Tactical is available on most products managed by Adviser.

**Market Leaders Dynamic.** Market Leaders Dynamic takes the Market Leaders Tactical approach and expands it in three ways by identifying neutral markets, by utilizing sector funds, and by including inverse allocations. Market Leaders Dynamic uses the MEI to identify not only bull and bear market conditions but also neutral market conditions. In bullish markets, the allocations are fully invested, including the use of sector funds. In neutral markets, up to one-third (1/3) of the equity portfolio is moved to money market or bond Investments. And during bear markets, up to one-third (1/3) will be invested in money market and bond Investments, and up to one-third (1/3) will be invested in inverse equity positions. Like Market Leaders Tactical, Market Leaders Dynamic achieves multiple risk profiles by including varying degrees of money market/bond exposure for less aggressive portfolios, but is available only where Rydex or ProFunds inverse Investments can be used.

All three of the Market Leaders strategies offer five (5) risk profiles and require the completion of a suitability questionnaire. In addition Adviser offers an Equity Only version of Market Leaders Strategic, which can be used as a core equity portfolio in conjunction with other Adviser strategies or those of other providers. The Equity Only version does not use bonds or any other risk management methods to adjust volatility. It is purely invested in equity Investments utilizing the Market Leaders ranking methodology.

**Lifetime Evolution.** Adviser utilizes its Evolution Asset Allocation methodology, described under Methodologies, to create twelve (12) Investment strategies. Conditioned upon Client's answers to a suitability questionnaire, Clients elect one of twelve (12) portfolios. Each portfolio holds a different percentage of income or equity Investments (which may be Investments of which Adviser is sub-





adviser), as the case may be, ranging from 100% income Investments in the most conservative short-term profile to 100% equity Investments in the most aggressive long-term profile. The portfolios cover a range of investor profiles determined by reference to risk tolerances from conservative to moderate to aggressive and accommodate in each risk tolerance four (4) investment time horizons: (a) less than five (5) years; (b) at least five (5) years but less than ten (10) years; (c) at least ten (10) years but less than fifteen (15) years, and (d) fifteen (15) years or more. The portfolios and their respective general criteria are:

| <u><b>Portfolio Name</b></u> | <u><b>Investor Profile &amp; Time Horizon</b></u> | <u><b>Percentages Income / Equity</b></u> |      |
|------------------------------|---|---|------|
| Income Only                  | Conservative < 5 Years                            | 100%                                      | 0%   |
| Conservative Income          | Conservative < 10 Years                           | 90%                                       | 10%  |
| Conservative                 | Conservative < 15 Years                           | 80%                                       | 20%  |
| Conservative Equity          | Conservative > 15 Years                           | 70%                                       | 30%  |
| Moderate Income              | Moderate < 5 Years                                | 60%                                       | 40%  |
| Moderate                     | Moderate < 10 Years                               | 50%                                       | 50%  |
| Moderate Equity              | Moderate < 15 Years                               | 40%                                       | 60%  |
| Moderate Growth              | Moderate > 15 Years                               | 30%                                       | 70%  |
| Aggressive                   | Aggressive < 5 Years                              | 20%                                       | 80%  |
| Aggressive Equity            | Aggressive < 10 Years                             | 10%                                       | 90%  |
| Aggressive Growth            | Aggressive < 15 Years                             | 5%  | 95%  |
| Equity Only                  | Aggressive > 15 Years                             | 0%  | 100% |

The percentages of the portfolio initially invested in equity Investments increases with the increase in Client risk tolerance and time horizon. The Investments in each segment of a portfolio (income and equity) are selected using Adviser's Evolution Asset Allocation methodology which selects the Investments that have the best potential for superior risk-adjusted return based upon creating portfolios by considering each selected security's volatility, correlation within the portfolio, and probability of momentum persistence. Adviser reserves the right to change the percentage invested in the income and equity portfolios in each profile or limit the number of profiles available at any Investment Family. Lifetime Evolution may also allocate a portion of the strategy (generally less than 25%) to a portfolio of "alternative" Investments. These include mutual funds with the following objective/holdings: long-short, market neutral, currencies, commodities, arbitrage/merger, real estate, and global macro.

**Dynamic Fund Profiles.** This strategy utilizes resampling technology software; Dynamic Fund Profiles creates five (5) risk-based profiles allocating 100% among Adviser's sub-advised Quantified Funds, The Gold Bullion Strategy Fund and other funds chosen by the Adviser. Each profile has a 20% allocation to the Quantified

Alternative Investment Fund to take advantage of non-correlated asset classes for risk reduction, and is optimized and rebalanced quarterly.

**FUSION.** Adviser's strategically diversified service that applies a proprietary, quantitative algorithm to accounts every month. It is designed to dynamically allocate across multiple market indexes (leveraged and inverse), multiple active trading strategies, and multiple investment managers. The FUSION process includes the selection of strategies and indexes, monthly reallocation, OnTarget monitoring of the portfolio, the addition of new strategies and removal of non-performing strategies. The investment process begins with Client's execution of a suitability questionnaire. Conditioned on the answers to that questionnaire, Client's elected profile and the amount of assets to be managed, a custom portfolio of strategies drawn from the active management strategies available will be constructed for investment of the Client's account. Minimum account size is \$25,000.

**FUSION Prime.** For accounts \$100,000 and above, FUSION Prime takes the FUSION process and offers an expanded, more customized selection of risk profiles along with other service benefits available only to FUSION Prime Clients.

**Faith Focused Investing.** As modern life becomes ever more secular, an increasing number of Christians have sought to demonstrate their faith through how they invest, as well as how they live. Inspired by Morris Vickers - D.Min., AAMS and a financial adviser since 1984 - Faith Focused Investing was created specifically for these believers, to offer actively managed, Christian-based portfolios to individuals, foundations and organizations, both for-profit and non-profit. It chooses Investments from a universe of Investments that invest in companies whose products and services are aligned with pre-defined Christian values. Flexible Plan utilizes its Evolution methodology to rank the Christian-based Investments monthly, seeking to keep the portfolios invested in the market leaders, while avoiding the laggards. Faith Focused Investing utilizes two (2) Investment universes - one populated with equity Investments and the other with income Investments. Each profile uses a predetermined percentage of the income and equity portfolios to create five (5) distinct suitability-based portfolios. Adviser provides the option of paying out 10% of the net advisory fees collected, in an investor's name or anonymously, to the church or religious institution of their choice. In order to qualify for this incentive, a Client must be enrolled in Faith Focused Investing at the time which Adviser makes its payment, which occurs on a yearly basis.

**Evolution Plus** is a proprietary, quantitative, asset allocation technology that considers four different factors to generate position size and relative asset exposure: asset momentum (or relative strength); asset volatility (or risk); asset correlations; and the probability for an asset to have a positive return (continuation of trend). These four factors are combined to generate a final portfolio allocation with the goal of achieving strong risk-adjusted returns from the available universe of funds that are traded to meet



the suitability profile reflected in your answers to our suitability questionnaire.

Other Managed Solutions strategies available for Investments on select products are the following Dynamic Asset Allocation strategies using Adviser's proprietary Evolution Asset Allocation Methodology described above:

**Bear Necessities.** Allocations are made among sector and alternative Investments, which may include but are not limited to, real estate, energy, natural resources, consumer staples and bonds. Adviser may utilize leveraged and inverse Investments. The sectors utilized are those that, historically, have demonstrated a tendency to outperform the general market in periods of market weakness, or so-called defensive Investments. The Evolution Asset Allocation methodology is utilized in the selection.

**Best Tech.** Chooses Investments that are included within what is generally described as the technology sector of the investment markets. The Investments used may include, but are not limited to, biotechnology, computer, software, electronics, communication, and Internet industry sector Investments. Adviser may utilize leveraged and inverse Investments. The Evolution Asset Allocation methodology is utilized in the selection.

**Evolution.** Investments are allocated among a broad range of Investments (which may be Investments of which Adviser is the sub-adviser), including, without limitation, domestic, international bond and equity, sector, precious metals, leveraged, inverse and money market Investments dependent upon Adviser's determination of which segment or segments has or have, at any given time, the best potential for superior risk adjusted return. This methodology is based upon creating portfolios by considering each selected security's volatility, correlation within the portfolio, and probability of momentum persistence.

**Evolution II.** Utilizes a variety of asset classes. Adviser's proprietary Evolution Asset Allocation methodology rotates into the best performing Investments within three (3) to five (5) Investment universes that are constructed with different holding periods (ranging from 1 to 52 weeks). The longer holding period can result in greater drawdowns for those Investments constrained by such holding periods. However, research indicates that this disadvantage may be at least partially offset by both the greater variety of Investments and the reduced whipsaw losses that may be incurred due to the longer holding period. The strategy will invest in multiple Investments (including leveraged and inverse) within each universe. A money market Investment is available in each universe should cash equivalents be outperforming available equity Investments.

**Flexible Leaders for American Trust.** A dynamic, risk-managed strategy that supports five (5) suitability-based portfolios (Conservative, Conservative Growth, Moderate Growth, Growth, Aggressive Growth). Each combines a bond, stock and alternative fund portfolio drawn exclusively from a fund universe selected by American Trust. The percentage allocated to each portfolio is determined by Adviser's proprietary Targeted Volatility Analysis and each Client's suitability

profile that is based on their answers to Adviser's Suitability Questionnaire.

**Foresters Equity Strategic Allocation Program (Private Label).** This program begins with a minimum 60% core allocation to our **Foresters Equity Core** strategy, a dynamic, risk-managed strategy that supports five suitability-based portfolios (Conservative, Moderate, Balanced, Growth, and Aggressive). Each combines a bond and stock fund portfolio drawn exclusively from First Investors family of funds. The percentage allocated to the bond or stock portfolio is determined by Adviser's proprietary Targeted Volatility Analysis based on Client's answers to the Flexible Plan Suitability Questionnaire. The remaining 40% explore portion of the portfolio can be self-chosen from Adviser's more than 30 different dynamic risk-managed strategies exclusively employing no-load, no transaction fee mutual funds drawn from a universe of thousands which may include leveraged and inverse funds. Each strategy must have at least \$5,000 allocated to it. Accounts totaling at least \$62,500 may instead have the 40% invested in Adviser's FUSION program, where Adviser chooses the strategies, monitors the performance, adds, drops, and reallocates among the 30+ strategies and asset class index funds monthly based on Adviser's proprietary asset allocation formulas.

**Global Maturities.** Investments are allocated among global and emerging market bond Investments from an adviser-selected universe of such funds. Adviser may utilize leveraged and inverse Investments. The Evolution Asset Allocation methodology is utilized in fund selection.

**Global Select.** Using the principles involved in applying Adviser's Evolution Asset Allocation methodology, allocations will be made to equity or income Investments classified as, and limited to, global, international and emerging markets. Adviser may utilize leveraged and inverse Investments.

**Global View Portfolio Strategies ("GPS") (Private Label).** GPS is a private-label strategy currently available only to a single solicitor firm. GPS offers seven (7) suitability-based model portfolios in Adviser's Strategic Solutions wrap program (see Appendix I of this brochure and three (3) suitability-based model portfolios in certain variable annuities. Each portfolio is a blend of multiple actively-managed strategies that when combined, seeks to yield the highest return with a targeted level of acceptable drawdown for each of the suitability-based profiles. The Client's personalized risk tolerance, investment time horizon, and expectations are determined by the scoring from Adviser's suitability questionnaire. Each portfolio draws from a universe of up to 70 strategies and profiles offered by and maintained by Adviser on certain variable annuity platforms. Each strategy utilizes no-load mutual funds and ETFs (including leveraged and inverse) in a mix of equity (US & International), alternative (including commodities and currencies), bond (US & International), and Long/Short strategies. Global View Capital Management, Ltd. is a Portfolio Manager under contract to Adviser and periodically provides the allocation percentages and strategies as each portfolio seeks to adapt to changing market conditions. Available suitability profiles are Conservative, Balanced and Aggressive.



**Managed Income.** Evolution Asset Allocation methodology as applied to a selected group of high yield (junk) corporate, convertibles, inverse, leveraged, international, global, emerging market and government bond Investments.

**Managed Income Aggressive.** A tactical strategy that can trade up to 100 times a year - trading leveraged long and inverse US government bond Investments. Managed Income Aggressive trades the 30-year government bond through the use of leveraged and inverse US Government Bond funds offered by ProFunds and Rydex Funds. The model is statistically based on signals derived from the 5-, 10-, and 30-year Treasury yields. Managed Income Aggressive generates a long, short, or neutral signal every market day, resulting in approximately 80 to 100 trades per year. A strategy more aggressive than most bond funds, Managed Income Aggressive seeks higher returns during both rising and falling interest rate periods. Risk: Managed Income Aggressive employs daily trading and leveraged index funds. Inverse funds are also used. The maximum drawdown, while less than that of a major stock market index, is more than is typically found in bond investments. **It is appropriate only for aggressive investors or when included in a diversified portfolio of other non-correlated strategies or asset classes.**

**Market Leaders Sector Growth Ultra.** This strategy attempts to hold the top-performing sectors of the S&P 500 (excluding Utilities and Consumer Staples) and avoid the underperformers. It follows a three-step process: 1) the top four sectors are found based on a momentum ranking approach; 2) a separate evaluation of each sector using the Individual Fund Indicator (IFI) ascertains whether the sector is presently trending higher or lower; and 3) the market environment is identified as bullish or bearish based upon the Market Environment Indicator (MEI). If the IFI is positive, 25% is invested in the sector. If it is negative, 25% is invested in money market funds. If both the MEI and IFI are positive, 150% leverage is utilized on the 25% sector position.

**Market Leaders Sector Growth.** This strategy is an active asset allocation strategy designed to overweight portfolio investments into top-performing sector asset classes while reducing exposure to underperforming assets. The construction of the strategy begins with reallocation into the leading investments of the strongest sector asset classes and out of lagging investments and asset classes: 1) identifies neutral markets and 2) utilizes sector funds. It uses the Market Environment Indicator (MEI) signal (evaluated daily) to identify not only bull and bear market conditions, but also neutral market conditions. The strategy can move from 100% invested to 0% equity allocation in 25% increments.

**Select Alternatives.** This strategy combines the diversification and liquidity of Investments with the alternative investments traditionally available only to hedge funds. It is designed for investors seeking low correlation to the market, rising interest rate/inflation protection and upside potential. Select Alternatives utilizes Investments representative of most hedge fund "styles" employed within the S&P Hedge Fund Index, including, but not

limited to: Commodities/Hard Assets, Convertible Arbitrage, Distressed, Fixed Income Arbitrage, Global Macro, Long/Short, Market Neutral, Merger Arbitrage and Special Situations. A portion of the strategy will be reallocated monthly to the Investments ranked highest by our proprietary Evolution Asset Allocation methodology. Adviser may utilize leveraged and inverse Investments. A money market fund may be included in the investment ranking to be utilized whenever cash equivalents are out-performing the alternative investment mutual funds.

**Self-Adjusting Trend Following (STF).** This strategy tracks the price action of the NASDAQ 100 Index. STF is an aggressive strategy seeking high rates of return in rising and falling markets. It uses leverage which can at least double the exposure to loss on a given trade or trades. Adviser's proprietary Targeted Volatility Analysis is utilized and seeks to moderate this risk.

**Sector Index Rotation ("SIR").** System Research, LLC is a sub-adviser under contract with Adviser and provides all buy and sell directions for this strategy. Sector Index Rotation is a systematic strategy providing long and short exposure to market sectors or asset classes predicted to exhibit strong near-term performance, either on the upside or downside using leveraged and short asset class and index funds. The strategy can trade daily with one-day to one-week holding periods.

**Sterling Wealth Strategies (SWS)(Private Label).** Sterling Wealth Strategies offer six (6) suitability-based model portfolios, each of which is a blend of a number of actively managed strategies that, when combined, seek to yield the highest historical return with a targeted level of acceptable drawdown. The six (6) portfolios are designed to be suitable for a Client's personalized risk tolerance and investment time horizon as determined by the scoring of their answers to Adviser's suitability questionnaire. Available profiles are Aggressive, Growth, Balanced, Moderate, Conservative and Enhanced Income for those Clients in a distribution phase (assumes a 5% annual withdrawal). Each strategy follows the portfolio management decisions of Lance Vennard, president of Sterling Investment. The blended strategies in each of the model portfolios are chosen from a universe of over 60 different strategies and suitability-based profiles maintained and monitored by Flexible Plan Investments. No-load mutual funds are exclusively utilized in each portfolio's mix of equity (US & International), alternative (including commodities and currencies), bond (US & International) and long/short strategies. Adviser may utilize leveraged and inverse Investments. Sterling Investment serves as the sub-advisor and portfolio construction manager and may adjust the allocation percentages and strategies as each portfolio adapts to changing market conditions.

**Sterling Wealth Strategies Small Account program (Private Label).** This strategy offers a distinct model portfolio for accounts \$5,000 to \$24,999, blending a number of actively managed strategies, focusing on domestic and international fixed income asset classes. Each strategy follows a rules-based discipline designed to best manage market conditions. No-load mutual funds are exclusively utilized in the portfolio's mix of long only or





long/short exposure in US & International Treasuries, Corporate Bonds, High Yield, or other credit or income markets. Adviser may utilize leveraged and inverse Investments. Sterling Investment serves as the sub-advisor and portfolio construction manager. The allocation percentages and strategies may be adjusted to adapt to changing market conditions.

**Sterling Wealth Strategies Small Account Dynamic program (Private Label).** This strategy offers a distinct model portfolio for accounts \$5,000 to \$24,999, similar in scope to the Sterling Wealth Strategies Small Account program, but designed specifically for growth investors as determined by Sponsor's suitability questionnaire.

**Systematic Advantage.** Adviser monitors the status of over 100 recognized Tactical Asset Allocation systems from which it selects the top-performing systems daily. A portion of the available Investments is invested in a leveraged index Investment based upon the investment posture suggested by the selected systems. For example, if 50% of such systems dictate an invested posture, and a leveraged S&P 500 Investment was being utilized, 50% of the account would be allocated to that Investment.

**Tactical Global.** This strategy is an equally weighted combination of three strategies: Global Maturities, Managed Income Aggressive and Self-Adjusting Trend Following (see above descriptions).

Other strategies available through the Managed Solutions channel include the following Tactical Asset Allocation strategies, which currently are estimated at less than 5% of Adviser's business:

**Classic.** Adviser bases investment in domestic equity and/or income Investments or, in the alternative, in money market Investments upon the application of several market indicators maintained. The Classic strategy utilizes fundamental, monetary and technical indicators, both sentiment and momentum in a purely quantitative, fact-based methodology with disciplined implementation procedures. It was designed to optimize results on New York Stock Exchange/S&P 500-type portfolios but may also utilize other types of Investments including Investments for which Adviser serves as sub-advisor. Adviser may utilize leveraged and inverse Investments. Classic is usually invested either 100% in equities or 100% in money market and/or income Investments, but partial allocations are possible. Classic is characterized as having moderate risk.

**Political Seasonality Index.** Analyzes thirteen (13) different political and seasonality factors, such as which political party controls the House, Senate, and White House, the day of the week, month of year, and proximity to holidays, with daily index data back to 1885. The average daily percentage change is computed for periods with identical factors to those in the twelve (12) months ahead. The percentages are summed and averaged to compute an average daily percent change. That daily percentage is then used to construct an index of the Dow Jones Industrial Average for the year ahead. This becomes the basis for our Political Seasonality Index buy and sell signals for the coming year. The strategy seeks to exploit the periods identified as likely to

generate advances in prices. Since the database used to generate the Index is based on the Dow Jones Industrial Average ("DJIA"), trades are made in the Investment, which correlates well with the performance of the DJIA during the identified advancing periods. Adviser may utilize leveraged and inverse Investments. Funds are invested in money market Investments during the balance of the year. Due to platform trading limitations, different trading frequency versions may be used.

**Systematic Long/Short Bond Trading ("SLSBT").** System Research, LLC is a sub-adviser under contract to Adviser and provides all buy and sell directions for this strategy. The SLSBT strategy trades the 30-year government bond through the use of the Rydex Government Long Bond 1.2x Strategy Fund (1.2 times leveraged long) and Rydex Inverse Government Long Bond Strategy Fund. The program is driven by a quantitative approach that combines economic forecasting models and technical systems. Signals are based on up to four (4) sub-models: inflation forecast, equity market risk appetite, treasury yield curve dynamics, and trend in foreign treasury bonds. Fixed weight sub-model output scores are aggregated using a consensus method to derive the top level signal. To seek higher returns during both rising and falling interest rate periods, SLSBT generates a long, short or neutral signal every market day, resulting in, on average, 30 trades per year with an average trade length of 12 days. Further, the strategy manages market risk by reducing position size during adverse price moves and during excessive market volatility. Risk: The SLSBT program employs daily trading and leveraged index funds. Inverse funds are also used. As shown in the portfolio risk statistics, the standard deviation, while less than that of a major stock market index, is more than is typically found in bond investments. It is appropriate only for balanced to aggressive investors or when included in a diversified portfolio of other non-correlated strategies or asset classes.

**Government Bond Trading.** System Research, LLC is a sub-adviser under contract with Sponsor and provides all buy and sell directions for this strategy. This strategy trades the 30-year bond through the use of no-load leveraged and inverse government long bond funds. It is driven by a quantitative approach that combines economic forecasting models and technical systems. Government Bond Trading is a short-term trading strategy designed to seek higher returns during both rising and falling interest rate periods. Government Bond Trading is appropriate for a growth portfolio.

**Volatility Adjusted NASDAQ ("VAN").** Applying FPI's proprietary Target Volatility Analysis (TVA) quantitative methodology to the NASDAQ 100 Index, VAN evaluates the current short-term volatility risk relative to its long-term historical average on a daily basis. The strategy also adjusts the short-term risk calculation in the context of the intermediate- to long-term market environment. Using the Index's risk assessment to decide the extent of market exposure, VAN implements the trades with related Rydex or ProFunds NASDAQ 100 index funds (long, leveraged or inverse funds), with daily beta ranging from -100% to 200% and a minimum increment of 20%. VAN targets equity index market



exposure (like the NASDAQ 100 benchmark) through aggressive leveraged position sizing in low-risk environments, and partial, neutral or short positions in volatile markets.

**Strategic High Yield Bond ("SHYB").** ProfitScore Capital Management, Inc. is a sub-adviser under contract to Adviser and provides all buy and sell directions for this strategy. The SHYB strategy invests in an actively managed portfolio of high yield bond mutual funds. Adviser may utilize leveraged and inverse Investments. The strategy seeks to take advantage of trends in the high yield bond market as determined by a proprietary algorithm developed by ProfitScore Capital Management, Inc. Using such technical analysis tools to anticipate these changing trends, the SHYB portfolio seeks to achieve higher returns over time with lower volatility than most aggressive investment programs. The goal of the strategy is to maximize returns while minimizing the risk associated with declining prices most commonly found during poor economic conditions. It is the objective of this strategy to produce significantly higher returns than traditional "buy and hold" investment allocations. When risk is higher than opportunities for gains in high yield bonds, the portfolio will be defensively allocated to the safety and security of money market funds. A strategically timed portfolio of high yield bond mutual funds can provide an excellent source of risk-adjusted returns for long-term growth of investment portfolios. For that reason, SHYB is suitable for most every type of investor when included in a diversified portfolio of strategies.

**TVA Gold.** This strategy trades the Gold Bullion strategy Fund (QGLDX) using Adviser's proprietary Targeted Volatility Analysis (TVA). TVA uses the precious metals' past volatility to position the account in a portfolio divided between QGLDX and a money market or bond mutual fund. The objective of the strategy is to allow participation in a portion of the returns of Gold while targeting a lower level of risk. The advantage of this approach is the opportunity to create a return stream equivalent to that experienced with equities but with less risk than either gold or the S&P 500 Index has historically yielded.

**Money Market Account Election ("MMA").** The Client may direct Adviser by written election from time to time to temporarily place all of Client's Account in a money market Investment available in the universe of Investments available to the Adviser. Adviser will limit the use of this MMA election to a maximum duration of three (3) months. At the end of the three (3) month period, if Adviser has not received written instructions to return the Investments to the previously elected strategy or strategies or to a new strategy, Adviser may terminate management of the account. Use of the MMA eliminates any potential for market appreciation of the Client's Account and thus should be used sparingly. Adviser does not advise Client to utilize the MMA, believing that it is preferable to utilize the investment selection and risk management techniques embedded within the investment strategy or strategies previously elected by Client. Therefore, Adviser takes no responsibility for advising Client when to move out of the MMA and back into the previously elected strategy or strategies until the three (3) month period has ended at which time the Client may be

advised of the termination of management of the account. Management fees at the rate applicable to Client's Account will continue during the period that Client is utilizing the MMA. Therefore, since the fees could exhaust all or much of the MMA's income and even principal, the MMA should be used only as a strategy to reduce the potential for loss to that of a money market, not as an income strategy. Pending receipt of written instructions from Client or Client's Agent to move the Investments out of MMA and into the previously elected strategy or strategies, Adviser will limit all investment activity in the Client's account to the MMA. Movement into or out of this strategy may take up to ten (10) trading days to implement. In addition, effecting this strategy change may take several weeks in order to reduce the impact of platform trading rules and short-term redemption fees. An investment in money market accounts is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of one's investment, it is always possible with any Investment to incur a loss.

**Hedged Gold Bullion.** This strategy utilizes The Gold Bullion Strategy Fund, which seeks to track the physical gold bullion price in U.S. Dollars and which is sub-advised by Adviser. The methodology for the Hedged Gold Bullion strategy is to hold a static allocation of The Gold Bullion Strategy Fund. By investing in gold as a static allocation, Adviser seeks to obtain commodity price exposure. By periodically shifting the non-static allocation portion of the portfolio between a money market fund and an inverse gold mining fund, Adviser attempts to create an offsetting hedge when the price of gold bullion declines. Adviser may utilize leveraged Investments. With this active risk management, Adviser believes an allocation to this strategy is appropriate for all suitability profiles.

#### **Other strategies available at select custodians:**

**Market Leaders Strategic 100% SAF.** The construction of the strategy begins with an all-equity portfolio, which reallocates monthly into the leading funds of the strongest asset classes and out of lagging funds and asset classes. Multiple risk profiles are achieved by applying a varying fixed income portfolio exposure. Adviser may utilize leveraged Investments. The percentage of bonds and/or money markets will vary as it is reset monthly based on each portfolio's volatility. This approach allows the Market Leaders Strategic strategy to target, monitor and adjust the portfolios to various levels of risk in an effort to meet the needs of most any Client.

**Market Leaders Strategic Alternative 100% SAF.** This strategy is a combination of 80% Market Leaders Strategic 100% SAF referenced above and 20% Quantified Alternative Investment Fund, if available.

**Rotational No-Load ETF.** Lifetime Evolution portfolios (described earlier in Item 8) utilizing Schwab no-load, no-commission and low-expense ratio ETFs. This strategy also uses FPI's time-tested rotational tactical allocation methodology, as well as Targeted Volatility Analysis.





**Rotational No-Load ETF/SAF.** This strategy is a 50/50 combination of the Rotational No-Load ETF and the Market Leaders Strategic Alternative 100% SAF, referenced above.

**Multi-Strategy Portfolios ("MSP").** Effective December 2013, the MSP strategy was terminated and replaced with FUSION and FUSION Prime.

**FUSION.** Adviser's strategically diversified service that applies a proprietary, quantitative algorithm to accounts every month. It is designed to dynamically allocate across multiple market indexes (leveraged and inverse), multiple active trading strategies, and multiple investment managers. The FUSION process includes the selection of strategies and indexes, monthly reallocation, OnTarget monitoring of the portfolio, the addition of new strategies and removal of non-performing strategies. The investment process begins with Client's execution of a suitability questionnaire. Conditioned on the answers to that questionnaire, Client's elected profile and the amount of assets to be managed, a custom portfolio of strategies drawn from the active management strategies available will be constructed for investment of the Client's account. Minimum account size is \$25,000.

**FUSION Prime.** For accounts \$100,000 and above, FUSION Prime takes the FUSION process and offers five (5) risk profiles along with other service benefits available only to FUSION Prime Clients.

**ETF Market Leaders Strategic.** This strategy utilizes the Market Leaders Strategic methodology referenced above, implemented with load ETFs on which commissions are charged. See Item 5 Fees and Compensation for details of the per trade commission charges.

#### **Additional Strategies - Not Open to New Clients**

**Third Day Aggressive Plan.** The Aggressive Plan takes positions primarily in the NASDAQ 100 2x Strategy and Inverse NASDAQ 100 2x Strategy Funds. It may occasionally take a position in other Rydex Funds. Positions are taken as directed by Third Day's NASDAQ 100 market model. The position size for each trade is roughly two-thirds the size of the analogous position under the Ultra-Aggressive Plan. If successful, this Plan should produce lower returns than the Ultra-Aggressive Plan, accompanied by lower risk and volatility.

**Third Day Ultra-Aggressive Plan.** The Ultra-Aggressive Plan takes positions primarily in the NASDAQ 100 2x Strategy and Inverse NASDAQ 100 2x Strategy Funds. It may occasionally take a position in other Rydex Funds. Positions are taken as directed by Third Day's NASDAQ 100 market model. The position size for each trade is roughly one-and-one-half times the size of the analogous position under the Aggressive Plan. If successful, this Plan should produce higher returns than the Aggressive Plan, accompanied by higher risk and volatility.

**Third Day S&P Plan.** The S&P Plan takes positions primarily in the S&P 500 2x Strategy and Inverse S&P 500 2x Strategy Funds. It may occasionally take a position in other Rydex Funds. Positions are taken as directed by Third Day's S&P 500 market model. If successful, this Plan should produce returns falling between those of the Aggressive Plan and the Ultra-Aggressive Plan, accompanied by a commensurate level of risk and volatility as compared to that of those two Plans.

**Third Day Russell 2000® Plan.** The Russell 2000® Plan takes positions primarily in the Russell 2000® 2x Strategy and Inverse Russell 2000® 2x Strategy Funds. It may occasionally take a position in other Rydex Funds. Positions are taken as directed by Third Day's Russell 2000® market model. If successful, this Plan should produce returns falling between those of the Aggressive Plan and the Ultra-Aggressive Plan, accompanied by a commensurate level of risk and volatility as compared to that of those two Plans.

**The Sector Plan.** The mechanical approach for the Sector Plan takes a longer-term view of the markets than that of the absolute return plans. This Plan will likely be more correlated to the U.S. equity markets over time than the absolute return plans. The Sector Plan invests in the Rydex Sector funds (e.g. Banking, Energy, Transportation, ...) as each individual fund shows strength, keeping the remainder of an account's balance in Rydex's U.S. Government Money Market Fund. Thus, in a typical bull market, as more and more sectors come into favor, the Plan will hold less of an account's balance in the U.S. Government Money Market Fund. The Plan may also invest from time to time in Rydex's inverse ("short") funds as a hedge and also in an attempt to profit in a bear market.

**Growth Plan.** This strategy invests in domestic equity and/or income Investments or, in the alternative, in money market Investments upon the application of several market indicators maintained. The Growth Plan strategy utilizes fundamental, monetary and technical indicators, both sentiment and momentum in a purely quantitative, fact-based methodology with disciplined implementation procedures. It was designed to optimize results on New York Stock Exchange/S&P 500-type portfolios but may also utilize other types of Investments including Investments for which Adviser serves as sub-adviser. Growth Plan is usually invested either 100% in equities or 100% in money market and/or income Investments, but partial allocations are possible. Growth Plan is characterized as having moderate risk.

**Dynamic Asset Allocation Plan.** Seeks to provide long-term (5+ years) growth or growth with income. The strategy is suitable for a Client who understands and accepts risk inherent in a partial or full exposure at times in stocks and/or bonds, but would not be comfortable with the all-or-none approach of the Growth Plan strategy.



## Additional Strategy Considerations

**Combinations of Strategies.** Adviser may specifically allow Clients from time to time to allocate the values of any one annuity to a combination of up to five (5) of the available investment strategies with the exception of FUSION and FUSION Prime (described above) which may not be combined with any other strategy, subject to an investment minimum of \$5,000 in each strategy within the combination and availability of multiple strategies in Client's variable annuity contract as determined by Adviser. Clients are urged to utilize such combinations whenever there are sufficient asset values to meet the \$5,000 per strategy minimum. These portfolios are initiated with equal dollars invested in each strategy. As fund values change, the portion invested in each strategy will vary and no longer be equal. No attempt may be made in the course of management of the portfolio to rebalance the strategies. Strategy changes among strategies may require several weeks to complete.

**Diversification of Strategies.** Strategies offered are not intended to be exclusive strategies for management of a Client's Investments. They are intended to constitute a part of a diversified investment approach combining other strategies with differing risk profiles. Multiple strategies may be utilized as a part of a diversified investment approach combining other strategies with differing risk profiles. Consideration should be given to combining lower risk strategies with higher risk strategies in order to reduce the overall risk of the Client's portfolio. Notwithstanding the selection of multiple portfolios to achieve diversification, the fact that several portfolios may, in part, draw upon substantially similar investment vehicles will, under certain circumstances, result in different portfolios holding the same or similar asset classes. This potential investment concentration in a particular asset class increases risk for the period during which such concentration exists. For example, Bear Necessities, Lifetime Evolution and Select Alternatives all include precious metals as a potential asset class for investment. As a result of an initial period of market strength in that asset class, all of those portfolios might hold precious metals investments. All of the combined strategies described are managed by Adviser with the objective of attaining the highest appreciation potential, while seeking to manage risk at a level that Adviser deems acceptable.

From time to time Adviser may employ strategies other than the Managed Solutions strategies in accounts of Clients with substantial assets. Generally these are Clients with Investment accounts aggregating more than \$500,000. These customized strategies are employed after individual consultation among the Client, Client's Agent and Adviser respecting the individual's objectives and risk tolerance, and may be employed alone or in combination with one or more of the Managed Solutions or other custom strategies.

Adviser manages each of the Managed Solutions strategies other than a custom strategy or those specified as including individual securities, by selecting appropriate Investments from a universe of Investments available on a no-transaction fee basis through the Custodian. Adviser manages those strategies by purchasing and redeeming shares of the selected Investments as indicated by its proprietary models and indicators.

From time to time Adviser may determine that one or more of the Managed Solutions portfolios are closed to investment. In any case, Clients who have selected any such strategy will be so advised and provided the opportunity to make alternate selections.

The Client's Agent has agreed to: (i) contact the Client at least annually, (ii) use his or her best efforts quarterly by notification to determine if the Client's investment objectives have changed, and (iii) be available during business hours for consultation with the Client regarding the Client's financial condition and the continued suitability of the strategies for the Client.

## GROUP RETIREMENT PLANS THE FLEX PLAN, STRATEGIC ADVANTAGE 401k, & American Trust 401(k)

### Participant Initiated Management

Adviser provides investment management services to individual participants in certain employer-sponsored employee retirement plans that have been established with various custodians. The individual participants in such plans are permitted to direct investment of their respective accounts in the plan, including the authority to engage an investment adviser for their accounts. A participant desiring to engage Adviser enters into an Investment Management Agreement with Adviser. Management involves actively investing and reinvesting the account in various Investments that are available through the custodians. There may be an annual administration fee and an annual investment advisory fee. The maximum total of such fees is 1.75% annually, pro-rated and billed, in arrears, quarterly for The Flex Plan or monthly for the Strategic Advantage 401k. An administrative fee may be paid to record keepers, TPAs and program interface providers for assistance in enrollment, setup and trading. Adviser and a solicitor may share the Investment Advisory fee. Each such fee is determined by negotiation with the employer sponsor of the retirement plan. The same fees are applicable to all participants in a specific plan who engage Adviser's services. The specific percentages are disclosed to the participant in other disclosure documents delivered to the participant at the time of execution of the Investment Management Agreement. Both fees are a percentage of the average daily value of the participant's account during each calendar quarter or month and are billed by and payable to Adviser in arrears. (Note: different custodians may pro-rate fees using different pro-rating methods or simply apply them to the quarter-end balance without proration or consideration of the date of additions or withdrawals.) Such fees are the sole expense payable from the participant's account attributable to the provision of investment management on the account (although various fees and commissions may be applicable to the underlying investment vehicle, custodian or trading platform chosen by the Employer/Sponsor and Core Fiduciary Service fees may be paid with respect to participant-directed accounts). No minimum participant account size is required.

Up to five (5) strategies are available, depending on platform limitations, for Clients of Group Retirement Plans: Dynamic Fund Profiles, Lifetime Evolution, Market Leaders, FUSION, and Flexible Leaders.



### Core Fiduciary Services

As an additional service to sponsors of qualified retirement plans, Adviser will serve as a co-fiduciary to the plan in the performance of certain contractually specified services. In such regard, Adviser will assist in the preparation or amendment of the plan's Investment Policy Statement. Further, Adviser will periodically review and monitor the investment options available under the plan to its Self-Directing Plan Participants as they relate to the criteria in the Investment Policy Statement and recommend appropriate asset classes and investment options as well as specify the use or discontinuance of specific funds and collective trusts to be accessible by Self-Directing Plan Participant accounts.

If the employer sponsor of the retirement plan contracts for the provision of Core Fiduciary Services, the fee may be fixed or determined by negotiation with the sponsor. The maximum fee charged is 10 basis points per annum, charged in arrears on the quarter-end balance or month-end balance (depending on the platform) of non-managed, participant-directed accounts. The same Core Fiduciary Services fee is applicable to all Self-Directing Plan Participants at that percentage specified in the Plan Sponsor Agreement between Adviser and the Plan Sponsor. Such fee is not applicable to plan assets managed by Adviser. Any solicitor fees are added to, and not included in, the Core Fiduciary Service Fee.

### Model Portfolios

Plan Sponsors may elect to provide model portfolios which may be elected into by plan participants or designated as the Qualified Default Investment Alternative (QDIA). Model Portfolios are then provided for various suitability profiles and managed by Adviser. Fees are charged in the same manner described in the Participant Account Management Agreement and there is no minimum participant account size.

### STRATEGIC SOLUTIONS PROGRAM

Adviser offers under the name Strategic Solutions, a program for strategic diversification of Client funds in many strategies dependent upon Client's investment objectives and suitability. The Strategic Solutions wrap program is available at Trust Company of America and also on a tax-deferred basis utilizing a Monument Advisor Variable Annuity policy issued by Jefferson National Life Insurance Company. Adviser receives a portion of the wrap fee for Adviser's services. The Strategic Solutions program is discussed in Part 2A Appendix 1 of this Brochure.

### RISK CONSIDERATIONS

Investing in securities involves risk of loss that Clients should be prepared to bear, including:

**General.** Adviser attempts to accomplish the investment objectives of the Managed Solutions strategies with short-term trading that will generate taxable short-term gains or losses if realized in a taxable account. Although potential dividends are taken into account in selecting Investments for use in all strategies, they are not an objective and any generated will be reinvested. As with any

Investment, there can be no assurance that the investment objectives will be obtained or that material loss will not be incurred, and Adviser does not warrant investment success. Client acknowledges that Client is fully cognizant of the risks described herein.

Securities markets are volatile and the strategies may under-perform various market indices and the various Investments themselves on an unmanaged basis. While Adviser's investment decisions may have been successful in the past or have demonstrated the possibilities of success in research studies, they may be changed or be ineffective as applied to future market environments.

Adviser by necessity relies on information, data and software provided by third parties, whose reliability, while believed to be accurate, cannot be guaranteed and losses may result from reliance upon them. These are normal risks for which the Adviser takes no responsibility beyond use of reasonable care in their selection.

Managed Solutions may be utilized as a part of a diversified investment approach combining other strategies with differing risk profiles. Consideration should be given to combining lower risk strategies with higher risk strategies in order to reduce the overall risk of the Client's portfolio. Notwithstanding the selection of multiple portfolios to achieve diversification, the fact that several portfolios may, in part, draw upon substantially similar investment vehicles will, under certain circumstances, result in different portfolios holding the same or similar asset classes. This potential investment concentration in a particular asset class increases risk for the period during which such concentration exists. For example, Bear Necessities and Lifetime Evolution include precious metals as a potential asset class for investment. As a result of an initial period of market strength in that asset class, all of those portfolios might hold precious metals investments. All of the Managed Solutions strategies described are managed by Adviser with the objective of attaining the highest appreciation potential while seeking to manage risk at a level that Adviser deems acceptable.

Certain of the Managed Solutions strategies have risks specific to their design. Investments may experience material drawdowns during any period of general weakness in equity markets. Withdrawals required by a Client during any such period will materially reduce overall investment performance of Investments managed in this strategy.

Research data generally tends to indicate a Beta less than that of the S&P 500, therefore some Managed Solutions strategies may be characterized as having low to moderate risk even though they may utilize Investments normally characterized as having higher risk (since aggressive investment vehicles will be used to meet various objectives). These vehicles introduce risks that are in addition to the traditional market risks of equity or income investing, among which are:





**Concentrated Investments.** Strategy selections with investments concentrated in particular market segments (global or sector for example) or strategic style (momentum or tactical asset allocation based) may bear a greater degree of market risk than a diversified investment portfolio.

**International Investments.** If available in the Investment Family, and applicable to the strategy chosen by Client, Adviser may make substantial allocations of the Investments to international bond and equity Investments, which invest their assets predominately in the shares or obligations of companies organized outside the United States. In addition to traditional measures of performance of individual companies, such Investments may also be substantially impacted by unstable political environments in their country of organization and by foreign currency fluctuations. Implementation of Euro-Currency conversion by members of the European Economic Community has introduced additional risks to Investments with portfolio investments organized or priced in those countries. Foreign taxes and differences in financial and accounting standards from those applicable to U.S. companies introduce additional risks to international Investments. Investment strategies potentially incurring these risks are Evolution, Evolution II, Managed Income, Global Select, Select Alternatives, Sector Select, Best Tech, Bear Necessities, Global Maturities, Lifetime Evolution, Market Leaders, ETF strategies, GPS, Tactical Emerging Markets, Tactical Hard Assets, Gold Equities Trading, FUSION and FUSION Prime.

**Industry or Country Specific and Regional Funds.** Investments which invest predominately in shares of companies engaged in a specific industry or in shares of companies in a particular country or region bear a greater degree of risk than diversified Investments since they tend to incur greater loss of value in the event that the particular industry, country or region suffers loss of investor favor. Such Investments are volatile and since Adviser's strategies for use of such Investments incorporate minimum holding periods, larger drawdowns are possible during such holding periods. Investment strategies potentially incurring this risk are Evolution, Evolution II, Global Select, Bear Necessities, Select Alternatives, Best Tech, Global Maturities, Lifetime Evolution, Market Leaders, Tactical Emerging Markets, Tactical Hard Assets, Gold Equities Trading, ETF strategies, Sector Index Rotation, FUSION and FUSION Prime.

**Precious Metals Investments.** If available in the Investment Family, and applicable to the strategy chosen by Client, Adviser may also make substantial allocations to precious metals equity Investments which invest their assets predominately in the shares of companies engaged in exploration, recovery, refinement and sale of natural resource commodities such as energy, gold, silver, platinum, and palladium. In addition to traditional measures of performance of individual portfolio companies, such Investments also tend to reflect the changing values of the commodities. Investment strategies potentially incurring this risk are Evolution, Evolution II, Select Alternatives, Lifetime Evolution, FUSION, FUSION Prime, Market Leaders, Tactical Hard Assets, Gold Equities Trading, Hedged Gold Bullion, TVA Gold, ETF strategies, Sector Index Rotation and Bear Necessities; to the extent precious metals Investments are utilized within the specific investment strategy.

#### **Index and Leveraged Funds (including inverse funds).**

Investment vehicles utilized include one or more index Investments that are internally designed to have a targeted positive or negative correlation to the underlying index. A positively correlated index Investment is designed to appreciate or depreciate in correlation with the underlying index. A negatively correlated index Investment or "inverse fund" is designed to appreciate in value as the underlying index declines and depreciate when the index increases. In addition, certain index Investments use leverage to achieve a targeted multiple of the performance of the underlying index (leveraged index Investments). These Investments introduce risks, which are in addition to the traditional market risks of equity or income investing. All leveraged index Investments make use of short sales, swaps, options and/or futures contracts (so called derivative investments) to achieve the target leverage (which may result in an increase of volatility and percent movement based on the beta to the referenced index). There is no guarantee that these Investments will be able to achieve their stated objectives. Any strategy employing equity or income Investments may use inverse Investments in implementing the strategy described. Most of these funds seek only to represent index returns on a daily basis. Prolonged use of them may not represent such returns.

**Income Investments.** When utilized in Adviser's strategies, Income Investments may include investment exposure to alternative investments, US Treasury bonds and notes, Government sponsored enterprises (such as Fannie Mae and Freddie Mac), US dollar denominated corporate obligations, mortgage and asset-backed securities, zero coupons, commercial paper and other money market instruments, fixed-income securities issued by foreign governments, some of which may be issued by governments in emerging market countries, and which may be denominated in either US dollars or foreign currencies, and corporate obligations, of various grades of credit worthiness, ranging from high to low, including income yielding ETFs, preferred and common stocks, high-yield (junk) and convertible bonds, all of which may be more volatile than other bond Investments and more responsive to equity market movements (up and down) than interest rate changes. In addition, Advisor may use a limited percentage of investment in inverse bond Investments, profit from a rising interest rate environment, but which have no yield and decline in value when interest rates fall. In addition to principal risk, income Investments are subject to credit risk and interest rate changes. Risks, in some instances, include pre-payment and other risks arising from mortgage and asset backed securities. The goal of all Income Investments managed by Adviser is to achieve total return, not distributable, current income.

**Non-Diversified Investments.** Adviser serves as sub-adviser to Advisors Preferred, LLC to provide investment advisory services for selective equity and income mutual funds commonly known as The Gold Bullion Strategy, The Gold Bullion Strategy Portfolio and Quantified Funds. These funds may be utilized to comprise a portion of or a Client's entire portfolio. Each of these Funds is aggressively managed and may be "non-diversified," meaning that a relatively high percentage of each Fund's assets may be invested in a limited number of issuers of securities. Because these Funds have disparate objectives and draw from differing underlying security



universes, diversification by simultaneous investment among multiple sub-advised Funds may have the effect of diminishing the risk of investment in non-diversified funds. See Prospectus for a summarization of this advisory methodology employed with respect to the sub-advised Funds.

**Implementation of Strategy Changes.** As an investment advisory firm, Adviser is geared to monitor its proprietary trading signals and to be prepared to promptly direct such trades; those trades resulting from other sources are outside the flow of Adviser's regular business. To interface with Adviser's system and to accommodate these non-recurring trades, Adviser designates a once-per-week schedule for implementation. Accordingly, changes in Client strategy, whether initiated by written notice from Client or Client's Agent or required by change in Client's circumstances, are effected by Adviser only once per week. Such transfers between strategies may take several weeks to implement in order to reduce the impact of platform trading rules and short-term redemption fees. All trading is on a "best efforts" basis.

**Market Risk.** Participation in management programs subject investors to market place risks and are of consequence to the Client. There is no guarantee that the investment objectives will be obtained.

**Third-Party Risk.** Third parties (including without limitation, broker dealers, registered representatives, insurance agents, plan administrators, investment advisers, custodians, trusts, mutual funds, insurance companies, transfer agents, solicitors and employees and agents of each of them) provide services, systems, information, programs and data upon which Adviser relies and is believed to be reliable but is unable to guarantee. As such, all trading is on a "best efforts" basis.

**Terminations.** Either party upon receipt of written notice may terminate the investment management contract. If a termination request is received from the Client, Adviser shall notify the Investment Family(s) within five trading days of such termination. If an exchange occurs during this period, Client's funds may or may not be exchanged for which Adviser shall not be held responsible. Thereafter, ADVISER WILL NOT CHANGE THE THEN INVESTED POSITION OF THE INVESTMENTS. (Note: You are not required to terminate any annuity contract or liquidate a mutual fund account to terminate our management service. Should you decide to terminate such a contract or account, taxes, penalties and interest may be incurred and a surrender/redemption charge or penalty may be imposed by your annuity or fund provider.)

**Suitability Profiles.** For many strategies Adviser provides, suitability-based profiles with names such as, without limitation, Conservative, Moderate, Balanced, Growth and Aggressive or with numerical designations such as 25, 40, 60, 80, and 100. Clients should draw no conclusions from such titles. Rather they are simply a way of designating the hierarchical ranking of Adviser's Profiles within a strategy. They are not meant to imply any ranking within some universal risk measure or benchmark, nor are they equivalent to a Client's subjective concept of the term.

## OTHER FACTORS:

**Frequency of Trading.** The number of trades in the strategies offered is likely to be substantially higher than in typical traditional investment accounts, which may result in substantially more record keeping for Client. All of the strategies following the Evolution Asset Allocation methodology utilize minimum holding periods in order to minimize the frequency of trading and to promote positive operating relationships with the Investments employed. While the use of such holding periods increases the number and variety of Investments available within each portfolio, their use increases the downside risk of the investment as compared to a strategy that does not impose such holding periods.

**Trading Restrictions.** In addition, Investment Families may impose other trading restrictions that could delay full implementation of a strategy change request or new Client investment. These restrictions may or may not be disclosed by prospectus, but imposed by the Investment Families specifically on Adviser. In all cases, Adviser will use best efforts to ensure that Client's Account is not adversely affected by any such restrictions.

Volume trading restrictions imposed by Investment Families may result in the inability to trade all strategies affected on the day a buy or sell signal is generated. Adviser will utilize its best efforts and discretion to minimize the adverse effect of such restrictions in rendering and implementing its decision to either: (i) delay trading all affected strategies for the required notice period, or (ii) divide the affected strategies into groups the trading value of which is less than the volume restricted thereby permitting the trade of some of the affected strategies on the day signaled while delaying the implementation of the trade for the remainder of the affected strategies.

**Account Liquidity Reserve.** A portion of Client accounts may be maintained in cash equivalent investments by the Custodian. This reserve is utilized to facilitate trade settlements in the Client's account. This may reduce Client returns.

All of the strategies, with the exception of those designed for daily use of index Investments created for that purpose, utilize minimum holding periods in order to minimize the frequency of trading and to promote positive operating relationships with the Investments and portfolio managers employed. While the use of such holding periods increases the number and variety of Investments available within each portfolio, their use increases the downside risk of the investment as compared to a strategy that does not impose such holding periods. The numbers of trades in many of the Managed Solutions strategies are substantially higher than other strategies offered by Adviser resulting in more recordkeeping for the Client.

**Strategy Names.** Many strategies, although in different programs, have similar or identical names. Investors should read carefully the strategy description for the program they intend to invest in for the characteristics of that program's strategy.





## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of Flexible Plan Investments, Ltd. or the integrity of Flexible Plan Investments, Ltd.'s management. Flexible Plan Investments, Ltd. has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

**Annuity Price Center.** Adviser operates the "Annuity Price Center" as a division within its operations center. For a fee, institutions and other industry end users receive a limited license of Adviser's proprietary software program, which permits such users to access Adviser's database of daily variable annuity prices. Adviser and its licensees use the information for current and historical pricing of variable annuity investments.

**Index:** During 2014, Adviser introduced and currently maintains eight (8) indices that track the Flexible Plan Fusion, STF, and Market Leaders Sector Growth strategies. The indices, as of January 1, 2014, are calculated by the NYSE Group. The indexes are: Fusion Conservative Index, Fusion Moderate Index, Fusion Balanced Index, Fusion Growth Index, Fusion Aggressive Index, Fusion Enhanced Income Index, Market Leaders Ultra Sector Index and Self Adjusting Trend Following Index. The index results do not represent actual trading or client experience, and do not reflect the impact of decision making or economic or market factors experienced during actual management of funds. Investors cannot invest directly in an index. No fees or subscriptions are collected for the distribution of these indices.

**Other Types of Fees/Compensation.** Under an amended 2004 agreement with Security Benefit Life Insurance Company, Adviser will be paid a 25 basis points annual fee on accounts managed in its AdvisorDesigns and AdvanceDesigns variable annuity products.

**Closure of Direxion Evolution Funds/Opening of Quantified Funds.** Adviser was the sub-adviser to four (4) Direxion Evolution Funds used in certain of our investment strategies, at a number of custodians. The Adviser was Rafferty Asset Management LLC. Effective on or about August 28, 2013, Adviser's relationship as sub-adviser to Rafferty ended and the four (4) Direxion Funds closed. The Direxion funds were replaced with identical funds called Quantified Funds. The adviser to the Quantified Funds is Advisors Preferred LLC (see Advisors Preferred disclosure below), with Adviser continuing to act as sub-adviser.

**Advisors Preferred LLC ("AP").** Pursuant to a contract with AP, Flexible, acting in the capacity of a sub-adviser, provides investment advisory services for select equity, income, derivative and ETF Investments which Flexible also may use in selected strategies regardless of the Investments described as being utilized elsewhere in this Brochure. If these Investments are used in Client's portfolio, since Flexible would receive a fee for its sub-

adviser activities, Clients will receive a pro-rata credit of their account's portion of the sub-advisory fee paid on their billing.

AP is a federally registered investment adviser and is the adviser of The Gold Bullion Strategy Fund, Gold Bullion Strategy Portfolio Fund and the Quantified Funds. The funds are distributed by Ceros Financial Services, Inc. (member FINRA). AP is a wholly-owned subsidiary of Ceros Financial Services, Inc. While Adviser makes no payments to AP for strategy recommendations, AP is compensated by the Funds in its role as investment adviser to the Funds on the basis of assets under management in the Funds. AP is located at 1445 Research Boulevard, Suite 530, Rockville, MD 20850.

**Asset Allocation Software.** Adviser has obtained a license to utilize resampling technology portfolio optimization processes. The new technology is employed principally with Dynamic Fund Profiles, but may be employed with other strategies as Adviser deems appropriate.

**Disciplined Wealth Management, LLC ("DWM").** DWM is under contract with Adviser to provide all buy and sell directions for management of Client accounts in Adviser strategies known as the "Market Leaders" strategies. The Market Leaders strategies include the Quantified Market Leaders mutual fund, and the Strategic, Tactical, Dynamic Equity Only, Sector Growth, and Sector Growth Ultra Market Leaders strategies. In respect of its services, Adviser pays Disciplined Wealth Management a signal fee equal to 20% of the Net Advisory Fee received for the portion of all Client accounts utilizing the Market Leaders strategies.

**Hg Capital Advisors, LLC ("Hg").** Hg is under contract with Adviser to provide all buy and sell directions for management of Client accounts in Adviser's strategies (the "Hg Strategies") known as "Managed Income Aggressive," and "WP Aggressive". In respect of its services, Adviser pays Hg Capital Advisors a signal fee equal to 20% of the Net Advisory Fee received for the portion of all Client accounts utilizing the Hg Strategies.

**Thomas Campbell.** In consideration of his services in connection with the marketing of the Self-adjusting Trend Following ("STF") strategy, Adviser has contracted with Thomas Campbell, a non-affiliated investment adviser representative, to compensate him with a marketing allowance based upon that portion of each Client account utilizing the STF strategy. The amount of the allowance is dependent upon the extent of the assets of the account devoted to STF, as follows: (i) \$1,000 for each \$2,500,000 of STF assets held in Qualified Client Accounts the value of which is \$500,000 or less; (ii) \$750 for each \$2,500,000 of STF assets held in Qualified Client Accounts the value of which is greater than \$500,000 but less than \$1,000,000; and (iii) \$500 for each \$2,500,000 of STF assets held in Qualified Client Accounts the value of which is greater than \$1,000,000.

**Jerry C. Wagner.** Mr. Wagner, President of Flexible Plan Investments, Ltd., is a licensed attorney at law; was a general partner in Welch Wagner Associates, a real estate partnership



management company; and is a unit holder and advisory board member of My Estate Manager, LLC, a web-based estate planning resource center, and spends an immaterial amount of his time in those capacities. Mr. Wagner is President and 100% owner of a publishing company, Dynamic Performance Publishing, Inc. ("DPP"), which publishes The Proactive Advisor Magazine in which Flexible Plan may advertise. Additionally, certain Flexible Plan employees perform services for DPP.

**System Research, LLC. ("SR").** SR is under contract with Adviser to provide all buy and sell directions for management of Client accounts in Adviser's strategy known as "Systematic Long/Short Bond Trading" "Sector Index Rotation" and "Government Bond Trading." In respect of its services, Adviser pays SR a signal fee equal to 20% of the Net Advisory Fee received for the portion of all Client accounts utilizing the above referenced strategies.

**ProfitScore Capital Management, Inc. ("PCM").** PCM is under contract with Adviser to provide all buy and sell directions for management of Client accounts in Adviser's strategies known as "Strategic High Yield Bond" and "WP Income Builder." In respect of its services, Adviser pays PCM a signal fee equal to 20% of the Net Advisory Fee received for the portion of all Client accounts utilizing the Strategic High Yield Bond strategy.

**Third Day Advisors, LLC ("TDA").** Pursuant to an asset purchase agreement, in 2011 Adviser acquired the assets of TDA, an Oregon-registered investment advisory firm. Additionally, Adviser has employed a principal of TDA, Kenneth Whitley (see supplement in this Brochure) to serve as an employee of its research department and to be portfolio manager of the TDA strategies. Third Day Advisors terminated its registration as an investment advisor in December 2011 after its transfer oversight activities were completed.

**Schreiner Capital Management ("SCM").** Pursuant to an assignment, Adviser serves as an **adviser and/or sub-adviser** for the SCM Select Advisor wrap program at Rydex-SGI ("Rydex"). **For its adviser activities,** SCM compensates Adviser at an annual rate of 1%, prorated and paid quarterly, in arrears, based upon the average daily balance of assets in the previous calendar quarter as valued by Rydex. Additionally, those TDA Clients managed under the SCM Select Advisor wrap program affirmatively assigned their TDA Investment Management Agreement to Adviser. This agreement includes a limited power of attorney authorization for the Adviser to effect transactions in Client's account. SCM provides a quarterly fee invoice showing account values and method of fee calculation. **For its sub-adviser activities,** SCM compensates Adviser at an annual rate of 0.5%, prorated and paid quarterly, in arrears, based upon the average daily balance of assets in the previous calendar quarter as valued by Rydex. Adviser has no investment advisory agreement with such Clients and relies on SCM to designate the accounts that are to be managed by Adviser. SCM is solely responsible to such Clients for all accountings, billing and collection of their fees, and all communications with such Clients. In both of the above

arrangements, Rydex provides to Clients all transaction confirmations and a monthly summary statement showing account valuations and transactions.

**Schreiner Capital Management ("SCM") – Signal Fees.**

Pursuant to an agreement, SCM compensates Adviser at an annual rate of 0.40% for TDA strategy buy and sell signals. SCM is not currently using this service but may do so at a future date.

**Global View Capital Management ("GVCM")** serves as a Portfolio Manager to Adviser for GPS Model Portfolios, as well as for stand-alone strategies known as Tactical Emerging Markets, Tactical Hard Assets, Global Macro Equity-Tactical and Global Macro Income-Tactical (the "GVCM Strategies"). In respect of its services, Adviser pays GVCM a fee equal to 5% of the Net Advisory Fee received from those Client accounts utilizing the GPS Model Portfolios and 20% of the Net Advisory Fee received from those Client accounts utilizing the GVCM Strategies. No payment of the GPS Model Portfolio fee is made on assets upon which a fee is otherwise charged.

In respect of the GPS Model Portfolios, it is possible that GVCM may enhance its revenue to the extent that it directs investment selections that include GVCM's Global View Tactical Asset Allocation Variable Fund (ticker symbol GVTAX; a mutual fund advised for compensation by GVCM), or any other mutual fund managed by them, or the GVCM Strategies, as opposed to allocation to other investment vehicles or strategies in which GVCM has no pecuniary interest. Flexible Plan has no pecuniary interest in GVTAX whatsoever. Since GVCM developed such Fund and Strategies, it has a strong belief in the efficacy of same; however, to the extent of such direction, GVCM has a conflict of interest that clients should be aware of that may influence its allocation process.

In respect of the FUSION strategy in group retirement plans for GVCM, Adviser may utilize GVCM's Global View Tactical Asset Allocation Variable Fund (ticker symbol GVTAX; a mutual fund advised for compensation by GVCM), or any other mutual fund managed by them.

**Active Investment Management ("AIM").** AIM is under contract with Adviser to provide buy and sell directions for management of Client accounts in an Adviser strategy known as Contrarian S&P Trading. In respect of its services, Adviser pays Ridgeway Conger Advisory Services, AIMs broker/dealer affiliate, a signal fee equal to 20% of the Net Advisory Fee received for the portion of all Client accounts utilizing AIM signals.

**Sterling Investment Advisor, Inc. ("Sterling").** Sterling is under contract with Adviser to provide Clients with Sterling Allocation Service entailing monitoring of Client suitability profiles, selection, and allocation of strategies (Sterling Wealth Strategies) to Client portfolios and, thereafter, regularly monitoring and adjusting Client strategies, as necessary. In respect of its services, Adviser pays Sterling a fee equal to 5% of the Net Advisory Fee received from



those Client accounts utilizing the Sterling Wealth Strategies. No payment is made on assets upon which a sub-advisory fee is otherwise charged.

**Heritage Capital LLC.** Heritage Capital is under contract with Adviser to provide buy and sell trading signal information for management of Client accounts in an Adviser strategy known as Gold Equities Trading. Adviser pays Heritage Capital a signal fee equal to 20% of the Net Advisory Fee received for the portion of all Client accounts utilizing this strategy.

**Transamerica Financial Advisors' ("TFA") Wealth Management Strategies (TWMS) program.** Adviser is under contract with TFA to provide certain ETF model portfolios for TWMS. TFA pays Adviser an annual fee of 50 basis points on assets under management up to \$350,000,000 and 45 basis points on assets under management in excess of \$350,000,000.

**Foresters Equity Services, Inc.** Adviser provides a private label program known as Foresters Equity Strategic Allocation Program. Adviser will utilize First Investors Funds for a portion of this program. Foresters Equity Services, Inc. is under common control with First Investors Management Company, Inc. ("FIMCO"). FIMCO is an investment advisor to the First Investors Funds, for which FIMCO will receive compensation, including but not limited to, fund-level management fees. Adviser is not affiliated with Foresters Equity Services, Inc. or FIMCO.

#### INDIRECT RETIREMENT ACCOUNT SERVICES

**American Trust & Savings Bank ("ATSB").** Adviser is under contract with American Trust to provide certain investment strategies to ATSB for use on its retirement plan platform. Adviser provides Flexible Leaders strategy models (Conservative, Conservative Growth, Moderate Growth, Growth, and Aggressive Growth) under two (2) separate programs: 1) The Flexible Leaders strategy models are provided as a retirement plan investment option to plans referred by American Trust solicitor representatives. In respect of its services in this program, American Trust pays Adviser a sub-advisory fee of 40 basis points annually applied against assets invested in the models. This fee is not charged to Clients and Adviser charges no separate advisory fee to Clients in this program; 2) Flexible Leaders strategy models are also provided to retirement plans referred to ATSB by Adviser's solicitor representatives. See fee schedule in ADV Part 2A under Group Retirement Plans at American Trust. In addition to the aforementioned fee, American Trust pays Adviser a one time finder's fee of 0.05% but not less than \$500 on each retirement plan so referred. This finder's fee is paid by American Trust and is not charged to the Client.

**Lincoln Trust Company (LTC) (formerly Benefit Solutions Corporation).** Adviser is under contract with LTC to provide certain investment strategies for use with Clients. Currently, Adviser provides core fiduciary services and Market Leaders Strategic mutual fund strategy.

**ePlan.** Mutual funds sub-advised by the Adviser are utilized on retirement plans of this company. No separate charge or agreement with Advisor is required. Model portfolios of the funds allocations for various suitability profiles is also supplied without cost.

**Spectrum Pension Consultants, Inc.** Adviser provides the FUSION strategy (described in Item 8 of this brochure) for use with retirement plans of this recordkeeper company. Adviser offers five (5) suitability-based profiles as well as core services.

#### Item 11 – Code of Ethics

**Code of Ethics.** Adviser has adopted a Code of Ethics for all supervised persons of Adviser as governance for the conduct of its business and fiduciary duty to its Clients. Certain conduct is singled out in Adviser's Code of Ethics for prohibition. Other conduct may be prohibited from time to time as circumstances may warrant or as may be required to assure that this Code remains compliant with Rule 17j-1 of the Investment Company Act of 1940 and the Investment Adviser Act of 1940 as amended. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. Adviser will provide a copy of the Code of Ethics to any Client or prospective Client upon written request.

**Participation or Interest in Client Transactions.** Adviser, at its discretion, effectuates transactions in the Investments discussed in Item 8 pursuant to a limited power of attorney contained in each investment management agreement or pursuant to a sub-adviser agreement. With respect to Adviser's investment trading strategy, Adviser or its employees may have a position or interest in the Investment utilized by its Clients.

However, since open-end mutual funds by their nature have large diversified portfolios, and, as all strategy trades made on a given day are assigned the same buy or sell price, there is no allocation policy necessary for such shares or for those shares which have specific morning trading closes as well as end of day closes; Adviser does not restrict its employees or agents with respect to trading in such Investments provided, however, Adviser does not permit its employees to trade on the basis of material, non-public information, or to direct trades of mutual funds or variable annuity sub-accounts as to which Adviser serves as adviser or sub-adviser ("Reportable Funds") in a capacity other than as an employee of Adviser.

**Employee Personal Securities Trading.** At any time Adviser's investment trading strategies involve the purchases and sales of securities other than obligations of the United States, shares of registered open-end investment companies and/or variable annuity/life sub-accounts (other than Reportable Funds), Adviser's stated policy requires that no employee with prior trading knowledge (hereinafter "Associate") shall purchase or sell any security (other than obligations of the United States or shares of registered open end investment companies, excluding Reportable Funds) contemporaneous with a trade of such security by a Reportable Fund. Further, none of Adviser's Access Persons may acquire an interest in an Initial Public Offering or pursuant to a Private





Placement unless such person first obtains the written approval of the Adviser's Chief Compliance Officer.

**Allocation of Trades.** Adviser does not have an allocation policy for mutual fund transactions (see above under "Participation or Interest in Client Transactions") because all Investment transactions (trades) for a strategy, executed on the same day, have the same price. However, Adviser also trades ETFs and while all buy or sell trades executed on the same day have the same price, if Adviser executes trades at differing prices, all trades will be allocated on a "pro rata" basis. In doing so, Adviser will seek to ensure that all Clients are treated fairly and equally and to prevent a conflict of interest.

#### Item 12 – Brokerage Practices

Adviser may suggest the broker or brokers to be utilized unless Client is already utilizing a specific broker or specifies a broker to be used. Some strategies are customized for specific brokerage platforms and may charge fees and utilize Investments unavailable on other platforms. Clients and their brokers will determine commissions charged without consultation with Adviser. Adviser does not receive any services from any such broker, which would cause Client to pay a higher commission than the lowest commission available from such broker. With respect to Clients participating in registered investment company accounts, the investment companies utilize specific commission schedules. Most provide for discounts based upon the dollar amount invested. Some provide for back-end redemption fees in lieu of front-end fees. Clients should note that fees or commissions of investment companies, brokers or custodians are in addition to management fees incurred for Adviser's services.

Adviser receives from certain broker/dealers, trust companies, mutual funds, variable annuities, and other investment advisers' computer software and services related to account management which permits Adviser to transmit trading instructions and to receive account information, including trade confirmations and account inventories, electronically via computer modem. Occasionally, these entities will provide financial assistance to advisers for conferences, sales or employee training programs, travel and lodging expenses for meetings and seminars held at various locations and gifts of nominal value as permitted under applicable regulations. Certain of the support services and/or products that *may* be received may assist the Adviser in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Adviser to manage and further develop its business enterprise. The services received by Adviser are not related to the amount of transaction fees paid by Clients and, therefore, Clients are not charged increased transaction fees by such persons by reason of the services provided by them to Adviser. Adviser may also suggest that Clients use a custodian other than a broker/dealer, such as a bank or trust company. All such custodians are unaffiliated with the Adviser. Any such custodian is under separate contract with and reports separately to Client.

The Adviser's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.

#### Item 13 – Review of Accounts

**Monthly/Quarterly Review.** Investment advisory accounts are computer tracked by employees of the Adviser from statement data received from the Investment vehicles or brokerage firm through which the Investment is purchased. Such data is received on a daily, weekly, monthly or quarterly basis, as determined by the investment provider. Accounts are reviewed when fees are billed. Other than the receipt of such data, requests by a Client or the passage of time (i.e. the ending of the month or quarter), there are no other factors that would trigger such review, nor is there any predetermined sequence of review. At time of review, accounts are reviewed to determine whether or not transaction records maintained by the Adviser accurately reflect such transactions. When an account is originally opened with an Investment, all information concerning Adviser shown on the Investment's statements are reviewed to confirm its accuracy (e.g. name, address, etc.). Additionally, a strategy review is performed from account data as described under OnTarget Investing.

**Quarterly Reporting.** In addition to the reports described herein that are sent directly by Adviser, Clients receive from an independent qualified custodian, not less frequently than quarter annually, an account statement detailing all transactions and holdings of the Client's account. We urge Clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to them. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Newsletters and reports are sent quarterly, invoices show the value of the account at the end of the quarter. In addition, a Weekly Hotline is provided to Client describing the firm's investment outlook and any transactions of the previous week.

**OnTarget Investing.** OnTarget Investing is a reporting process employed by Adviser. The process seeks to provide Client and Adviser with the tools to monitor whether Client Investments are actually performing in a manner that fits with Client suitability questionnaire responses and is consistent with expectations. For new Clients, this process is intended to let Client know from the beginning through Adviser's Investment Proposal process the projected risk and return outcome the chosen investment strategy was designed to achieve. OnTarget Client statements show new and existing Clients their Investment Portfolio Rating and translate what that means in terms of the types of Investments used and the expectations appropriate for those Investments. The rating is based on Client's latest Suitability Questionnaire on file with Adviser. One of five (5) styles is referenced: Conservative, Moderate, Balanced, Growth or Aggressive. A Market Commentary is provided dealing with the general action of the stock, bond and international markets during the quarter (to put the actions of Client accounts in a market



perspective) and also a discussion of the significant changes that occurred in each Client's portfolio during the quarter is provided. Risk Target and Volatility Barometer charts are included and are designed to give Clients perspective on the risk being taken in their respective portfolios compared to popular market indexes. The Barometer compares the volatility (the variability in the value) of each Client's portfolio to that of the indexes. The Risk Target focuses on the historical downside of the strategies employed in each Client's portfolio and relates it to the downside of the S&P 500 and NASDAQ stock market indices. Finally, the OnTarget Monitor applies the power of Monte Carlo analysis, using hundreds of computer simulations to generate projections of the probability outcomes for each Client's account with the strategies employed. It allows Adviser to chart a probability-derived path for each Client's Investments during their investment time horizon consistent with the assumptions disclosed. A weekly report using the Monte Carlo analysis is generated for Advisor strategies from actual model account data. Strategies found to be "in the red or yellow" on the underlying Monte Carlo report are flagged, and remedial action may be taken after an Adviser determined period of low probability performance.

#### **Item 14 – Client Referrals and Other Compensation**

**Solicitors.** Adviser receives Clients primarily from solicitor firms such as broker/dealers, other investment advisers, and other qualified persons that serve as solicitors for Adviser, none of whom is affiliated with Adviser. These firms receive direct and indirect compensation from Adviser as a result of Client's participation in Adviser's management. In accordance with the SEC Regulation 275.206 and after execution of a written referral fee disclosure statement by each Client in respect of such persons, Adviser pays a cash referral fee at a negotiated rate to these firms in accordance with the terms of a written Solicitor Agreement. Adviser may provide marketing support or services to assist its solicitors and their firms. This support may take the form of payment of certain expenses, such as fees to allow Adviser to participate in sales conferences of the soliciting firms, to present seminars for prospective and existing Clients, to cover expenses for attendance at informational meetings held by Adviser at its offices or other locations, and reimbursement of costs for sales promotional activities. The firms may receive additional sales compensation, directly or indirectly, from mutual funds that may have been purchased by Client during and prior to entering the management. In all cases, the firms have significant financial incentives to recommend Adviser over other available advisers or services.

Generally, Adviser makes no payment of referral fees to solicitors until the Client fee giving rise to the referral fee has been paid to Adviser. However, in those instances where the referral agreement contemplates monthly billing of advisory fees by Adviser and the monthly billing option is elected, Adviser accelerates payment of a portion of the referral fee by a calendar month and pays a referral fee payout of 1/14<sup>th</sup> of the annual referral fee in each of the first seven months after initiation of the account (as opposed to 1/12<sup>th</sup> for the second through seventh months). This advance of referral

fee compensation has no effect whatsoever on the amount or timing of Client payment of advisory fees.

Referral Fees and/or Establishment Fees will be deemed earned by Solicitor only if the Client was referred in the first instance to the Adviser by Solicitor and the Client had not been contacted, introduced or referred to the Adviser through the efforts of the Adviser or any party other than Solicitor, and was not previously a Client of the Adviser.

**Regional Sales Managers ("RSM").** Adviser also pays RSMs to solicit Clients for its management. RSMs may be either employees of Adviser or independent representatives. Payments to employed RSMs may take the form of salaries, commissions, reimbursement of third party expenses, or any or all of such payments. Adviser pays all RSMs compensation based in whole or in part on revenues generated or assets placed under management from the RSM's territory, and may include reimbursement of third party expenses. Such compensation is separately negotiated. Client pays no additional fee by reason of the payment of these fees.

#### **Item 15 – Custody**

Adviser does not provide custodial services to its Clients. Client assets are held with non-affiliated "qualified custodians." However, Adviser has authority to debit fees directly from Client accounts. For this reason only, Adviser is deemed to have custody of Client funds. At least quarterly Clients should receive statements from the qualified custodian that holds and maintains Client's Investments. Clients are urged to carefully review such statements and compare such official custodial records to the account statements that Adviser provides to them. Adviser statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

Adviser obtains advance, one-time written discretionary authority to execute the type of transactions it deems necessary to implement the investment strategy selected by Client, however, such discretion does not extend to withdrawal of Client funds except where Client has authorized withdrawal in payment of fees such as investment advisory fees, establishment fees or set-up fees due Adviser, and then only to the extent of such fees. Adviser, at its discretion, effectuates transactions in the Investments discussed in Item 8 pursuant to a limited power of attorney contained in each investment management agreement or pursuant to a sub-adviser agreement.

Client may limit Adviser's use of specific investment vehicles by selection of an investment with vehicles solely consistent with Client's objectives, or by termination of the investment management agreement. Investment guidelines and restrictions must be agreed to by Adviser in writing.





#### Item 17 – Voting Client Securities

As a matter of firm policy and practice, Adviser does not have any authority to and does not vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios. Adviser may not provide advice to Clients regarding the Clients' voting of proxies.

#### Item 18 – Financial Information

Registered investment advisers are required in this Item to provide Clients with certain financial information or disclosures about Adviser's financial condition. Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

#### Privacy Notice

The following notice is furnished to Clients and prospective Clients in compliance with SEC Regulation S-P:

Flexible Plan Investments, Ltd. collects nonpublic personal information about Client or prospective clients from the following sources: (1) Information received from Client on applications,

contracts or other forms; (2) Information about Client account transactions with us or others; and (3) personal data provided when using our websites. We do not disclose any nonpublic personal information to anyone, except to Client's Agents or as permitted by law. (We may disclose information in order to cooperate with legal authorities or to protect our rights and interest.) If Client decides to close accounts or otherwise become an inactive Client, we will adhere to the privacy policies and practices as described in this notice. Flexible Plan Investments, Ltd. restricts access to Client personal and account information to those employees who need to know that information to provide products or services to Client. Flexible Plan Investments, Ltd. maintains physical, electronic and procedural safeguards to guard Client nonpublic personal information.

Flexible Plan Investments, Ltd. Does not currently respond or otherwise take any action with regard to Do Not Track requests.

Information on the disciplinary history (if any) and registration of the Adviser and associated persons may be obtained by writing to the various State Regulatory Commissions or the United States Securities and Exchange Commission, Washington D.C. 20549 or by inquiry to the Adviser's or Associated person's Compliance Department.



**Flexible Plan Investments, Ltd.**  
*Your partner in active wealth management*

flexibleplan.com | 800-347-3539 | 248-642-6741 FAX  
3883 Telegraph Road, Suite 100  
Bloomfield Hills, MI 48302

Supplement

## Jerry C. Wagner

Flexible Plan Investments, Ltd.  
3883 Telegraph Rd., Suite 100  
Bloomfield Hills, MI 48302  
800-347-3539

### Item 1

October 23, 2014

This Brochure Supplement provides information about Jerry C. Wagner, a supervised person, which supplements Flexible Plan Investments, Ltd.'s Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department at 800-347-3539 or [gsmith@flexibleplan.com](mailto:gsmith@flexibleplan.com) if you did not receive Flexible Plan Investments, Ltd.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Jerry C. Wagner is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 2 – Educational Background and Business Experience

Jerry C. Wagner, JD is President and Chief Investment Officer of Flexible Plan Investments, Ltd. Mr. Wagner was born on May 7, 1947. He holds the degree of Juris Doctor awarded by the University of Michigan in 1973 and degrees of Masters in Labor & Industrial Relations (1970) and Bachelor of Arts (1969) from Michigan State University. Mr. Wagner has been a member of the State Bar of Michigan since 1973. He has been the principal investment officer for Flexible Plan Investments, Ltd. since 1981. Mr. Wagner has a Series 65. His business experience for the last 5 years is as follows:

|                                 |   |
|---------------------------------|---|
| Flexible Plan Investments, Ltd. | Investment Adviser<br>President and CEO<br>February 1981 to Present           |
| New SIMCO, Inc.                 | Investment Adviser CEO and Treasurer<br>February 2001 to April 2012           |
| Welch Wagner Associates         | Real Estate Syndication<br>Partner<br>December 1988 to December 2010          |
| My Estate Manager, LLC          | Internet Service Provider<br>Advisory Board Member<br>January 2009 to Present |
| Wagner and Associates           | Attorney at Law<br>Founded in 1988 to Present                                 |
| State Bar of Michigan Member    | 1973 to Present   |

## Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## Item 4 – Other Business Activities

Mr. Wagner is not involved in any other investment related business but he is a licensed attorney at law and Member of the State Bar of Michigan; was a general partner in Welch Wagner Associates, a real estate partnership management company; and is a unit holder and advisory board member of My Estate Manager, LLC, a web-based estate planning resource center. He spends an immaterial amount of his time in these capacities. Mr. Wagner is President and 100% owner of a publishing company, Dynamic Performance Publishing, Inc., which publishes The Proactive Advisor Magazine.

## Item 5 – Additional Compensation

Mr. Wagner does not receive any additional compensation beyond his salary, bonus and Sub-chapter S earnings from his controlling ownership of Adviser, a Michigan Sub-chapter S corporation.

## Item 6 – Supervision

Mr. Wagner is an attorney knowledgeable in securities law. His advisory activity is monitored through the firm's Compliance Department.



**Flexible Plan Investments, Ltd.**  
*Your partner in active wealth management*

flexibleplan.com | 800-347-3539 | 248-642-6741 FAX  
3883 Telegraph Road, Suite 100  
Bloomfield Hills, MI 48302

---

Supplement

## **Dr. Z. George Yang, PhD., AIF, CFA, FRM**

Flexible Plan Investments, Ltd.  
3883 Telegraph Rd. Suite 100  
Bloomfield Hills, MI 48302  
800-347-3539

### **Item 1**

**October 23, 2014**

This Brochure Supplement provides information about Dr. Z. George Yang, PhD., AIF, CFA, FRM, a supervised person, which supplements Flexible Plan Investments, Ltd.'s Brochure. You should have received a copy of that Brochure. Please contact the Compliance Department at 800-347-3539 or [gsmith@flexibleplan.com](mailto:gsmith@flexibleplan.com) if you did not receive Flexible Plan Investments, Ltd.'s Brochure or if you have any questions about the contents of this supplement.



## Item 2 – Educational Background and Business Experience

**Dr. Z. George Yang, CFA, Director of Research.** Dr. Yang was born September 20, 1969. He holds a Ph.D. degree from Cornell University, an MBA degree from the University of Michigan, and a Bachelor of Science degree from the University of Science and Technology of China. He has been a member of the Global Association of Risk Professionals (GARP) since 2006. He was a winner of Henry Ford Technology Award from Ford Motor Company in 1999. Dr. Yang joined Flexible Plan Investment, Ltd as Director of Research in July 2008, following a 10-year engineering career developing quantitative and analytical methods in the automotive industry. He holds the designations of Chartered Financial Analyst (CFA)\*, Financial Risk Manager (FRM)\*\* from the Global Association of Risk Professionals, and Accredited Investments Fiduciary (AIF)\*\*\*from FI360. His business experience for the last 5 years is as follows:

Flexible Plan Investments, Ltd.

Investment Adviser  
Director of Research  
July 2008 to Present

\*A Chartered Financial Analyst (CFA) is obtained through a graduate level self-study program and examination. This program emphasizes real-world investment analysis and portfolio management skills in combination with high ethical and professional standards.

\*\*A Financial Risk Manager (FRM) designation requires a self-study exam after at least two years of experience in a financial risk management career along with Global Association of Risk Professionals (GARP) membership.

\*\*\*An Accredited Investment Fiduciary (AIF) from FI360 is obtained by examination and requires continuing education each year. The AIF designation training instructs in best investment practices as well as proper policies and procedures.

## Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## Item 4 – Other Business Activities

Dr. Yang does not engage in any other investment related business or in any other non-investment related business.

## Item 5 – Additional Compensation

Dr. Yang does not receive any additional compensation beyond his salary and bonus.

## Item 6 - Supervision

Dr. Yang works directly under the supervision of Jerry C. Wagner, President and Chief Investment Officer. Dr. Yang's activity is also monitored through the firm's Compliance Department.





**Flexible Plan Investments, Ltd.**  
*Your partner in active wealth management*

flexibleplan.com | 800-347-3539 | 248-642-6741 FAX  
3883 Telegraph Road, Suite 100  
Bloomfield Hills, MI 48302

Supplement

## Kenneth B. Whitley, AIF

Flexible Plan Investments, Ltd.  
3883 Telegraph Rd., Suite 100  
Bloomfield Hills, MI 48302  
800-347-3539

### Item 1

October 23, 2014

This Brochure Supplement provides information about Kenneth B. Whitley, AIF a supervised person, which supplements Flexible Plan Investments, Ltd.'s Brochure. You should have received a copy of that Brochure. Please contact the Compliance Department at 800-347-3539 or [gsmith@flexibleplan.com](mailto:gsmith@flexibleplan.com) if you did not receive Flexible Plan Investments, Ltd.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Kenneth B. Whitley is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 2 – Educational Background and Business Experience

**Kenneth B. Whitley, Managing Director -Special Projects.** Mr. Whitley was born July 8, 1959. He holds a Bachelor of Science degree in Computer Science from Indiana University of Pennsylvania (1981). Mr. Whitley joined Flexible Plan Investments, Ltd. as Portfolio Manager in June 2011, following a successful 10-year career operating a registered investment advisory firm, Third Day Advisors, LLC. Prior to this, he enjoyed a 20-year career in software engineering, concluding with a position at Intel Corporation as an Engineering Manager and Program Manager overseeing development of software-based products. Mr. Whitley has a Series 65. He has also obtained the designation of AIF\* (Accredited Investments Fiduciary) from FI360. His business experience for the last 5 years is as follows:

|                                 |  |
|---------------------------------|--|
| Flexible Plan Investments, Ltd. | Investment Adviser<br>Portfolio Manager<br>June 2011 to Present<br>Managing Director -Special Projects<br>December 2012 to Present<br>Corporate Secretary<br>May 2013 to Present |
| Third Day Advisors, LLC         | Investment Adviser<br>Principal<br>July 2003 to December 2011<br>Portfolio Manager<br>July 2003 to June 2011   |

\*An Accredited Investment Fiduciary (AIF) from FI360 is obtained by examination and requires continuing education each year. The AIF designation training instructs in best investment practices as well as proper policies and procedures.

## Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## Item 4 – Other Business Activities

Mr. Whitley was previously the portfolio manager of Third Day Advisors, LLC, an Oregon registered investment advisor Third Day Advisors terminated its registration as an investment advisor in December 2011 after its transfer oversight activities were completed. Mr. Whitley does not engage in any other investment related business or in any other non-investment related business.

## Item 5 – Additional Compensation

Mr. Whitley does not receive any additional compensation beyond his salary and bonus.

## Item 6 – Supervision

Mr. Whitley works under the supervision of Jerry C. Wagner, President and Chief Investment Officer and Renee Toth, Executive Vice President. His activity is also monitored through the firm's Compliance Department.



**Flexible Plan Investments, Ltd.**  
*Your partner in active wealth management*

flexibleplan.com | 800-347-3539 | 248-642-6741 FAX  
3883 Telegraph Road, Suite 100  
Bloomfield Hills, MI 48302

---

Supplement

## Bryan Franco, CFA

Flexible Plan Investments, Ltd.  
3883 Telegraph Rd., Suite 100  
Bloomfield Hills, MI 48302  
800-347-3539

### Item 1

October 23, 2014

This Brochure Supplement provides information about Bryan Franco, CFA, a supervised person, which supplements Flexible Plan Investments, Ltd.'s Brochure. You should have received a copy of that Brochure. Please contact the Compliance Department at 800-347-3539 or [gsmith@flexibleplan.com](mailto:gsmith@flexibleplan.com) if you did not receive Flexible Plan Investments, Ltd.'s Brochure or if you have any questions about the contents of this supplement.



## Item 2 – Educational Background and Business Experience

**Bryan Franco, CFA, Portfolio Manager.** Mr. Franco was born (January 30, 1981). He comes to Flexible Plan Investments from Oppenheimer & Co. While at Oppenheimer, he co-managed a globally-oriented hedge fund. He brings a unique perspective on the nature of price momentum and reversal signals, earnings quality, portfolio optimization, and quantitative portfolio management and research. Bryan holds a Bachelors and Masters degree in Industrial Engineering from the University of Michigan ('03 / '05). He is a CFA\* Charterholder and a member of the CFA Society of Detroit. His business experience for the last 5 years is as follows:

|                                 |   |
|---------------------------------|---|
| Flexible Plan Investments, Ltd. | Investment Adviser<br>Portfolio Manager<br>February 2014 to Present                     |
| Oppenheimer & Co.               | Investment Adviser/Broker-Dealer<br>Co-Portfolio Manager<br>March 2011 to February 2014 |
| Northpointe Capital LLC         | Investment Adviser<br>Portfolio Manager<br>March 2006 to March 2011                     |

\*A Chartered Financial Analyst (CFA) is obtained through a graduate level self-study program and examination. This program emphasizes real-world investment analysis and portfolio management skills in combination with high ethical and professional standards.

## Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## Item 4 – Other Business Activities

Mr. Franco does not engage in any other investment related business or in any other non-investment related business.

## Item 5 – Additional Compensation

Mr. Franco does not receive any additional compensation beyond his salary and bonus.

## Item 6 – Supervision

Mr. Franco works under the supervision of Jerry C. Wagner, President and Chief Investment Officer. His activity is also monitored through the firm's Compliance Department.