



TradeKing Advisors, Inc.
13024 Ballantyne Corporate Place/Suite 500
Charlotte, North Carolina 28277
(800) 425-3205
www.tradekingadvisors.com

Form ADV Part 2A
Form Brochure
June 27, 2014

This brochure provides information about the qualifications and business practices of TradeKing Advisors, Inc. If you have any questions about the contents of this brochure, please contact our Compliance Department at (800) 425-3205.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about TradeKing Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

A search of this site for firms or their associated personnel can be accomplished by name or a unique firm identifier, known as a CRD number. The CRD number for TradeKing Advisors, Inc. is 170301.

Even though the firm and its associates may be registered with the SEC or notice-filed in other jurisdictions, that registration implies neither an endorsement by any regulatory authority nor a certain level of skill or training on the part of the firm or its associated personnel.

Item 1 – Cover Page

Item 2 - Material Changes

The firm amended its May 13, 2014 Form ADV Part 2 brochure due to changes involving how a client account will be assessed for the purpose of monthly billing (see Item 4), as well as the firm trading for its own account in order to track investment model performance (Item 11). The firm had previously updated its Form ADV Part 2A dated April 11, 2014 due to a change in its legal name (see Cover Page), and had amended its April 1, 2014 firm brochure due to a change in its legal structure (Item 4), modification of its portfolio offering (Items 4, 5 and 8), as well as an update involving the firm's minimum fee and billing cycle (Item 5). As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: www.adviserinfo.sec.gov or may contact our firm at (800) 425-3205 to request a copy at any time.

Item 3 - Table of Contents

Form ADV Part 2A

<u>Topic</u>	<u>Page</u>
Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	5
Description of the Firm	
Description of Advisory Services Offered	
Client-Tailored Services and Client-Imposed Restrictions	
Wrap Fee Programs	
Client Assets Under Management	
General Information	
Item 5: Fees and Compensation	7
Fee Schedule	
Payment of Fees	
Potential Additional Fees	
Prepayment of Fees	
External Compensation for the Sale of Securities to Clients	
Item 6: Performance-Based Fees and Side-By-Side Management	9
Item 7: Types of Clients	10
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	10
Methods of Analysis and Investment Strategies	
Investment Strategy and Method of Analysis of Material Risks	
Security-Specific Material Risks	
Item 9: Disciplinary Information	15
Item 10: Other Financial Industry Activities and Affiliations	15
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Code of Ethics Description	
Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest	
Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest	
Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest	
Item 12: Brokerage Practices	17
Factors Used to Select Broker/Dealers for Client Transactions	
Directed Brokerage	
Best Execution	
Aggregating Securities Transactions	
Trade Errors	

<u>Topic</u>	<u>Page</u>
Item 13: Review of Accounts	20
Schedule for Periodic Review of Client Accounts	
Review of Client Accounts on Non-Periodic Basis	
Content of Client-Provided Reports and Frequency	
Item 14: Client Referrals and Other Compensation	21
Economic Benefit from External Sources and Conflicts of Interest	
Advisory Firm Payments for Client Referrals	
Item 15: Custody	21
Item 16: Investment Discretion	22
Item 17: Voting Client Securities	22
Item 18: Financial Information	22

Important Information

Throughout this document TradeKing Advisors, Inc. shall also be referred by its business name "TradeKing Advisors," or "the firm," "firm," "our," "we" or "us." The client or prospective client may be also referred to as "you," "your," etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. In addition, the term "advisor" and "adviser" are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

Item 4 - Advisory Business

Description of the Firm

Based in Charlotte, North Carolina, TradeKing Advisors is a Delaware corporation. TradeKing Advisors' majority shareholder is TradeKing Group, Inc., whose controlling interest is retained by TradeKing Holdings, LLC and Zecco International BV. TradeKing Advisors does not have any subsidiaries or controlling interests in another reportable business entity.

TradeKing Advisors is an SEC-registered Internet Only investment advisor pursuant to Rule 203A-2(e). Our firm may also notice-file (register) when appropriate in those jurisdictions in which we conduct investment advisory business and/or we may meet certain exemptions per statute.

Description of Advisory Services Offered

TradeKing Advisors' primary focus is to provide discretionary portfolio management services to our clients' via our online investment services offering. We do this exclusively through web-based solutions and informational resources, and virtual interaction. We do not offer financial planning services.

TradeKing Advisors has entered into an agreement with Ibbotson Associates, Inc. ("Ibbotson") whereby Ibbotson acts as an Investment Advisor to TradeKing Advisors. Ibbotson is an unaffiliated SEC-registered investment advisor owned by Morningstar, Inc. Ibbotson provides a variety of services including but not limited to creating and providing model portfolios, initial selection and ongoing due diligence of the exchange-traded funds (ETFs) and/or exchange-traded notes (ETNs) in each model, review and if necessary updating model portfolios including the allocation percentage and/or the underlying ETFs and ETNs, providing risk tolerance questionnaire(s) used to assist potential clients in selecting an appropriate model and also creating certain marketing materials. Ibbotson does not have discretion or access to the client accounts.

Interested parties must access our secure website where they are offered our current firm brochure (Form ADV Part 2A) that describes our advisory firm, its services, potential fees, etc., as well as any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice. Our privacy policy is concurrently provided for reference. Both the firm brochure and privacy policy statement are available to our clients/prospective clients in either portable document format (PDF) for their download and/or may be printed on their own local printer.

We will then ask the prospective client to respond to a sequence of interactive questions we believe important to the development of their portfolio such as their age, investment time horizon, income and/or net worth, among others. We will also inquire into their investment experience, as well as tolerance or appetite for risk. Following responses to a series of online multiple choice questions, the prospective client will receive a recommendation of an investment allocation model comprising of ETFs and/or ETNs believed to be appropriate for their situation. The recommendation will be delivered for viewing over the Internet via our website, and the prospective client is able to locally save a PDF version or print a copy for their consideration. Should the prospective client wish to then engage TradeKing Advisors for its investment services, they must then enter into a written agreement with our firm to initiate the process.

Ibbotson assists us and our clients through our use of their proprietary investment models and recommended portfolios, which fall into one of two categories: the *Core Portfolio* or the *Momentum Portfolio*.

Item 8 provides additional details about our investment strategies, types of investment vehicles used, and their associated risks.

TradeKing Advisors does not take a client's personal tax situation into consideration when managing the portfolios. We advise our clients to consult with a professional tax advisor.

Client Tailored Services and Client Imposed Restrictions

The client is asked to provide their information which assists our firm in designing or selecting a portfolio for that particular investor. The accuracy of the data provided by the client is important to their investment recommendation, however, we will not be required to verify any information received from the client and TradeKing Advisors is expressly authorized to rely on said client thereon.

Our clients retain discretion over the initial implementation decisions and are free to accept or reject the initial recommendation from TradeKing Advisors. Once the client has accepted the portfolio recommendation they will be required to open a separate brokerage account in order to participate in the investment program. The client must authorize TradeKing Advisors to exercise discretionary trading authority over the designated account (defined in Item 16). Once the portfolio model has been selected, TradeKing Advisors will use discretion and execute trades for the initial allocation of the selected strategy and also for ongoing rebalancing. TradeKing Advisors will monitor the accounts and may rebalance for "drift", deposits and withdrawals, to free up cash to pay for advisory fees, and also if Ibbotson makes a change to the underlying model. TradeKing Advisors does not have the authority to remove funds or securities and may only request the withdrawal of its advisory fees as described in Item 5.

In order for TradeKing Advisors to allocate the model to the brokerage account, the client is required to first fund the account. Instructions for funding will be provided interactively on the website during the brokerage account opening process. Once the minimum investment level for the specified model is reached the available cash will be allocated.

TradeKing Advisors may keep a portion of the account in cash reserves. The cash will be held as a cash credit in the brokerage account and will be used primarily to collect advisory fees. Generally this amount will be two percent of the entire account value. For example, if the client deposits \$25,000, then \$500 will be held in a cash position and \$24,500 will be allocated to investments within the portfolio.

TradeKing Advisors will not have discretionary authority over original securities deposited to the account that are not part of the model portfolio the client has selected. The client must either liquidate or transfer those securities out of the account. There may be additional fees charged by the broker/dealer to liquidate or transfer those securities. If the client decides to liquidate the securities, the cash from that sale will be invested in the model assuming the investment minimums are met.

It remains each client's ongoing responsibility to promptly update their information with our firm when there is a material change to their situation and/or investment objective for the purpose of evaluating or revising previous account restrictions or portfolio recommendations.

Wrap Fee Programs

The firm does not sponsor or serve as a portfolio manager in an investment program involving wrapped fees.

Client Assets Under Management

As a new firm, there are no reportable client assets under management¹ as of the date of this brochure's publishing.

General Information

TradeKing Advisors will use its best judgment and good faith effort in rendering its services to its clients. The firm cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Past performance is not indicative of future results.

Except as may otherwise be provided by law, we will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from adherence to direction of the client or their attorney-in-fact may provide; any act or failure to act by a service provider maintaining an investment account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document or the firm's client agreement shall constitute a waiver of any rights that a client may have under federal and state securities laws.

Item 5 - Fees and Compensation

Fee Schedule

Our firm and any selected sub-advisor's or consultant's compensation are based on a combined annualized asset-based fee, and the calculation is determined by the account's average daily balance. Our fees will be billed monthly, in arrears, per the following table:

Assets Under Management	Asset-Based Fee*		Model type
	Yearly	Monthly	
\$0 - \$249,999	0.75%	0.0625%	Core
Over \$250,000	0.50%	0.0417%	Core
\$0 - \$249,999	1.00%	0.0833%	Momentum
Over \$250,000	0.75%	0.0625%	Momentum

*Our advisory fee is subject to a monthly minimum of \$6.25 per account for the Core portfolio and \$21.00 for the Momentum portfolio

¹ The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

Our billing is based on a blended tier. For example, if the client is participating in the Core Portfolio and had \$300,000 invested, the first \$250,000 would be billed at 0.75% annually or 0.0625% monthly and the next \$50,000 would be billed at 0.50% annually or 0.0417% monthly.

For the benefit of discounting a client's asset-based fee, multiple accounts may be aggregated for the same individual, or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account. Should account restrictions be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, the firm reserves the right to apply the fee schedule separately to each account. Published fees may be discounted at the discretion of a member of our advisory firm's management but they are not generally negotiable.

Payment of Fees

TradeKing Advisors does not accept cash, money orders or similar forms of payment for any of its engagements, nor do we allow for direct billing. Fees will be billed monthly, in arrears, and fee payments will generally be withdrawn from the account maintained at the custodian of record within the first 10 days of each month.

The client's first billing cycle will begin once the agreement is executed with our firm and assets have settled into the client account held by the custodian of record. Fees for partial months will be prorated based on the remaining days in the reporting period in which our advisory firm services the account.

Accounts will be assessed in accordance with the account's average daily balance. Fees will be calculated daily and then aggregated and billed monthly to the client account.

All fees deducted will be clearly noted on account statements that the client will receive from the custodian of record. Please note that the client shares in the responsibility to verify the accuracy of fee calculations; the custodian may not necessarily verify billing accuracy for each client. By signing our advisory firm's engagement agreement, as well as the introducing broker/dealer and/or custodian of record account opening documents, the client will be authorizing the withdrawal of both advisory and transactional fees (see following section) from their account. The withdrawal of these fees will be accomplished by the introducing broker/dealer and/or the custodian of record, not by TradeKing Advisors, and the introducing broker/dealer and/or the custodian will remit the advisory fees directly to our firm.

Potential Additional Fees

Any transactional or service fees (sometimes termed *brokerage fees*) assessed by the introducing broker/dealer and/or custodian of record, individual retirement account fees, qualified retirement plan or account termination fees will be borne by the account holder, and are per those provided in current (separate) fee schedules of any selected service provider. We will ensure our clients receive an initial copy of our firm's preferred introducing broker/dealer and/or custodian of record's fee schedule at the beginning of the engagement, and those clients will be notified of any future changes to these fees by the introducing broker/dealer and/or the custodian of record and/or third party administrator for tax-qualified plans.

As an accommodation to our clients, we are able to provide a maximum of 50 trades per calendar year at no charge to the account holder. Transactions above this threshold will be assessed a per-transaction fee based on the current introducing broker/dealer's or custodian's fee schedule.

Additional information about our firm's fees in relationship to its business practices is noted in Items 12 and 14 of this document.

Termination of Services

Either party may terminate the agreement at any time, which should typically be done in writing. If a client verbally notifies our firm of the termination and, if within two business days following this notification our firm has not been sent the client's written notice, our firm will make a written notice of the termination in its records and will send the client its own termination notice as a substitute.

TradeKing Advisors will not be responsible for future investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. Upon termination it will also be necessary that we inform the introducing broker/dealer and/or custodian of record that the relationship between the firm and the client has been terminated.

If the client did not receive our Form ADV Part 2A firm brochure at least 48 hours prior to entering into the firm's agreement, then the client will have the right to terminate the engagement without penalty within five business days after entering into the agreement. Should the client terminate the agreement after the five-day period, the client will be assessed fees on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination, or (ii) for all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice.

External Compensation for the Sale of Securities to Clients

Our advisory firm does not charge or receive a commission or mark-up on securities transactions, nor will the firm be paid a commission on the purchase of a securities holding that is recommended to a client.

The firm does not receive "trailer" or SEC Rule 12b-1 fees from an investment company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing.

A client may choose to purchase recommended or similar investments through their own selected service provider; however, we reserve the right to terminate the engagement at that juncture.

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

TradeKing Advisors' advisory fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds (known as performance-based fees) because of the potential conflict of interest this type of fee structure may pose.

Our compensation will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not. This type of arrangement and the conflict of interest it may pose does not conform to our firm's practices.

Item 7 - Types of Clients

TradeKing Advisors generally provides its advisory services to:

- Individuals
- High Net Worth Individuals
- Pension and Profit Sharing Participants
- Corporations or Business Entities

The minimum initial investment per account for the Core Portfolios is \$10,000 and the minimum initial investment for the Momentum Portfolios per account is \$25,000. If the account balance falls below the minimum required per account, we reserve the right to discontinue the advisory relationship.

As stated in Item 5, we may assess a per-month minimum fixed fee. TradeKing Advisors reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, pre-existing relationships, or as otherwise may be determined by our firm. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

Methods of Analysis and Investment Strategies

Method of Analysis

Following extensive research we have selected and entered into a consulting agreement with Ibbotson to serve as our sub-advisor and their portfolio strategies are noted in the following paragraphs. Several items were taken into consideration during the portfolio manager selection process including the experience and reputation of the manager or management team. We also believe it is important to ensure a portfolio manager aligns with our investment philosophy. In the future if we decide to add or replace a sub-advisor, we will inform both clients and regulators in writing of that change.

Investment Strategies

Core Portfolio

Ibbotson develops capital market forecasts of risk, return and correlation for over 140 asset classes using a combination of historical and current market data. Using these capital market assumptions, they develop asset allocation models using mathematical techniques such as Traditional and Resampled Mean Variance Optimization (MVO) and Mean Conditional Value at Risk optimization (Mean-CVAR). The goal of MVO is to identify portfolios that maximize returns for a given level of risk or minimize risk for a given level of returns while Mean-CVAR allows the portfolio manager to more accurately capture downside risk of each asset class and their impact on the model.

Sensitivity analysis and stress testing are used to further evaluate the Core Portfolios. Asset classes are then selected for inclusion into the portfolio based upon the:

- Availability for certain holdings on our platform;

- Efficiency viewed from a Mean-Variance perspective, looking at each asset class' marginal contribution to the Mean Variance and Mean CVAR optimizations;
- Marginal benefit of increasing the number of asset classes - research has shown the marginal benefit of using more than 11-17 asset classes (depending on the model – Conservative, Moderate, etc.) starts to diminish significantly; and
- Potential trading costs, other fees or minimums associated with gaining exposure to a specific asset class.

Momentum Portfolio

Ibbotson research reveals the potential advantages of momentum investing are most pronounced over a 6-to-12 month time horizon, and it is believed over longer periods the advantages of a momentum-driven approach diminishes. Therefore, to take advantage of short-term price movements, they developed a system to signal “buy” or “sell” decisions at the asset class level, and they rebalance monthly to align with market trends.

Model portfolios are built using a broad set of 20 asset classes, including non-traditional asset classes that exhibit momentum characteristics such as emerging market debt and private equity. The momentum strategies are implemented using ETFs/ETNs to gain exposure to different asset classes.

There are multiple risk controls in the momentum portfolios:

- In order to manage the impact of negative momentum signals, no model may short sell any security.
- Asset class “tilts” are limited to less than 75% of the original target allocation; a process designed to limit losses that occasionally occur at market inflection points.
- To keep portfolios on track with their targeted allocation, each portfolio's tracking error risk is accounted for; more aggressive models take on more risk than conservative models.

Portfolio construction requires a careful screening process. Before an ETF/ETN is introduced into a portfolio, Ibbotson examines the cost, tracking error, consistency, and other qualitative and quantitative factors. For ETNs, they also consider the credit worthiness of the underlying issuer. They then combine their research with analysis on asset class exposures to determine how each fund can be used to implement the overall asset class models. The result is a range that combines asset class research with a disciplined investment process designed to capture the effects of the *momentum* dynamic.

Investment Strategy and Method of Analysis Material Risks

We believe selection of a sub-advisor and their strategies are designed to produce the appropriate potential return for the given level of risk; however, neither we nor any sub-advisor can guarantee that an investment objective or planning goal will be achieved. As an investor the client must be able to bear the risk of loss that is associated with their account, which may include the loss of some or all principal invested. The following paragraphs offer examples of such risk.

Active Asset Management

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter

holding periods, higher transactional costs and/or taxable events generally borne by the account holder, thereby potentially reducing or negating certain benefits of active asset management.

Company Risk

When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. For example, there is the risk that a company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

Financial Risk

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Fundamental Analysis

The challenges involving fundamental analyses include situations wherein information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Inflation Risk

When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Management Risk

An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Market Risk

When the stock market as a whole or an industry as a whole falls in value, it can cause the prices of individual stock prices to fall indiscriminately. This is also called *systemic* or *systematic* risk.

Passive Investing

A portfolio that employs a passive, "efficient markets" approach (generally representative of index investing) has the potential risk at times to generate lower-than-expected returns for the broader allocation than might be the case for a more narrowly focused asset class, and the return on each type of asset may deviate from the average return for the asset class. We believe this variance from the expected return is generally low under normal market conditions when a portfolio is made up of diverse, low-correlated or non-correlated assets.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. Therefore, while our firm makes efforts to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice regarding or investment management of an account.

Security-Specific Material

Alternative Investments

Strategies involving “alternative” investments generally include those which do not fall into equity, fixed income or cash equivalents. Such investments would include “real assets” such as real estate and commodities, and alternative strategies such as absolute return strategies and various other hedge fund-type strategies: global macro, managed futures, long/short equity, multi-strategy, event driven, private equity, etc. The goal of these alternative strategies is to provide for diversification in order to lower portfolio volatility and enhance long-term returns. The alternative investments we recommend are managed through ETFs/ETNs; they are not individual holdings. The potential risks involving these underlying investments may include:

Hedge Funds

Many hedge funds are structured as private placements; relying on Regulation D (Rule 506) offering rules which generally requires investors to be “accredited” and many hedge funds have other additional requirements. More recently, hedge funds have been offered to a wider public via a “fund-of-funds” hedge fund vehicle. Hedge funds have a broad range of underlying strategies and holdings, and may not be as transparent or have the same level of liquidity as other more commonly known investments. They may also have higher management fees and/or operating expenses.

Managed Futures Accounts

Managed futures accounts are alternative investments that employ long and short positions in futures contracts, forwards and options to provide portfolio diversification among various types of investment styles and asset classes in an effort to moderate portfolio risk. Managed futures accounts allow investors to leverage their investment with the use of notional funding, which allows an investor to put up only a portion of the required minimum investment but trade at a higher level of exposure. This may result in larger earnings or losses, as well as higher management fees, relative to the actual amount invested.

Private Equity

Investments in private equity often involve investment of capital into or the acquisition of an operating business enterprise; capital is frequently sourced from institutional investors. There are a broad range of private equity types and they generally fall into categories such as: (i) leveraged buyouts, (ii) growth capital, (iii) distressed debt or turnaround strategies, (iv) mezzanine capital, (v) secondaries, and (vi) venture capital. In general, private equity investing is often offered directly to qualified investors as well as through fund-of-funds structures. While such holdings may generate above average returns for an investor, they typically are less transparent, less liquid and may involve greater risk, and they typically have a higher fee structure than traditional investments.

Real Estate Investment Trusts

Risks involved in REIT investing may include (i) following the sale or distribution of assets an investor may receive less than their principal invested, (ii) a lack of a public market in certain issues, (iii) limited liquidity and transferability, (iv) fluctuations involving the value of the assets within the REIT, (v) a reliance on the investment manager to select and manage assets, (vi) changes in interest rates, laws, operating expenses, and insurance costs, (vii) tenant turnover, and (viii) the impact of current market conditions.

Equity (Stock) Market Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of the company who issued the stock change. If an investor held common stock, or common stock equivalents, of any given company, they would generally be exposed to greater risk than if they held preferred stock and/or debt obligations of the company. Common stocks are often holdings within mutual funds and ETFs.

ETF/ETN and Mutual Fund Risks

The risk of owning ETFs/ETNs and mutual funds reflect the risks of their underlying securities (e.g., alternative investments, stocks, bonds, etc.). ETFs/ETNs and mutual funds also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. Also, some mutual funds may be too large to adjust quickly in response to market fluctuations, meaning that investors may miss out on gains or be exposed to losses for a longer time than if they were in a more nimble portfolio.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds, or certain ETFs/ETNs containing these holdings, may be affected by various forms of risk, including:

Credit Risk

The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF/ETN share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

Duration Risk

Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

Interest Rate Risk

The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

Liquidity Risk

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Reinvestment Risk

With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Index Investing

Index investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. If a core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align the stated benchmark. In these instances, a portfolio manager may choose to reduce the weighting of a satellite holding, utilize very active satellites, or use a “replicate index” position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

QDI Ratios

While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. A holding’s QDI should be considered when tax-efficiency is an important aspect of the client’s portfolio.

Item 9 - Disciplinary Information

Neither TradeKing Advisors nor any member of its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our firm’s advisory business or the integrity of our firm.

Item 10 - Other Financial Industry Activities and Affiliations

TradeKing Advisors’ policies require the firm and its associates to conduct business activities in a manner that avoids or appropriately mitigates conflicts of interest including those between the firm, its associates, and its clients, or with any other party that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

TradeKing Advisors is neither registered nor has an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm, nor are we required to be or to do so. Members of our advisory firm's management are associated persons with TradeKing, LLC ("TradeKing"); an affiliate of TradeKing Advisors under common control of TradeKing Group, Inc. TradeKing is a FINRA member introducing broker/dealer. We have a common control affiliate, TradeKing Forex, LLC, that is a NFA member firm. We execute advisory client trades with our custodian of record through TradeKing and we require advisory clients to open an account with TradeKing. Additional information about this relationship and potential conflicts of interest it may pose is described in Item 12 of this brochure.

Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- financial institution, such as a bank, credit union or thrift
- accountant or accounting firm²
- lawyer or law firm²
- real estate broker or dealer
- pension consultant
- sponsor or syndicator of limited partnerships
- issuer of a marketable security
- 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)

As stated in Item 4, portfolio models are managed by an unaffiliated registered investment advisor we have selected to serve as sub-advisor due to their unique investment strategies and experience. Before making our selection we conduct what we believe to be an appropriate level of due diligence on the recommended sub-advisor, to include ensuring their firm is appropriately registered or notice-filed where required. Please note that both our firm and the other investment advisor (as portfolio manager) inevitably share in a portion of fees assessed involving this arrangement, and as described in Item 5.

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

Our firm believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain. It is important to note that no set of rules can anticipate or alleviate all potential material conflicts of interest. Our firm will disclose any material conflict of interest relating to the firm or its associates which could reasonably be expected to impair the rendering of unbiased and objective advice (such as affiliations noted in Item 10).

Code of Ethics Description

² Firm personnel may be qualified as an accountant or attorney and be a member of their respective professional association; however, our firm does not have an affiliate that holds out a separate legal or accountancy practice or offers such services to advisory clients.

The firm has adopted a Code of Ethics that establishes policies for ethical conduct for all its personnel, and accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others.

Our firm periodically reviews and amends its Code of Ethics to ensure they remain current, and requires all personnel to annually attest to their understanding of and adherence to the Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

No associate of the firm is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a "related person" (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity as an underwriter or advisor to an issuer of securities, etc.

An associate is prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

For the purpose of model performance tracking, TradeKing Advisors invests its own funds in its own account involving five Core portfolios and five Momentum portfolios. TradeKing Advisors does not trade for its own account (e.g., proprietary account trading) for the purpose of generating revenue, tax harvesting, etc. The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client; clients often have different objectives and risk tolerances.

At no time will the firm or a related person receive preferential treatment over a client. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of a client's order, etc.), firm policy requires the restriction or prohibition of related parties' transactions in specific securities. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in a related person's account, and the firm maintains required personal securities transaction records per regulation.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

See responses in the section *Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest*.

Item 12 - Brokerage Practices

Factors Used to Select Broker/Dealers for Client Transactions

TradeKing Advisors does not maintain physical custody of client assets (see Item 15). Client accounts and their holdings must be maintained by an independent, qualified custodian that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is

not a custodian nor is there an affiliate that is a custodian. However, due to the fact that our firm is able to request the withdrawal of our advisory fees from a client account, we are deemed to have “constructive custody.” Please note that no advisory fees will be withdrawn from a client investment account for the benefit of our firm without the client’s prior written approval and the withdrawal of such fees will be completed by a qualified intermediary (e.g., the custodian of record).

Due the unique structure of our service platform and advice to our clients, as well as the use of model portfolios, we request that our clients use the services of TradeKing, an introducing broker/dealer affiliate who clears and settles trades through Apex Clearing Corporation (“Apex”), a FINRA/SIPC member firm.³ Our advisory firm is independently owned and operated; it is not legally affiliated with Apex. While we recommend our client’s use TradeKing as their introducing broker/dealer and Apex as the custodian of record, the client will decide whether to do so and will open their account with them by entering into an account agreement with them via our relationship with our affiliate broker/dealer TradeKing. We do not technically open the account for the client, although our electronic interface systems will assist the client in doing so. If the client does not wish to place their assets with Apex as the custodian of record, we are unable to serve the account under this engagement.

The client will be required to open a TradeKing brokerage account in order to implement the investment model program. TradeKing utilizes Apex as the custodian of record to clear and settle trades.

Apex offers various services which, among others, include custody of client assets, trade execution, clearance and settlement. We also receive economic benefit from TradeKing in the form of various products or services they make available to us that typically may not be made available to the “retail investor.” These benefits may include the following products and services provided to us either without cost or at a discount:

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to their trading desk
- block trading services
- ability to have advisory fees deducted directly from a client’s accounts (per written agreement)
- resource information related to capital markets and various investments
- access to an electronic communications networks for client order entry and account information
- access to certain mutual funds with no transaction fees
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted products and services made available by TradeKing may benefit our advisory firm but may not directly benefit each client account, and certain research and other previously referenced services may qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from TradeKing benefits our firm because we do not have

³ TradeKing Advisors is not, nor is it required to be, a Securities Investor Protection Corporation (SIPC) member. You may learn more about SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

to produce or purchase them as long as our clients maintain assets in TradeKing accounts. Therefore, there may be an appearance of a conflict of interest since our firm may have an incentive to select or recommend TradeKing as the introducing broker who utilizes Apex as the custodian based on our firm's interest in receiving these benefits rather than any one client's interest in receiving favorable trade execution.

Our firm periodically conducts assessments of its service providers (including TradeKing and Apex) which generally involves a review of the range and quality of services and reasonableness of fees, among other items, and in comparison to industry peers or reasonably accessible alternative service providers.

Directed Brokerage

We have developed an extensive electronic platform and systems interface that allows our advisory firm clients to effortlessly progress through various integrated stages: client inquiry, suitability determination, asset allocation, account opening and transaction processing, as well as performance reporting tools and portfolio rebalancing. This methodology necessitates our reliance upon our broker/dealer affiliate's systems and operational relationships to ensure interface reliability and ease of use for all parties, including our advisory clients. While we require the services of TradeKing and Apex, we believe these relationships are in the best interest of our advisory clients based not only on referenced systems and services they provide but also the reasonable transaction fees that are assessed to accounts due in part to the existing business relationships, systems interface, reduced costs based on economies of scale, as well as negotiated transaction fees that we believe are competitive with other providers. TradeKing and Apex are compensated for their services involving this relationship, such as payment for order flow on executions, commissions and interest on cash balances, as are other industry providers offering similar services.

Due to the unique requirements of our Internet only platform and associated services, we do not allow client directed brokerage to occur. As a result, a client may potentially pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices involving their account transactions than would otherwise be the case.

Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the previous paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Therefore, our firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined that having client trades executed through TradeKing is consistent with our firm's obligation to seek best execution of client trades. A review is regularly conducted by TradeKing Advisors with regard to recommending a custodian to our clients in light of our duty to seek best execution.

Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked," "bunched" or "batched" orders. We generally do not aggregate orders. However at certain times TradeKing Advisors may in an attempt to

obtain better order execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our advisory firm does not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or confirmation receipt method. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.*

When trade aggregation is not allowed or infeasible, and necessitates individual transactions to be made (e.g., withdrawal or liquidation requests, odd-lot trades, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

TradeKing Advisors reviews firm trading processes on a periodic basis to ensure they remain within stated policies and published regulations. The client will be informed, in advance, should trading practices change at any point in the future.

Trade Errors

The firm corrects trade errors through an account maintained by its custodian of record, and the firm may be responsible for trading error losses that may occur within a client account. Should there be a gain following the correction of a trading error, the firm will typically credit the client's account.

Item 13 - Review of Accounts

Schedule for Periodic Review of Client Accounts

Our firm's advice is rendered through its online delivery solution and is designed to be operated by the user (client) themselves. Clients have unlimited access and frequency to employ systems' functionality and are able to review their account, portfolio allocation, etc., and update it as necessary.

Review of Client Accounts on Non-Periodic Basis

Non-periodic reviews may occur by assigned portfolio managers and/or our programmed systems when they are triggered by material market, economic or political events, or by changes in client's financial situations (e.g., changes in employment, relocation, an inheritance, etc.). Clients should consider revisiting previously entered data to update their information if a material event has occurred so that our firm via its systems is able to review and potentially adjust the client's portfolio.

Content of Client Provided Reports and Frequency

Clients will receive electronic account statements prepared by the custodian of record on at least a quarterly basis. TradeKing Advisors does not create an account statement for an advisory client, and we urge clients to carefully review statements they receive from the custodian of record for accuracy and clarity.

TradeKing Advisors' advice is rendered through its online technology and is set up to be run by the client. Performance reports are available for the client when they access the firm's service platform, and

clients have unlimited access to the system as long as their account remains open with our advisory firm. This access also provides the client the ability to generate various reports to gauge their account progress.

TradeKing Advisors' online performance reports are calculated using a time-weighted methodology. The methodology is programmed into our portfolio administration systems, and, to ensure accuracy, periodic back-testing is conducted by our supervisory staff and/or qualified third-parties. Time-weighted reporting compounds daily portfolio-level returns from the period the account had been originally funded until the present time. Reports are intended to inform our clients about investment performance on both an absolute basis and as compared to a known benchmark. We believe these are appropriate methods to evaluate portfolio performance since they are not sensitive to the contributions or withdrawals the client makes to their account.

Clients are urged to carefully review and compare account statements that they have received prepared by their custodian of record with any performance report received from our advisory firm.

We do not validate performance reports created by systems external to ours, and cannot attest as to whether they are calculated on a uniform and consistent basis.

Item 14 - Client Referrals and Other Compensation

Economic Benefit from External Sources and Potential Conflicts of Interest

As a fiduciary, TradeKing Advisors endeavors to put the interests of its clients first, and it is important to mention that the benefit received by our firm through participation in the custodian's support program as noted in Item 12 does not depend on the amount of brokerage transactions directed to Apex or TradeKing. In addition, the selection of Apex as custodian of record is in the best interests of our clients since the selection is primarily supported by the scope, quality, and cost of services provided as a whole -- not just those services that benefit only our advisory firm.

Advisory Firm Payments for Client Referrals

If a client is introduced to our advisory firm by a solicitor, the firm may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities law requirements. Any such referral fee will be paid from the firm's investment management fee and does not result in additional charge(s) to the client.

The solicitor will disclose the nature of their relationship to prospective clients at the time of solicitation and will provide prospective clients with both the TradeKing Advisors firm brochure in addition to the solicitor's disclosure statement that contains the terms and conditions of the solicitation arrangement, including its compensation arrangement.

Item 15 - Custody

TradeKing Advisors' client assets will be maintained in a separate account in the client's name by TradeKing, a FINRA member introducing broker/dealer who clears and settles trades at Apex, an unaffiliated, qualified custodian. Client assets are not physically maintained by our advisory firm or by any related person of our advisory firm. In keeping with this policy involving client funds or securities, we:

- Restrict the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibit an associate from having authority to directly withdraw securities or cash assets from a client account. Advisory fees will only be withdrawn from a client investment account through the engagement of a qualified custodian maintaining client account assets and with prior written client approval (termed “constructive custody”);
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our advisory firm;
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future;
- Will not authorize an associate to have knowledge of a client’s account access information (i.e., online 401(k), brokerage or bank account passwords) when such access might result in physical control over client assets.

Clients will be provided with transaction confirmations and summary account statements prepared by the custodian of record. Typically statements are provided on at least a quarterly or more frequent basis. TradeKing Advisors will not create an account statement for a client nor serve as the sole recipient of client account statements.

Clients are urged to carefully review and compare their account statements that they have received from their custodian of record with any performance report they may receive from our firm.

Item 16 - Investment Discretion

Our model portfolios are strictly managed on a *discretionary basis* (authority). Similar to a limited power of attorney, discretionary authority allows our firm to implement previously determined investment strategies and subsequent trading decisions, such as the purchase or sale of a security, without requiring the client’s prior authorization for each transaction in order to meet stated investment objective(s). This authority will be granted by the client through the execution of our firm’s client engagement agreement, as well as the custodian of record’s limited power of attorney form or clause that may be part of their account opening documents. The custodian of record will be directed to specifically limit our advisory firm’s authority within the client account to the placement of trade orders and our request for the deduction of our advisory fee. Our clients retain the right to terminate our account authority; however, we will require they close the account with our advisory firm.

TradeKing Advisors will not have discretionary authority over securities deposited to the account that are not part of the model portfolio the client has selected. The client must either liquidate or transfer those securities out of the account. There may be additional fees charged by the introducing broker/dealer and/or custodian to liquidate or transfer those securities. If the client decides to liquidate the securities the cash from that sale will be invested in the model assuming the investment minimums are met.

Pursuant to Investment Company Rule 3a-4, reasonable restrictions may be requested by clients. However since each of the investment strategies utilizes ETFs or ETNs, we have no control over the specific securities bought and sold within those ETFs/ETNs, therefore certain industry or company specific restrictions may not be available.

TradeKing Advisors will generally honor certain reasonable restrictions including but not limited to:

- Trading on margin or shorting securities
- Trading options or other derivative-based securities products
- Trading in futures
- Specific ETFs/ETNs

Item 17 - Voting Client Securities

Clients may periodically receive “proxies” or other similar solicitations sent directly from their custodian of record or transfer agent. We do not forward these or any correspondence relating to the voting of client securities, class action litigation, or other corporate actions if we receive a duplicate copy.

Our firm does not vote proxies on behalf of our clients nor do we offer specific guidance on how to vote proxies. In addition, we will not offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

Clients will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that they beneficially own shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to a client’s holdings. Clients should consider contacting the issuer or their legal counsel involving specific questions they may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

TradeKing Advisors does not take physical custody of client accounts, nor do we require or solicit prepayment of more than \$1,200 in fees per client for services to be performed six months or more in advance. Neither the firm nor any member of its management serves as general partner for a partnership or trustee for a trust in which the firm’s advisory clients are either partners of the partnership or beneficiaries of the trust. Therefore, due to the nature of our advisory services, an audited balance sheet is not required nor included in this disclosure.

The firm and its management do not have a financial condition likely to impair the ability to meet contractual commitments to our advisory clients, nor has the firm and its management been the subject of a bankruptcy petition at any time during the past 10 years, or ever.