

Item 1 – Cover Page



Form ADV Part 2A

January 29, 2014

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American Independence Financial Services, LLC is registered with the Securities and Exchange Commission. The statements contained herein have not been verified or evaluated by any regulator. Registration does not imply that American Independence Financial Services, LLC, or its associates, have attained a certain level of skill or training.

Clients and prospective clients are encouraged to visit the SEC's Investment Adviser Public Disclosure (IAPD) for more information about American Independence Financial Services, LLC. The IAPD web address: www.adviserinfo.sec.gov

American Independence Financial Services, LLC shall be referred to as "American Independence" in this document.

Item 2 – Material Changes

This item is a summary of changes to the Brochure and discusses only specific material changes that have been made to the Brochure dated January 29, 2013. Below describes the changes made within the Brochure by Item:

Item 4 – Advisory Business. This item has been updated to reflect that American Independence no longer offers the Tactical ETF Strategy and the Dynamic Conservative Plus Strategy. The following five new strategies have been added:

- Risk-Managed Allocation Strategy; and
- Four Macroeconomic Assessment of Risk (“MAR”) Tactical Strategies:
 - MAR Tactical Conservative,
 - MAR Tactical Moderate Growth,
 - MAR Tactical Growth, and
 - MAR Tactical Aggressive Growth.

In addition, the assets under management (“AUM”) have been updated as of a more recent date. AUM as of December 31, 2013 are approximately \$910 million compared to \$1.1 billion the previous year.

Item 5 – Fees and Compensation. This item has been updated to reflect the current fee structure for the investment management services offered by American Independence.

Direct clients of American Independence will pay an annual fee between 0.40% and 1.00%, which is determined pursuant to an agreement between the client and American Independence.

With respect to wrap programs, clients will pay the program sponsor an annual wrap fee that ranges between 1.00% and 3.00% of assets in their account regardless of the American Independence Strategy offered. This total fee generally covers the fees due to the program sponsor for its advisory services, transactional fees for trades executed through the sponsor, fees for custodial and reporting services and fees to investment advisers selected by the sponsor or client. Clients should consult the program sponsor’s Brochure for additional information on the fees associated with the program.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss. This section is updated to reflect changes to the Investment Strategies offered and the Risks involved. Those changes are as follows:

- Strategies which are no longer offered: Dynamic Conservative Plus Strategy and the Tactical ETF Strategy.
- New Strategies currently being offered: Risk-Managed Allocation Strategy, MAR Tactical Conservative Strategy, MAR Tactical Moderate Growth Strategy, MAR Tactical Growth Strategy, and MAR Tactical Aggressive Growth Strategy.
- Risks added: Asset Allocation Risk, Prepayment Risk, and Municipal Bond Risk.

Item 10 – Other Financial Industry Activities and Affiliations. This section has been updated to reflect American Independence’s affiliation with J. A. Forlines, LLC, sub-adviser to one of the new investment Strategies, the Risk-Managed Allocation Strategy. The following paragraph has been added:

As noted in Item 8, Forlines is the sub-advisor to the Risk-Managed Allocation Strategy. It should be specifically noted that Forlines may also provide advisory services to other unrelated managed accounts that may invest in the same securities that may be invested in by American Independence’s Risk-Managed Allocation Strategy. American Independence uses a model portfolio provided by Forlines to trade on behalf of its clients. American Independence may also provide sub-advisory services to clients of Forlines. In addition, Mr. James Gardiner and Mr. Ken Romano are dual employees of American Independence and Forlines. Messrs. Gardiner and Romano are part-time employees for American Independence assisting in the operations and business development areas of the firm. Conflicts of interest may exist with respect to time commitment, but none with respect to the management of the Strategy.

At any time, you may view the current Firm Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at <http://adviserinfo.sec.gov>.

You may also request a copy of this Firm Brochure at any time, by contacting us at (212) 488-1331.

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Item 4 – Advisory Business**Firm Information**

American Independence Financial Services, LLC (“American Independence”) is an SEC registered investment advisory firm that has been operational since March 2006. American Independence initially provided investment management services to a proprietary investment company, American Independence Funds Trust (the “Trust”). In July 2013 American Independence Funds Trust II was formed and American Independence also provides investment management services to it. In addition, in April 2009, American Independence began offering investment advisory services to separately managed accounts.

American Independence provides professional, both discretionary and non-discretionary, actively managed investment advisory services to registered investment companies and separately managed accounts, aggregating approximately \$910 million in assets under management.

As of December 31, 2013, American Independence managed the following assets:

Discretionary Assets	\$868,783,053
Non-Discretionary Assets	\$41,503,947
Total Assets Under Management	\$910,287,000

John J. Pileggi and Eric M. Rubin are the Founding and Managing Members of American Independence and are active in the day to day management and growth of American Independence. Together they own approximately 39% of American Independence. Several other American Independence employees own minority interests in the company and, along with the interests of John Pileggi and Eric Rubin, American Independence is approximately 75% “employee owned”. The remainder of American Independence is owned by private and unaffiliated individuals or entities. The firm is comprised of industry leaders with over 25 years of average industry tenure.

To learn more about American Independence, visit www.AmericanIndependence.com or call (212) 488-1331.

Advisory Services Offered

American Independence provides investment advisory or sub-advisory services to registered investment funds (both proprietary and non-proprietary). American Independence also provides investment sub-advisory services in connection with certain “wrap programs”. American Independence also provides investment advisory and sub-advisory services to institutional and individual clients through its separate account management services.

American Independence’s clients may include, but are not limited to: financial institutions, registered investment companies, retirement accounts, corporations, banks and thrift institutions, separate accounts, and other institutional type accounts (both taxable and tax-exempt), as well as high net worth and other individuals. The types of clients to which

American Independence provides investment management services are disclosed in the Adviser's Form ADV Part 1 and summarized in Item 7 ("Types of Clients") of this Brochure.

Separately Managed Accounts

American Independence offers a variety of equity and multi-asset class investment strategies ("Strategy" or "Strategies") to individual and institutional separate account clients. Information about American Independence's compensation arrangements is included in Item 5 ("Fees and Compensation") of this Brochure.

American Independence participates as an investment manager in SMA programs sponsored by various broker-dealers, investment advisers and other firms (which may include acting as sub-adviser to clients who authorize their investment advisers to retain an adviser to act as a discretionary investment manager). The SMA programs in which American Independence currently participates are identified in the firm's Form ADV Part 1. American Independence may require a minimum account size for its investment strategies, which may vary among SMA programs. In most SMA programs, the program's sponsor ("Sponsor") is responsible for establishing the financial circumstances, investment objectives and investment restrictions applicable to each client, often through a client profile ("Profile") and discussions between the client and the Sponsor's personnel. Each client typically completes a Profile in addition to executing a program contract with the Sponsor. In some SMA programs, clients also may be required to execute a separate agreement directly with American Independence or, American Independence may be made a party to the Sponsor/client agreement (often referred to as "Dual Contract SMA Programs"). The client's program agreement with the Sponsor generally establishes the services to be provided to the client by, or on behalf of, the Sponsor, which may include, among other things: (i) manager selection; (ii) trade execution, often without a transaction-specific commission or charge; (iii) custodial services; (iv) periodic monitoring of investment managers; and (v) performance reporting.

Client Account Management

Clients and their financial advisors determine which, if any, of American Independence's investment strategies are appropriate for them given their investment goals and objectives, time horizon, and risk tolerance, among other factors. American Independence does not customize the client portfolios within each strategy and does not accept restrictions on the investment management of the accounts.

Wrap Fee Programs

We are the portfolio manager for several wrap fee programs that are sponsored by unaffiliated third parties, in which case we receive a portion of the wrap fee that is charged to the client by the Sponsor.

There are some differences in the way wrap accounts and non-wrap accounts are managed within the same strategy, primarily because wrap accounts are usually smaller and are subject to restrictions set by the Sponsor. Additionally, Exchange Traded Funds ("ETFs") may be utilized in the management of wrap fee accounts at the request of the Sponsor. Trades are likely to be executed with the wrap fee sponsor as trading costs are built into the wrap fee.

Unified Managed Account Programs (“UMA Programs”)

American Independence charges a fee to each UMA Program Sponsor that enters into a contract. The Sponsor contracts with American Independence to use American Independence’s model portfolios to assist the sponsor in managing its client accounts. American Independence and the sponsor usually negotiate the fee amount. The fee may vary depending on a number of factors, including the number of model portfolios that the sponsor is purchasing and the total assets under management.

Item 5 – Fees and Compensation

American Independence’s fees are expressed as a percentage of the net assets under management. Fee arrangements vary by client, and are based on a number of different factors, including investment mandate, services performed, and account/relationship size. For an additional discussion of performance-based fees and allocations, please refer to Item 6 (“Performance-Based Fees and Side-by-Side Management”).

Direct clients of American Independence will pay an annual fee between 0.40% and 1.00% that is determined by agreement between the client and American Independence. This fee generally will not cover transactional fees for trades or expenses for custodial and reporting services. These clients pay transaction costs on each trade executed in the account.

In a wrap program, you will pay the program sponsor an annual wrap fee that ranges between 1.00% and 3.00% of assets in your account regardless of the Strategy described above. This total fee generally covers the fees due to the program sponsor for its advisory services, transactional fees for trades executed through the sponsor, fees for custodial and reporting services and fees to investment advisers selected by the sponsor or client. The program sponsor, and not American Independence, determines the exact amount of the wrap fee. The sponsor pays American Independence a portion of the program fee which ranges between 0.30% (30 basis points) and 0.75% (75 basis points) of the assets that American Independence manages under the program. American Independence’s fee will vary depending on the size of the program, the services performed by the program sponsor, the referring financial intermediary under the program, and the American Independence strategy that you select. You should consult the program sponsor’s Brochure for additional information on the fees associated with the program.

Negotiability of Fees

Fees may be negotiated and a client may pay more or less than similar clients depending on various factors, including, but not limited to, account size, historic relationship with American Independence, the potential for future business prospects, the scope and complexity of the advisory services provided (e.g. service level and reporting requirements). American Independence reserves the right to negotiate different fees with clients, which may be higher or lower than those reflected below. Certain investors, including employees or owners of the Firm, may negotiate lower fees or be entitled to different terms and conditions than those of other investors. Fee minimums may apply.

All fees are negotiable and are most commonly charged quarterly in arrears.

Fee Billing

The fee schedule, manner in which the fee is calculated, billing method and when fees are due are detailed in the investment management agreement. Fees for partial periods, either upon opening an account or terminating services, will be prorated based on the number of days that services will be, or were, provided. Asset-based fees generally are paid monthly or quarterly, and are calculated on the value of the account's average monthly net assets.

Clients generally are charged by the Sponsor a quarterly, comprehensive or "wrap fee" based upon a percentage of the value of the assets under management to cover such services. The wrap fee often, but not always, includes the advisory fees charged by American Independence (or other participating managers) through the program. Where the services provided by American Independence are included in the wrap fee, the Sponsor generally collects the wrap fee from the client and remits the advisory fee to American Independence. In Dual Contract SMA Programs, the investment manager's fee typically is paid directly by the client pursuant to a separate agreement between American Independence and the client.

SMA program clients also may be subject to additional fees, expenses and charges (e.g., commissions on transactions executed by a broker-dealer other than the Sponsor or the program's designated broker-dealer(s), expenses with respect to investments in pooled vehicles (such as ETFs, money market, and other registered investment companies), dealer mark-ups or mark-downs on principal transactions, and certain costs or charges imposed by the Sponsor or a third-party, such as odd-lot differentials, exchange fees and transfer taxes mandated by law). Generally, Sponsors are responsible for providing clients with both this Brochure and other applicable brochures for the Sponsor's program (the "Program Brochure"). The Program Brochure for each Sponsor is also available through the Investment Adviser Public Disclosure ("IAPD") website. SMA program clients should review the Sponsor's Program Brochure for further details about the relevant program. Such clients should consider that, depending upon the rate of the wrap fee charged, the amount of trading activity, the value of custodial and other services provided and other factors, the wrap fee may exceed the aggregate costs of the services provided if they were to be obtained separately (although, in some cases, it may be possible to obtain such services only through the program) and, with respect to brokerage, any transaction-based commissions paid by the account. American Independence is not responsible for, and does not attempt to determine, whether a particular third-party SMA program is suitable or advisable for program participants. American Independence reserves the right, in its sole discretion, to reject any account referred to it by a Sponsor for any reason, including, but not limited to, the client's stated investment goals and restrictions.

American Independence's fees for managing SMA program accounts may be less than the fees it receives for managing similar accounts outside of a SMA program. However, clients should be aware that, as discussed above, the total fees and expenses associated with a SMA program may exceed those which might be available if the services were acquired separately.

Other Fees and Expenses Clients May Pay

In addition to the fees described above, clients may bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) interest expenses; (iii) taxes, duties and other governmental charges; (iv)

transfer and registration fees or similar expenses; (v) other portfolio expenses; and (vi) costs, expenses and fees.

Investment Company Fees. All fees paid to American Independence are separate and distinct from fees charged by investment companies (mutual funds and ETFs) to their shareholders. Fees and expenses paid by shareholders in a fund are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in an investment company directly, without the services of American Independence. In that case, the client would not receive the services provided by American Independence which are designed, among other things, to assist the client in determining which funds or other investments are most appropriate to each client's financial condition and objectives.

Third Party Service Provider and Brokerage Fees. Clients may incur certain fees or charges imposed by third-parties in connection with investments made by American Independence on behalf of clients. Such third parties would include the custodian at which the client maintains an account. These fees and charges are separate and distinct from the fees paid to American Independence and may include, but not be limited to: transaction related fees (commissions and other brokerage fees), IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, bank service fees, interest charged on debit balances, and other servicing fees. American Independence is not responsible for and does not receive any portion of these fees or charges. Please refer to Item 12 of this brochure for more information on brokerage practices.

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

American Independence does not currently charge performance-based fees for any client. If American Independence enters into such an arrangement, full disclosure will be made in this section.

Item 7 – Types of Clients

American Independence may provide services to a variety of client types. Clients may include:

- Registered investment companies
- Individuals, Personal Trusts and Estates – Private investors, investing personal assets
- Charitable Organizations, Foundations and Endowments – Non-profit entities investing contributions to support a stated mission or mandate
- Corporations – Taxable entities organized for a specific business purpose, investing cash reserves

The relative percentage each client type currently represents is available on American Independence's Form ADV Part 1. The actual mix of the client types changes over time based upon market conditions, business plans and other factors.

The minimum investment for a separate account is generally \$100,000. However, certain platforms through which American Independence's disciplines are offered may have larger or

smaller minimum amount requirements. If American Independence's disciplines are implemented through the use of ETFs or in a Unified Management Account ("UMA") program the minimum investment is generally \$50,000. Platform providers may require a greater investment amount. With the exception of platform minimums, the separate account minimums are negotiable depending on other conditions, including but not limited to, the size of the overall relationship and its potential for growth.

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

Investment Strategies and Methods of Analysis

American Independence offers the following investment strategies through its SMA platform:

LARGE CAP VALUE STRATEGY

The Large Cap Value Strategy's ("Large Cap Value Strategy") investment objective is to provide investors with long-term capital appreciation. The strategy benchmark is the Russell 1000 Value Index.

Principal Strategies. The Large Cap Value Strategy uses a value oriented approach to selecting stocks by identifying stocks that it considers undervalued (i.e., priced less than its real worth). Under normal market conditions, this strategy intends to invest in the following manner:

- At least 80% of its net assets, plus borrowings for investment purposes, in common and/or preferred stocks;
- At least 65% of its total assets in such stocks issued by U.S. companies with large market capitalizations (over \$5 billion) at the time of purchase and up to 35% of its total assets in companies with small- to mid-sized market capitalizations; and
- May also invest in securities that are convertible into common stock and preferred stock.

Main types of securities the Large Cap Value Strategy may hold:

- Common stocks of companies traded on major stock exchanges
- Preferred stocks
- Short term money market securities
- Exchange-traded funds ("ETFs"); to the extent the Strategy invests in ETFs the Strategy will pay the proportionate share of the underlying expenses of the ETF.

RISK-MANAGED ALLOCATION STRATEGY

The Risk-Managed Allocation Strategy's ("Risk-Managed Strategy") investment objective is to achieve long-term capital appreciation while providing lower than average risk. The Risk-Managed Strategy's composite benchmark is a blended one comprised of 50% MSCI ACWI, 40% Citi World Government Bond Index, & 10% S&P GSCI, Commodities Index and is rebalanced monthly.

The Risk-Managed Strategy seeks to achieve its investment objective by diversifying across several different asset classes which have low or negative correlations to one another. By having multiple asset classes with differing correlations, the total volatility is lower than some or all of the underlying asset classes if held individually.

Principal Strategies. The Risk-Managed Strategy invests in ETFs listed on U.S. Exchanges, representing three major asset classes: equities, fixed income and alternative investments, in both developed and emerging market countries. Cash equivalents are treated as a tactical asset class and by fully investing in cash or cash equivalents may be a potential defense against volatile market downturns.

Allocations within each asset class are based on a macro, top down approach focusing on fundament credit drive research and data to measure risk in each holding.

Main types of securities the Risk-Managed Strategy may hold:

- ETFs; to the extent the Strategy invests in ETFs the Strategy will pay the proportionate share of the underlying expenses of the ETF; and
- Short-term money market securities, cash, money market mutual funds and Treasury Bills for temporary purposes

The Risk-Managed Strategy is sub-advised by J.A. Forlines, LLC, (“Forlines”) a Delaware corporation registered as an investment adviser under the Advisers Act (SEC File No. 801-70229). Forlines has been in business since May 2009, providing ongoing money management services for clients who have relationships with registered representatives of Broker/Dealers and Registered Investment Advisers. As of December 31, 2013, Forlines had assets under management of approximately \$420 million.

MACROECONOMIC ASSESSMENT OF RISK (“MAR”) TACTICAL STRATEGIES

Each of the four MAR Tactical Strategies has its own investment objective(s) as stated below under each specific Strategy.

Principal Strategies. Each Strategy seeks to achieve its investment objective(s) by allocating net assets to four asset classes (equity, fixed income, cash and commodities) and multiple sub-asset classes (subsets of the four asset classes) through investments in ETFs whose underlying investments trade in the U.S. and international (both developed and emerging) markets, but are listed on U.S. exchanges. The underlying investments of the ETFs will include the following:

- Common and preferred stocks of all market capitalizations and investment types (e.g., value and growth) in global markets, including emerging markets, all of which are considered to be sub-asset classes;
- Fixed-income securities with varying maturities and credit quality, including high yield securities (commonly known as “junk bonds”), convertible debt, investment grade corporate bonds, asset- and mortgage-backed securities, municipals bonds and both domestic and foreign sovereign debt bonds, including those in emerging markets, all of which are also examples of sub-asset classes; and

➤ Commodities (e.g., gold).

In addition, each Strategy treats cash equivalents as an asset class and has the ability to fully invest in cash or cash equivalents as a potential defense against volatile market downturns.

All Four MAR Tactical Strategies are sub-advised by Cougar Global Investments Ltd. (“Cougar Global”). Cougar Global, which was founded in 1993, is registered and regulated by the Ontario Securities Commission and is registered as a non-resident investment adviser under the Advisers Act (SEC File No. 801-55379). Cougar Global provides investment supervisory services for high-net-worth individuals, families, foundations, trusts, and corporations in North America and Europe. As of December 31, 2013, Cougar Global had assets under management of approximately \$1.4 billion.

Cougar Global employs a proprietary asset allocation model to structure the portfolios for each Strategy across multiple asset classes and sub-asset classes based on the return and downside-risk profile. First, Cougar Global uses its proprietary Macroeconomic Assessment of Risk (“MAR”) analysis to create its forecast of the macroeconomic environment over a one-year time horizon. Second, statistical models are used to establish what impact Cougar Global believes the macroeconomic environment may have on the risk/return profile and correlations of multiple asset classes and sub-asset classes. This provides a measure of how these asset classes and sub-asset classes may behave under different macroeconomic scenarios. Third, Cougar Global selects asset classes and sub-asset classes it believes will achieve the highest total return as is consistent with that specific Strategy’s return and downside-risk profile (please see below further details on the return and downside-risk profile for each of the four Strategies). Finally, that specific Strategy’s portfolio is revised and rebalanced monthly if the expected returns and downside-risk for the current holdings have changed.

The overall asset allocation of each Strategy is not fixed. It can and does change significantly over time as Cougar Global decides to re-allocate portions of the portfolio in response to changes in the U.S. and global economy and in various investment markets. Cougar Global may engage in frequent buying and selling of portfolio securities to pursue each Strategy’s investment objective.

MAR Tactical Conservative Strategy

The MAR Tactical Conservative Strategy’s (“Tactical Conservative Strategy”) investment objective is to provide a high level of total return consistent with a conservative level of risk.

This Strategy seeks to have a lower amount of relative risk than the other three MAR Tactical Strategies.

MAR Tactical Moderate Growth Strategy

The MAR Tactical Moderate Growth Strategy’s (“Tactical Moderate Growth Strategy”) investment objective is to provide moderate capital growth. The secondary objective is to generate current income.

This Strategy seeks to have less risk relative to the MAR Tactical Growth and MAR Tactical Aggressive Growth Strategies, but seeks to have a greater amount of risk relative to the MAR Tactical Conservative Strategy.

MAR Tactical Growth Strategy

The MAR Tactical Growth Strategy's ("Tactical Growth Strategy") primary objective is to provide long-term growth.

This Strategy seeks to have a greater than moderate amount of risk relative to the MAR Tactical Conservative and the MAR Tactical Moderate Growth Strategies, but seeks to have less risk relative to the MAR Tactical Aggressive Growth Strategy.

MAR Tactical Aggressive Growth Strategy

The MAR Tactical Aggressive Growth Strategy's ("Tactical Aggressive Growth Strategy") primary objective of the Strategy is to provide long-term aggressive growth.

This Strategy seeks to have the greatest amount of risk relative to the other three MAR Tactical Strategies.

Risks of Loss

Before investing in any of the Strategies, you should carefully consider your own investment goals, the amount of time you are willing to leave your money invested and the amount of risk you are willing to take. The Strategies are subject to management risk and may not achieve their objectives if American Independence's expectations regarding particular securities or markets are not met. Investments in the Strategies are not deposits or obligations of, or guaranteed or endorsed by, any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board or any other government agency. You could lose money by investing in any of the Strategies offered. A summary of the principal risks of investing in the Strategies can be found below:

Asset Allocation Risk. Investment performance depends on how its assets are allocated and reallocated. A principal risk of investing in a strategy is that the Advisor or Sub-Advisor may make less than optimal or poor asset allocation decisions. The strategies employ an active approach to allocation among sectors, but there is no guarantee that such allocation techniques will produce the desired results. It is possible that the strategy will focus on an investment that performs poorly or underperforms other investments under various market conditions.

Management Style Risk. The ability of a Strategy to meet its investment objective is directly related to the adviser's or sub-adviser's investment strategies for the strategy. The value of your investment in a strategy may vary with the effectiveness of American Independence's research, analysis and asset allocation among portfolio securities. If American Independence's investment

strategies do not produce the expected results, your investment could be diminished or even lost.

Equity Market Risk. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities fluctuate, and sometimes widely fluctuate, in response to activities specific to the issuer of the security as well as factors unrelated to the fundamental condition of the issuer, including general market, economic and political conditions. Dividend paying growth stocks tend to perform differently in different markets. Their price may decrease or they may not increase in price as anticipated if other investors fail to recognize the company's value or other factors that the Adviser or Sub-Adviser believes will cause the stock price to increase do not occur.

Small- and Medium-Sized Companies Risk. Investing in securities of small- and medium-sized companies, even indirectly, may involve greater volatility than investing in larger and more established companies because they can be subject to more abrupt or erratic share price changes than larger, more established companies. Small companies may have limited product lines, markets or financial resources and their management may be dependent on a limited number of key individuals. Securities of those companies may have limited market liquidity and their prices may be more volatile. Although diminished in large-sized companies, the risks of investing in all companies include business failure and reliance on erroneous reports. Small- and medium-sized companies often have narrower markets and limited managerial and financial resources compared to larger, more established companies. You should expect that the value of the Strategy's shares will be more volatile than a Strategy that invests exclusively in large-sized companies.

Style Risk. Growth stocks and value stocks tend to perform differently in different markets. Because the Large Cap Value Strategy invests primarily in value stocks, its performance may lag when growth stocks outperform value stocks. An undervalued stock may decrease in price or may not increase in price as anticipated if other investors fail to recognize the company's value or the factors that the Adviser believes will cause the stock price to increase do not occur.

Convertible Securities Risk. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities.

Interest Rate and Duration Risk. Debt securities are subject to the risk that the market value will decline because of rising interest rates. A rise in interest rates generally means a fall in bond prices and, in turn, a fall in the value of your investment. Debt securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than debt securities with shorter durations.

U.S. Government Obligations Risk. U.S. government securities are subject to market and interest rate risk, as well as varying degrees of credit risk. Some U.S. government securities are issued or guaranteed by the U.S. Treasury and are supported by the full faith and credit of the United States. Other types of U.S. government securities are supported by the full faith and credit of the United States (but not issued by the U.S. Treasury). These securities may have less

credit risk than U.S. government securities not supported by the full faith and credit of the United States. With respect to U.S. government securities that are not backed by the full faith and credit of the U.S. Government, there is the risk that the U.S. Government will not provide financial support to such U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law.

ETF Risks. The following are various types of risks to which a Strategy is subject based on the certain types of ETFs in which it will be investing:

General ETF Risk. The cost to a client of investing in a Strategy that invests in ETFs may be higher than the cost of investing directly in ETF shares and may be higher than other strategies that invest directly in the related securities. Clients will indirectly bear fees and expenses charged by the ETFs in addition to a Strategy's direct fees and expenses.

Tracking Error Risk. ETF's typically trade on securities exchanges and their shares may, at times, trade at a premium or discount to their net asset values ("NAV"). In addition, an ETF that tracks an index may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held.

Foreign Securities Risks. Investments in foreign securities involve certain inherent risks, including the following:

Foreign Investment. Investing in foreign securities is subjects to risks such as fluctuation in currency exchange rates, market illiquidity, price volatility, high trading costs, difficulties in settlement, regulations on stock exchanges, limits on foreign ownership, less stringent accounting, reporting and disclosure requirements, limited legal recourse and other considerations. In the past, equity and debt instruments of foreign markets have had more frequent and larger price changes than those of U.S. markets. The willingness and ability of sovereign issuers to pay principal and interest on government securities depends on various economic factors, including the issuers' balance of payments, overall debt level, and cash flow from tax or other revenues.

Emerging Markets Risk. Investments in foreign securities that may include securities of companies located in developing or emerging markets, which entail additional risks, including: less social, political and economic stability; smaller securities markets and lower trading volume, which may result in less liquidity and greater price volatility; national policies that may restrict a securities investment opportunities, including restrictions on investments in issuers or industries, or expropriation or confiscation of assets or property; and less developed legal structures governing private or foreign investment.

Political and Economic Factors. Individual foreign economies of certain countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, diversification and

balance of payments position. The internal politics of certain foreign countries may not be as stable as those of the U.S. Government. Certain foreign countries participate to a significant degree, through ownership interest or regulation, in their respective economies. Action by these governments could include restrictions on foreign investment, nationalization, expropriation of goods or imposition of taxes, and could have a significant effect on market prices of securities and payment of interest. The economies of many foreign countries are heavily dependent upon international trade and are accordingly affected by the trade policies and economic conditions of their trading partners. Enactment by these trading partners of protectionist trade legislation could have a significant adverse effect upon the securities markets of such countries.

Currency Fluctuations. invest in securities denominated in foreign currencies are subject to a change in the value of any such currency against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the securities' assets denominated in that currency. Such changes will also affect the securities' income. The value of the security may also be affected significantly by currency restrictions and exchange control regulations enacted from time to time.

Recent Market Events Risk. In the most recent few years, U.S. and international markets experienced significant volatility. The fixed income markets had experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, and increased likelihood of default and valuation difficulties. Concerns have spread to domestic and international equity markets. In some cases, the stock prices of individual companies have been negatively impacted even though there may be little or no apparent degradation in the financial conditions or prospects of that company. As a result of this significant volatility, many of the risks herein associated with an investment in a Strategy may be increased. The U.S. government has taken numerous steps to alleviate these market concerns. However, there is no assurance that such actions will be successful. Continuing market problems may have adverse effects on the Strategy.

Quantitative Investment Strategies Risk. The Adviser or Sub-Adviser may rely on quantitative models (both proprietary models developed by the Adviser or Sub-Adviser and those supplied by third parties) and information and data supplied by third parties ("Models and Data") in managing investments. Models and Data are used to assist in determining investments and to provide risk management insights.

When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose a Strategy to potential risks. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. Some of the models used by the Adviser or Sub-Adviser are predictive in nature. Predictive models generally depend on the assumption that the future performance of a specific investment can be predicted based on the correlation of the past performance of the investment with the past performance of other investments or economic or financial data. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. Additionally, market dynamics change over time and correlations that existed in the past may diminish or end. A model may fail to provide correct predictions, and a model that has been

successful in the past may be less successful or ineffective in the future. Most statistical formulae cannot fully match the complexity of the financial markets and a model may be flawed or may not work as anticipated. During unforeseen or low probability scenarios, models may produce unexpected results which may result in losses.

All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, “model prices” will often differ substantially from market prices. Additionally, models are typically dependent on the input of timely market data from third party vendors and the failure to receive data in a timely manner could disrupt a strategies trading, resulting in losses. The use of models is also dependent on functioning computer systems and could be severely compromised by technological failures, power loss, computer viruses, physical damage, including fire or water damage, and other events.

The models used by the Adviser or Sub-Adviser may be similar to the models used by other managers, which may result in investment decisions for a Strategy being similar to the investment decisions made by other managers. This may result in increased volatility, particularly if the other managers decide to sell investments at the same time as another strategy.

In addition, the following are risks associated with underlying investments of the ETFs in which the Strategies may invest:

Asset- and Mortgage-Backed Securities Risk. Mortgage-backed securities (“MBS”) (residential and commercial) and asset-backed securities represent interests in “pools” of mortgages or other assets, including consumer loans or receivables held in trust. The characteristics of these MBS and asset-backed securities differ from traditional fixed income securities. Like traditional fixed income securities, the value of MBS or asset-backed securities typically increases when interest rates fall and decreases when interest rates rise. However, a main difference is that the principal on MBS or asset-backed securities may normally be prepaid at any time, which will reduce the yield and market value of these securities. Therefore, MBS and asset-backed backed securities are subject to prepayment risk and extension risk. Because of prepayment risk and extension risk, MBS react differently to changes in interest rates than other fixed income securities. Asset-backed securities entail certain risks not presented by MBS, including the risk that in certain states it may be difficult to perfect the liens securing the collateral backing certain asset-backed securities. In addition, certain asset-backed securities are based on loans that are unsecured, which means that there is no collateral to seize if the underlying borrower defaults.

Prepayment Risk. Prepayment occurs when the issuer of a security can repay principal prior to the security’s maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a debt security can be difficult to predict and result in greater volatility. This risk could affect the total return of a Strategy.

Fixed-Income Securities Risk. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). Generally, fixed-income securities will decrease in value if interest rates rise and will increase in value if interest rates decline. Securities with longer durations are likely to be more sensitive to changes in interest rates, generally making them more volatile than securities with shorter durations. Lower rated fixed-income securities have greater volatility because there is less certainty that principal and interest payments will be made as scheduled.

Commodity Risk. Investments in commodities, such as gold, or in commodity-linked instruments, will be subject to volatility that may also deviate from price movements in equity and fixed income securities.

Derivatives Risk. Derivatives are subject to the risk of changes in the market price of the security, credit risk with respect to the counterparty to the derivative instrument, and the risk of loss due to changes in interest rates. The use of certain derivatives, including futures contracts, may also have a leveraging effect, which may increase the volatility of the Strategy. The use of derivatives may reduce returns for the Strategy.

High Yield Securities. Lower rated securities are subject to greater risk of loss of income and principal than higher rated securities and may have a higher incidence of default than higher-rated securities. The prices of lower rated securities are likely to be more sensitive to adverse economic changes or individual corporate developments than higher rated securities. High yield securities are commonly referred to as "junk bonds" and are considered to be speculative.

Liquidity Risk. An underlying fund (ETF) may invest to a great degree in securities or instruments that trade in lower volumes and may make investments that are less liquid than other investments. These funds may invest in securities that may become less liquid in response to market developments or adverse investor perceptions. Investments that are illiquid or that trade in lower volumes may be more difficult to value. When there is no willing buyer and investments cannot be readily sold the desired time or price, the Strategy may have to accept a lower price or may not be able to sell the security or instrument at all. An inability to sell one or more portfolio positions can adversely affect a Strategy or prevent it from being able to take advantage of other investment opportunities.

Municipal Bonds Risk. Municipal bonds are subject to the risk that litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest. Municipal bonds can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders. Because many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal market. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market.

Real Estate Investment Trusts (“REITs”) Risk. REITs’ share prices may decline because of adverse developments affecting the real estate industry including changes in interest rates. The returns from REITs may trail returns from the overall market. Additionally, there is always a risk that a given REIT will fail to qualify for favorable tax treatment.

Sovereign Debt Risk. ETFs investing in sovereign debt will be exposed to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities. The issuer or governmental authority that controls the repayment of sovereign debt may not be willing or able to repay the principal and/or pay interest when it becomes due, due to factors such as debt service burden, political constraints, cash flow problems and other national economic factors. In addition, foreign governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling or additional lending to defaulting governments. Moreover, there is no bankruptcy proceeding by which defaulted sovereign debt may be collected in whole or in part.

Item 9 – Disciplinary Information

American Independence does not have any legal or disciplinary disclosures to make.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliation.

Neither American Independence nor any of its affiliates are registered, or have a registration pending, as a broker-dealer.

Several American Independence employees are registered representatives of Matrix Capital Group, Inc. (“Matrix”), a limited purpose broker-dealer that serves as the distributor to American Independence Funds Trust and American Independence Funds Trust II. These employees promote the Trusts to intermediaries or are registered in a compliance capacity.

None of these employees are compensated by Matrix.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

American Independence is registered as a futures commission merchant, commodity pool operator (“CPO”) or commodity trading advisor. The affiliated Trust is registered as an exempt CPO.

Other Financial Industry Activities or Affiliations.

As noted in Item 8, Forlines is the sub-advisor to the Risk-Managed Allocation Strategy. It should be specifically noted that Forlines may also provide advisory services to other unrelated managed accounts that may invest in the same securities that may be invested in by American Independence’s Risk-Managed Allocation Strategy. American Independence uses a model portfolio provided by Forlines to trade on behalf of its clients. American Independence may also provide sub-advisory services to clients of Forlines. In addition, Mr. James Gardiner and Mr. Ken Romano are dual employees of American Independence and Forlines. Messrs. Gardiner

and Romano are part-time employees for American Independence assisting in the operations and business development areas of the firm. Conflicts of interest may exist with respect to time commitment, but none with respect to the management of the Strategy.

The American Independence Value Equity team members, consisting of Mr. Richard Baird, Mr. David Hansen and Mr. John Christopher Jacobs, are also employees and investment adviser representatives of Yellowstone Partners, LLC (“Yellowstone”), an SEC registered investment advisory firm that provides investment advice to high net worth individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities. Their duties for American Independence are similar in nature to those being performed at Yellowstone Partners. The investment strategy used for American Independence clients, both the Funds and separately managed accounts, are similar to those used for Yellowstone clients. The management of investments for clients is done at the same time for both firms. A conflict of interest may exist in managing the accounts of American Independence clients and Yellowstone clients based on different fee rate schedules. Currently, American Independence does not receive performance fees from any client account; however, Yellowstone does receive performance-based fees on accounts from certain qualified clients. Policies and procedures are in place to limit the potential conflicts of interest, including trade aggregation and oversight of such trading by compliance personnel.

Selection of Other Investment Advisers.

American Independence does not receive compensation directly or indirectly from Advisers that it may recommend or select for clients.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

To avoid any potential conflicts of interest involving personal trades, American Independence has adopted a Code of Ethics (the “Code”), which includes a formal code of ethics and insider trading policies and procedures. The Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Applicant above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;

- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

The Code also requires employees to report personal securities transactions on at least a quarterly basis, and provide the Applicant with a summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

American Independence's Code and Insider Trading Policy are available upon request by contacting American Independence's Chief Compliance Officer at 646-747-3475.

American Independence, or its employees, may purchase or sell for themselves similar or different securities than are recommended to American Independence clients. American Independence has implemented an investment policy relative to personal securities transactions of its employees. This investment policy is part of American Independence's overall Code of Ethics, as described above, which serves to establish a standard of business conduct for all of American Independence's supervised persons. American Independence's personal trading policy is based upon fundamental principles of openness, integrity, honesty and trust. To prevent conflicts of interest, all personal trades made by American Independence's employees are reviewed by supervisory personnel. Additionally, American Independence's policies and procedures prohibit the misuse of material nonpublic information and are designed to prevent insider trading by any employee.

Political Contributions

It is the policy of American Independence to not make, and to prohibit its employees from making, any political or charitable contributions for the purpose of influencing an American Independence client or potential client, a public official or his or her agency. However, employees may make personal political or charitable contributions in accordance with the requirements and restrictions of applicable law and American Independence's policies. To help ensure compliance with SEC rules, and the many state and local pay-to-play rules, all American Independence employees must pre-clear and obtain prior approval from the Chief Compliance Officer before they (or their spouse or their dependent children) make any contributions (i.e., any monetary contribution or contribution of goods or services) to a political candidate, government official, political party or political action committee.

Item 12 – Brokerage Practices

Factors Considered in Recommending Broker-Dealers

Clients generally delegate authority to American Independence to designate brokers and dealers or electronic communications networks or crossing networks to effect transactions. Electronic communications networks ("ECNs") permit the execution of trades electronically, without necessarily utilizing an exchange. Crossing networks permit the trading of securities directly between clients of American Independence and other institutional investors. In selecting brokers and dealers or ECNs or crossing networks, American Independence will consider the full range and quality of services.

Commission rates are one factor considered. Other factors may include: price, facilities, reliability and financial responsibility. When relevant, American Independence also may consider the ability of the broker or dealer or network to effect particular securities transactions, especially with regard to such aspects as timing, order size and execution of orders. Research services provided by that broker or dealer or network to American Independence (and American Independence's arrangements relating thereto) that are expected to enhance American Independence's general portfolio management capabilities may also be considered notwithstanding the fact that a client may not be the beneficiary of those services.

While American Independence generally seeks the best price in placing orders with brokers or dealers or networks, a client may not necessarily be paying the lowest price available. Some equity and fixed income securities are traded in principal transactions. Prices paid to dealers in these transactions generally include a "spread," which is the difference between the prices at which the dealer is willing to purchase and sell a specific security. American Independence may invest in securities traded in the over-the-counter market and, in those transactions, will engage primarily in transactions directly with the dealers who make markets in these securities, unless a better price or execution could be obtained by using a broker. American Independence, at its discretion, may cause a client to pay a commission for effecting a transaction for that client in excess of the amount another broker or dealer or network would have charged for effecting that transaction. This may be done when American Independence has determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services provided by the broker or dealer or network to American Independence.

American Independence's arrangements for the receipt of research services from brokers or dealers or networks may create conflicts of interest, in that American Independence has an incentive to choose a broker or dealer or network that provides research services, instead of one that does not, but charges a lower commission rate. American Independence does not allocate the relative costs or benefits of research among its clients because American Independence believes that the research received is, in the aggregate, of assistance in fulfilling American Independence's overall responsibilities to its clients. The research may be used to service American Independence's accounts other than those for which trades are executed by the brokers or dealers or networks providing the research. American Independence receives a variety of research services and information on many topics, which it uses in connection with its management responsibilities with respect to the various accounts over which it exercises investment discretion or otherwise provides investment advice. These topics include: issuers, industries, securities, economic factors and trends, portfolio strategy, the performance of accounts, statistical information, market data, earnings estimates, credit analysis, pricing, risk measurement analysis, and other information which may affect the U.S. or foreign economies, security prices, or management of the portfolio. The research services may include written reports, market news wires, statistical research and analysis, earnings estimates, fundamental data, pricing services, educational seminars, subscriptions, portfolio attribution and monitoring services, and computer hardware, software and received in the form of written reports, online services, telephone contacts and personal meetings with security analysts, economists, corporate and industry spokespersons and government representatives. In many cases, research services are generated by third parties and are provided by the brokerage firm or network to which the

commissions are paid. Services which are partly research and partly not research may be allocated between research and non-research, with the portion allocated to research being paid for through commission dollars, and American Independence making a cash payment attributable to the non-research aspect of the service. Research services received from brokers and dealers and networks are supplemental to American Independence's own research efforts and, when utilized, are subject to internal analysis before being incorporated by American Independence into its investment process. As a practical matter, it would not be possible for American Independence to generate all of the information presently provided to it by brokers and dealers and networks. Although American Independence may receive certain research or execution services in connection with principal transactions, American Independence will not purchase securities at a higher price or sell securities at a lower price than would otherwise be paid if no weight was attributed to the research services provided by the executing dealer. American Independence may designate any broker or dealer to receive selling concessions, discounts or other allowances or may otherwise deal with any broker or dealer in connection with the acquisition of securities in underwritings.

American Independence may also engage in agency transactions in over the counter equity securities in return for the types of research and execution services discussed above. These transactions are entered into only pursuant to procedures that are designed to ensure that the transaction (including commissions) is at least as favorable to the client as it would have been if affected directly with a market-maker that did not provide research or execution services.

Commission Rates

The client may be charged a brokerage commission instead of a dealer's mark-up or mark-down on over-the-counter equity transactions. For those client accounts that direct American Independence to execute all or a portion of account transactions through one or more named broker-dealer(s), commission rates are generally determined by the client and broker-dealer. When a client directs American Independence to use a particular broker-dealer: (a) American Independence may not seek to negotiate the commission rates, (b) the client may be unable to obtain a more favorable price as a result of transaction volume, since the directed transactions may not be included in any aggregation of other client orders, (c) the client may pay higher transaction costs, including commissions, than it otherwise would have had it not designated a particular broker-dealer, and (d) while American Independence may utilize a variety of procedures for executing directed transactions, American Independence may execute directed transactions after executing transactions in the same security or securities for other clients which do not specify a particular broker-dealer and sometimes execute the directed transactions before the non-directed transactions. For these reasons, among others, if a client has directed American Independence to use a particular broker/dealer, the client may receive a less favorable execution.

Aggregation and Allocation of Orders

If American Independence believes that the purchase or sale of the same security is in the best interest of more than one client, it may, but is not obligated to, aggregate the securities to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent permitted by applicable laws and regulations. At the end of the day, American Independence will generally obtain an average price for all orders that were executed through a single broker.

The average price will be indicated on the confirmation of the trade sent to the client. American Independence may provide investment advisory services to some accounts over which it does not have investment discretion. These accounts may not receive executions as favorable as those received by American Independence discretionary accounts, because of the time which is sometimes required for American Independence to obtain a non-discretionary client's approval for a trade. When the purchase or sale of a security is recommended, the manager will make a good faith effort to notify the non-discretionary accounts promptly to seek direction. However, the manager need not delay placing orders for discretionary accounts while doing so.

Although American Independence may believe that it is both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of its client's, there may be instances when there is a limited supply or demand for that security or investment. In these instances, American Independence generally allocates the opportunity to purchase or sell that security or investment among client accounts according to client needs and objectives. While American Independence seeks to assure fair and equitable treatment over time, there can be no assurance of equality of treatment among all clients or that any one investment will be proportionally allocated among clients according to any particular or predetermined standards or criteria. Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for a client, transactions for a client may be reported with the average price of these transactions. From time to time, American Independence may reallocate securities from one client account to a second client account in order to correct an error. American Independence will make the reallocation prior to settlement of the trade, and only if the reallocation represents a legitimate investment decision on behalf of each account involved. It is possible that American Independence will be trading for more than one client account with differing performance and risk objectives and that this may lead to a situation where one account is buying the same security that another account is selling. American Independence will use its best efforts to appropriately manage the potential conflict of interest by using different trading strategies.

American Independence as a matter of policy utilizes research, research-related products and other brokerage services on a soft dollar commission basis. American Independence's soft dollar policy is to ensure that each such product or service falls within Section 28(e) safe harbor and to make a good faith determination of the value of the research product or services in relation to the commissions paid. American Independence also maintains soft dollar arrangements for those research products and services which assist American Independence in its investment decision-making process.

In the event American Independence obtains any mixed-use products or services on a soft dollar basis, American Independence will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions and the non-eligible portion, e.g., computer hardware, accounting systems, etc., which is not eligible for the Section 28(e) safe harbor, will be paid for with American Independence's own funds. For any mixed-use products or services, American Independence will maintain appropriate records of its reviews and good faith determinations of

its reasonable allocations. It is American Independence's current policy, however, that it will only utilize soft dollar products or services that may reasonably be considered as research. American Independence periodically reviews American Independence's soft dollar arrangements, budget, allocations and monitors American Independence's policy.

Selection of Brokers for Client Transactions*Research and Other Soft Dollar Benefits*

American Independence's policy is to seek the best execution available for each transaction. Best execution is not limited to obtaining the lowest commissions but also involves seeking the most favorable terms for a transaction under the circumstances. Receipt of products or services other than brokerage or research is generally not a factor in determining which brokers we trade with.

We consider the amount and nature of research services provided by brokers, as well as the extent to which we rely on such services, and attempt to allocate a portion of our trades on the basis of that consideration. In no case will we make binding commitments as to the level of trades we will allocate to a broker, nor will we commit to pay cash if an informal target is not met.

Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934, we may pay a broker a higher commission than another broker might have charged for the same trade, in recognition of the value of the brokerage and research services provided by or through the broker. We believe it is important to our investment decision-making processes to have access to independent research.

Research furnished by brokers may be used to service any or all of our clients and may be used in connection with accounts other than those making the payment to the broker providing the research, as permitted by Section 28(e). Trading volume generated by equity clients may result in services that are of benefit only to fixed-income clients and vice versa.

Brokerage for Client Referrals

American Independence does not take client referrals into account when determining which brokers to use for trade execution.

Directed Brokerage

A client may instruct us as to which brokers to be utilized for trades in their account. In following a client's direction to use a particular broker to execute either all or part of your trades, you must be aware that, in so doing, our ability to follow our normal trade allocation policies, obtain volume discounts on bunched orders, and/or achieve best execution may be compromised.

Item 13 – Review of Accounts

American Independence periodically reviews client accounts and/or provides reports to clients regarding their accounts. The nature and frequency of these reviews, as well as the frequency and content of these reports, is discussed in more detail below.

Client Account Review

The frequency, depth, and nature of reviews are often determined by negotiation with individual clients pursuant to the terms of each client's written agreement or by the mandate selected by the client and the particular needs of each client. Reviews are typically conducted by portfolio management and account management personnel. American Independence holds periodic staff meetings to determine the timing, level and focus of specific client reviews and to review the appropriateness of the review already completed.

Investor accounts are reviewed on an ongoing basis by American Independence. Reviews are conducted with the help of computer support systems on an account-by-account basis and on security-holdings and performance-exception bases. Reviews are conducted to determine if an account's holdings are consistent with the client's selected investment strategy and restrictions imposed by the client.

Frequency and Content of Client Account Reports

The frequency and content of reports for clients vary according to the particular needs of each client and the agreement between the client and their financial adviser. Such reports generally contain information with respect to portfolio holdings, transactions and performance. Reporting for SMA program clients varies according to the service or program in which the client is enrolled. Clients in SMA programs sponsored by other firms should contact the Sponsors for information regarding reports provided to their program clients.

Item 14 – Client Referrals and Other Compensation

American Independence does not compensate any person or third party solicitor for client referrals.

Item 15 – Custody

American Independence does not have Custody of client accounts. Periodic account statements are provided directly from the broker-dealer, bank or other custodian to the client. While American Independence monitors client accounts frequently and carefully, we encourage clients to review each account statement carefully.

Item 16 – Investment Discretion

As a general rule, American Independence receives discretionary investment authority from its clients at the outset of an advisory relationship. Depending on the terms of the applicable agreement, American Independence's authority may include the ability to select brokers and dealers through which to execute transactions on behalf of its clients, and to negotiate the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, each adviser is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. Unless American Independence and the client have entered into a non-discretionary arrangement, American Independence generally is not required to provide notice to, consult with, or seek the

consent of its clients prior to engaging in transactions. Please see Item 12 (“Brokerage Practices”) for more information.

Item 17 – Voting Client Securities

It is the policy of American Independence to consider and vote each proxy proposal in the best interests of clients and account beneficiaries with respect to securities held in the accounts of clients for whom American Independence provides discretionary investment management services and have authority to vote their proxies.

American Independence may vote proxies as part of its authority to manage, acquire and dispose of account assets. American Independence will not vote proxies if the advisory agreement does not provide for American Independence to vote proxies or if the “named fiduciary” for an account has explicitly reserved the authority for itself.

When voting proxies for client accounts, American Independence’s primary objective is to make voting decisions solely in the best interests of clients and account beneficiaries. In fulfilling its obligations to clients, American Independence will act in a manner deemed to be prudent and diligent and which is intended to enhance the economic value of the underlying securities held in client accounts. If appropriate to do so, American Independence may employ an independent service provider to vote a proxy or to advise in the voting of a proxy. In certain situations, a client or its fiduciary may provide American Independence with a statement of proxy voting policy. In these situations, American Independence will generally seek to comply with such policy to the extent it would not be inconsistent with the fiduciary responsibility of American Independence.

Item 18 – Financial Information

American Independence does not have any adverse financial information to disclose.