

Wrap Fee Program Brochure: Up Management Portfolios Program

Item 1 – Cover Page

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This wrap fee program brochure provides information about the qualifications and business practices of Up Capital Management, Inc. If you have any questions about the contents of this brochure, please contact Anton Bayer at (916) 520-6420 or anton@antonbayer.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Up Capital Management, Inc. is also available on the Internet at www.adviserinfo.sec.gov. You can view the firm's information on this website by searching for Up Capital Management, Inc. or the firm's CRD number: 164692.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our March 2014 annual amendment was filed, we have transitioned our firm's registration from the individual state level to register directly with the United States Securities and Exchange Commission (SEC). We have removed Item 10 – Requirements for State-Registered Advisers.

We will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochure Appendices within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current Wrap Fee Program Disclosure Brochure Appendix. We may also provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Services, Fees and Compensation	4
Block Trading	6
Item 5 – Account Requirements and Types of Clients	7
Minimum Investment Amounts Required	7
Types of Accounts	7
Item 6 – Portfolio Manager Selection and Evaluation	7
Types of Advisory Services	7
Limits Advice to Certain Types of Investments	8
Tailor Advisor Services to Individual Needs of Clients	9
Wrap Fee Program versus Portfolio Management Program	9
Performance-Based Fees	9
Methods of Analysis	9
Risk of Loss	10
Voting Client Securities	12
Item 7 – Client Information Provided to Portfolio Managers	12
Item 8 - Client Contact with Portfolio Managers	12
Item 9 - Additional Information	12
Disciplinary Information	12
Other Financial Industry Activities and Affiliations	12
Code of Ethics	13
Affiliate and Employee Personal Securities Transactions Disclosure	14
Account Reviews	14
Account Reports	14
Client Referrals and Other Compensation	14
Financial Information	15

Item 4 – Services, Fees and Compensation

Up Capital Management, Inc. (“Advisor” or “we”) is an investment adviser registered since September 2012. It is a California corporation.

Advisor offers asset management services through wrap fee management programs. In our wrap fee management program, the fee for advisory services (including asset management) and transaction cost (including ticket charges) are “wrapped” into one fee. Our asset management services are considered a wrap fee program. Whenever a fee is charged for services described in this Wrap Fee Program Brochure, we receive all or a portion of the fee charged.

When making the determination of whether one of the advisory programs available through Advisor is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Advisor.

You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your adviser representative and you should read this Wrap Fee Disclosure Brochure carefully as it explains, in detail, our Asset Management Services.

Asset Management Services

Advisor is the sponsor of the Up Management Portfolios Program (“Up Management Program”) a wrap fee program developed through an arrangement using LPL Financial Corporation’s (“LPL”) Strategic Wealth Management platform. Through the Up Management Program, we provide investment management services, including providing continuous investment advice to and making investments for clients (“client” or “you”) based on your individual needs. Through this service, we offer a customized and individualized investment program. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. The investment profile defines your risk tolerance and investment objective. Your information should be updated regularly, but at a minimum every 2 years.

Up Management Program accounts are custodied at LPL in its capacity as a registered broker/dealer, member FINRA/SIPC. LPL is also an investment adviser registered with the SEC, but does not serve as an investment adviser for you through the Up Management Program. LPL provides clearing, custody and other brokerage services for accounts established through the Up Management Program. Therefore, you are required to establish a brokerage account(s) through LPL’s Strategic Wealth Management platform. Separate accounts are maintained for you, and you retain all rights of ownership of your accounts (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Up Management Program accounts allow you to authorize us to purchase and sell, on a discretionary basis, portfolios consisting of securities and investments. We may limit our discretion with respect to your account and the securities eligible to be purchased for your account. See **Limits to Certain Types of Investments** at **Item 6 - Portfolio Manager Selection and Evaluation**, elsewhere in this Disclosure Brochure Appendix.

Up Management Program accounts can be managed on a discretionary or non-discretionary basis. With discretionary authority, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any

transactions. You must provide us with written authorization to exercise this discretionary authority. Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian.

If accounts are managed on a non-discretionary basis, we are required to contact you prior to implementing changes in your account. Therefore, you are contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we are responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis and if we are not able to reach you or if you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Please see **Item 16, Investment Discretion**, in the separate Up Capital Management, Inc. Disclosure Brochure for additional information concerning discretionary authority.

During any month that there is activity in the Up Management Program account, you receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, you receive a confirmation of each transaction that occurs within the UCMI/LPL SWM II Program account unless the transaction is the result of a systematic purchase, redemption or exchange. You also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL.

The annual investment advisory fee charged generally varies between 0.50% - 2.5% of the assets held in the account and is negotiable depending on the market value of the account, composition of the account assets, complexity of your situation, the representative providing the services and your relationship with Advisory. The annual fee is divided and paid monthly or quarterly in advance through a direct debit to your account. LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL with written authorization to debit advisory fees from your accounts and pay the fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar month or quarter. Fees for accounts opened at any time other than the beginning of a month or quarter are prorated based on the number of days remaining in the initial billing period.

Prior to engaging us to provide investment management services, you are required to enter into a formal investment advisory agreement with us setting forth the terms and conditions, including the amount of investment advisory fees, under which we manage your assets and also a separate custodial/clearing agreement with LPL.

The minimum account size to open any Up Management Program account is \$100,000, although exceptions may be granted upon request if additional deposits are anticipated to the new account, your relationship to our firm and if you were referred to us from an existing client. In addition, family members can aggregate or "household" accounts to reach the minimum requirement level.

You may incur certain charges imposed by third parties other than us in connection with investments made through the account including, but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. The management fees charged by us are separate and distinct from the

fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses is available in each investment company security's prospectus. Our representatives, in their separate capacity as registered representatives of LPL, may retain a portion of the commissions charged to you. These commissions may include 12b-1 fees, surrender charges and IRA and qualified retirement plan fees.

The Up Management Program may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account rather than an Up Management Program account.

Services continue until terminated. Either party may terminate the agreement for services at any time by providing written notice to the other party. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. If services are terminated after the initial five day period, we provide you with a prorated refund of fees paid in advance. The refund is based on the number of days service is actually provided during the final billing period. Termination is effective 14 days from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There is no penalty charge on termination.

Although we believe our fees are reasonable in relation to the services provided, you should be aware comparable services may be available from other sources. Fees for our services may be more or less than the cost of purchasing the same services separately through other investment advisors or through other programs offered by us.

Block Trading

Advisor may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by us firm when we believe such action may prove advantageous to clients. If and when we aggregate orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Advisor uses the average price allocation method for transaction allocation. Under this procedure Advisor calculates the average price and transaction charges for each transaction included in a block order and assigns the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Advisor or our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

Suitability and Investment Strategy

Advisor assists clients in determining their objective(s), investment strategy and investment suitability, prior and subsequent to opening an Up Program account. Clients must contact us to notify us of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (investments held at least a year), short term purchases (investments sold within a year) and frequent trading.

Item 5 – Account Requirements and Types of Clients

Minimum Investment Amounts Required

There is a \$100,000 minimum to open an Up Management Program account, although exceptions may be granted to this minimum depending upon anticipated additional deposits to the account, your relationship to our firm and if you were referred to us from an existing client. In addition, family members can aggregate or “household” accounts to reach the minimum requirement level.

Types of Accounts

We provide investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Item 6 – Portfolio Manager Selection and Evaluation

We select and review portfolio managers based on many criteria including, but not limited to, performance, holdings, track record, turnover, manager tenure, expense ratio, peer group rating and historical consistency of all of the above.

We rely on third party performance calculations. These third party services utilize standard performance calculation methods. We as a firm cannot confirm or deny the accuracy of these performance measures but rely on them based on their national reputation and standard methods of calculation. We believe them to be fair and accurate representations but do not verify or confirm their accuracy.

None of our related persons act as a portfolio manager for our wrap fee program. We/they do, however, choose managers with respect to the following: asset class, percentage of portfolio, when to add/subtract them from the portfolio, etc. Managers are chosen based on our clients’ best interests

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact our judgment when making advisory recommendations.

Types of Advisory Services

In addition to the management services described above, we provide asset management services through a separate wrap-fee program, financial planning services and retirement plan services to both plan sponsors and plan participants.

Our financial planning services include:

- Written financial plans that can be full or segmented (modular) in nature. Fees are billed as either a fixed or hourly fee charge.
- Consultation services can be on any topic(s) of interest to you and are billed at an hourly or fixed fee rate. These consultations can be provided on a one time or “as-needed” basis. We also provide advisement consultations regarding clients’ retirement plan portfolios.
- Seminars and workshops that are educational, informational and motivational in nature. Depending upon who the seminar or workshop is offered to, they can be offered at no charge or for a fixed fee.
- Newsletters that are general and informational in nature. These newsletters are provided to clients and prospective clients at no charge.

Retirement plan services are offered to plan sponsors and to individual participants. These services can be both fiduciary and non-fiduciary. Plan sponsors can select from a variety of consulting and management services that can be both fiduciary and non-fiduciary. Individual participants can discuss their specific investment risk tolerance, investment time frame and investment selections with us. Fees for these services can be charged as either a fixed fee or a percentage of plan assets. Plan sponsors can elect to pay all or a portion of the charges for services provided to plan participants.

Please refer to our separate Disclosure Brochure for full details concerning our advisory services, fees, billing procedures and termination provisions.

Limits Advice to Certain Types of Investments

We provide advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Fixed Annuities
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Non-Traded REITS
- Unit Investment Trusts
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Securities Properly Exempted from Registration
- Hedge Funds

Although our advice is generally limited to the investment products listed above, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

Tailor Advisor Services to Individual Needs of Clients

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

When managing client accounts, we may manage an account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates

However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Wrap Fee Program versus Portfolio Management Program

We offer services through a wrap-fee management program, which is defined as any advisory program under which advisory services and transaction services are provided for one fee. The Up Management Program is a wrap-fee program. Whenever a fee is charged to a client for management services (whether wrap fee or non-wrap fee), we receive all or a portion of the fee charged.

Performance-Based Fees

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not charge or receive performance-based fees.

Methods of Analysis

Advisor uses the following methods of analysis in formulating investment advice:

- **Charting** - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk in relying on chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, relying on chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

- **Cyclical** - This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company often rises just before an economic upturn begins and falls just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to

buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

- **Fundamental** - This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

- **Technical** - This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different

types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Advisor is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (Stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Investment Models Risk – Assets held in a model portfolio based on your risk tolerance (i.e., conservative, moderate, growth, etc.) are still subject to the various risks previously discussed. For example, a defensive investor may have a large allocation towards cash and fixed income with only a small (if any) allocation towards equities and property. If market conditions result in low or falling rates of interest, an investor may not be able to participate in any parallel rise in equity prices.

Voting Client Securities

Advisor does not vote proxies on behalf of clients, nor do we provide recommendations or clarifications regarding proxy issues. It is your responsibility to vote all proxies for securities held in your account. You should read through the information provided with the proxy-voting documents and make a determination based on the information provided. You receive proxies directly from the qualified custodian or transfer agent; we do not provide you with the proxies.

Item 7 – Client Information Provided to Portfolio Managers

Periodically we may need to provide certain financial information about clients to a portfolio manager. This requirement may be necessary when working with an investment that has certain net worth or income requirements. This information may be supplied to the portfolio manager each year as necessary. The information is only provided to establish financial suitability/wherewithal for the specific investment.

Item 8 - Client Contact with Portfolio Managers

Our Up Management Program primarily utilizes pooled investment vehicles which have investment/portfolio managers. These managers are not typically available to our clients for direct contact. We have relationships with those managers' companies and each provides us with points of contact so that we can obtain important information, updates and analysis necessary and relevant for our portfolio decision making process. Periodically we may be in direct contact with an investment's manager to obtain their view on certain market events. This meeting usually does not include clients.

Sometimes however, we may offer a workshop or seminar in which we bring in a portfolio manager. That manager may give his/her overall market outlook and discuss some attributes of the portfolio. These workshops or seminars are for general educational purposes only.

Item 9 - Additional Information

Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

Other Financial Industry Activities and Affiliations

We are not and do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- Another investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- An insurance company or agency
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer

- A sponsor or syndicator of limited partnerships

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

Registered Representative of a Broker-Dealer

Our representatives are also registered representatives of LPL Financial Corporation, a securities broker/dealer and you may work with representative in that separate capacity. When acting as a registered representative, your representative may sell to you general securities products (such as stocks, bonds, mutual funds and exchange-traded funds) and variable annuity and variable life products. They can earn commissions when selling these products. As such, your representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. Receiving commissions creates an incentive to recommend those products for which your representative can receive a commission in his or her separate capacity as a registered representative of a securities broker/dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL Financial Corporation. You can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions, they must use LPL Financial Corporation. Prior to effecting any such transactions, you are required to enter into a new account agreement with LPL Financial Corporation. The commissions charged by LPL Financial Corporation may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

Insurance Agent

You may work with your representative in his or her separate capacity as an insurance agent. When acting as an insurance agent, they may sell to you general disability insurance, life insurance, annuities and other insurance products. The representative can earn commissions when selling these products. As such, your representative may suggest that you implement Advisor's recommendations by purchasing disability insurance, life insurance, annuities or other insurance products. Receiving commissions creates an incentive to recommend those products for which your representative can receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your representative.

Code of Ethics

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Advisor has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Advisor's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Advisor requires its supervised persons to consistently act in your best interest in all advisory activities. Advisor imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Advisor's Code of Ethics. If you wish to review the Code of Ethics in its entirety, you should send request a copy from us and we will promptly provide a copy to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Advisor or its associated persons may buy or sell for their personal accounts investment products identical to those recommended to clients. This creates a potential conflict of interest. It is Advisor's express policy that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Advisor and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by Advisor's Chief Compliance Officer.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Account Reviews

Up Management Program accounts are reviewed at least quarterly by the representative responsible for the account. Please see our separate Disclosure Brochure (at **Item 13 - Review of Accounts**) for additional information about account reviews for other advisory services accounts.

Our representatives are responsible for reviewing their own accounts. While the calendar is the main triggering factor, reviews may also be performed due to your specific request. When conducting account reviews, the representatives check each client's investment strategy and objectives to see if any changes have occurred or should be made.

Account Reports

You receive transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, Advisor may also provide position reports to you upon request.

Client Referrals and Other Compensation

We do not directly or indirectly compensate anyone for client referrals to us.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

Please also see our separate Disclosure Brochure for additional discussion about other compensation and non-economic benefits. Specifically, **Item 5 - Fees and Compensation**, **Item 10 - Other Financial Industry Activities and Affiliations** and **Item 12 - Brokerage Practices** contain additional information about other compensation we may receive.

Financial Information

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year with this Brochure Appendix or our separate Disclosure Brochure. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

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