

Windhaven Investment Management, Inc.

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Windhaven Investment Management, Inc. (“Windhaven” or “Advisor”). If you have any questions about the contents of this brochure, please contact Windhaven Compliance at 617-960-5300 or compliance@windhaveninvestments.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 Windhaven is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Summary of Material Changes (Since March 31, 2014)

- **Brokerage Practices.** As of December 31, 2014, Windhaven has updated when step-outs will be affected in client accounts, along with what fees and commissions are not included in wrap fees for Wrap Program Clients.

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Advisory Business

Windhaven is an investment advisory firm serving individuals, associated trusts, estates, charitable organizations, retirement plans, pension and profit sharing plans, foundations and endowments, banking institutions, pooled investment vehicles, state or municipal government entities, and other corporations, business entities or investment advisors. We use a proprietary process and model to help guide investment decisions and attempt to manage portfolio risk.

Our investment approach is the result of extensive independent research into the economic, fundamental, and behavioral factors that impact the global capital markets. We broadly diversify investment portfolios across asset classes and regularly include index investments, U.S., international and emerging market stocks and bonds, as well as commodities, gold, real estate and currencies. Understanding and modeling risk is a research priority. We believe it is important to look at both returns and the risk taken to achieve those returns.

Assets held in Windhaven-managed client accounts are in exchange-traded funds, index funds, exchange-traded notes, or mutual funds, and from time to time may include other securities. Typically, a client, in consultation with Windhaven, will select one of three strategies (“Diversified Conservative”, “Diversified Growth”, and “Diversified Aggressive”), or combination of strategies, based on that client’s objectives, risk tolerance, and other factors relevant to that client’s circumstances. Clients may impose reasonable restrictions on the management of the account subject to the approval of Windhaven. Clients pay an investment advisory fee to Windhaven as well as the expenses attributable to the exchange-traded fund (“ETF”), index fund, exchange-traded note (“ETN”), mutual fund, or other security. Windhaven serves as a portfolio manager in a number of wrap fee programs. Information relating to

Windhaven's participation in wrap fee programs is included in the *Other Financial Industry Activities and Affiliations* section of this Form ADV Part 2A.

Windhaven was founded in 2010 and is 100% owned by Schwab Holdings, Inc., a wholly owned subsidiary of The Charles Schwab Corporation ("CSCorp"). In November of 2010, CSCorp purchased the assets and intellectual property of Windward Investment Management, Inc., a company registered with the SEC as an investment advisor in April of 2000. Prior to that, it was known as Windward Capital, Inc. and was registered with the SEC as an investment advisor as of October 1994.

As of September 30, 2014 Windhaven managed \$17.8284 billion on a discretionary basis. Windhaven does not manage any assets on a non-discretionary basis.

Fees and Compensation

Unless such fees are paid directly by the client, the custodian will deduct management fees from the client's account and pay to the Advisor, as full compensation for Windhaven's investment advisory services rendered. Calculation of annual investment management fees ("Fee") are detailed in the chart below:

Client's Aggregate Assets	Annual Fee
First \$5 million	1.0% of assets
Next \$5 million	0.85% of assets
Next \$15 million	0.75% of assets
Next \$25 million	0.60% of assets
Amount over \$50 million	0.50% of assets

Fees generally are not negotiable. Exceptions to this fee schedule are made at Windhaven's discretion.

Fees for sub-advisory work and introductions through intermediary channels are set at the discretion of Windhaven. Until the intermediary has greater than \$25 million of total client assets with Windhaven, each client will typically pay an annual investment management fee as calculated in the chart below:

Client's Aggregate Assets	Annual Fee
Up to \$5 million	0.80% of total household assets
Greater than \$5 million	0.75% of total household assets

Once the intermediary's Aggregate Assets with Windhaven exceed \$25 million, each client will typically pay an annual investment management fee as calculated in the chart below:

Client's Aggregate Assets	Annual Fee
First \$10 million	0.75% of household assets
Next \$15 million	0.65% of household assets
Next \$25 million	0.55% of household assets
Amount over \$50 million	0.50% of household assets

The accounts that are eligible to be combined for fee breakpoint purposes ("Aggregate Assets") are those accounts with the same registrations or accounts having the same address. In addition, accounts with the following persons may also be eligible: (1) the client's spouse; (2) the client's parents, grandparents and great-grandparents; (3) the client's children, grandchildren, great-grandchildren and their spouses; (4) the client's siblings and their spouses; and (5) an individual whose relationship to the client, while not listed in the foregoing, is similar to one of the enumerated relationships. Individual Retirement Accounts ("IRAs"), Roth IRAs and Education IRAs, as well as Simplified Employee Pension IRAs ("SEP-IRAs"), Savings Incentive Match Plan for Employees IRAs ("SIMPLE IRAs"), and other personal retirement accounts generally may be aggregated for this purpose. However, other retirement plan accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as well as charitable remainder trusts, may not be included unless they have identical account registrations. The accounts that may be included in a household are subject to negotiation (except ERISA accounts) and Windhaven's approval.

Management fees for accounts not custodied at Charles Schwab & Co., Inc. ("Schwab") are charged quarterly, in arrears, on the basis of the annual rate applied against end-of-quarter valuations and divided by four, according to terms set forth in the investment advisory agreement (which may vary and are subject to negotiation). The management fees for accounts custodied at Schwab will be calculated by multiplying the daily value of the assets in the account for each calendar day in the quarter by the applicable daily percentage rate (i.e., the annual percentage rate divided by the number of days in the year) and then adding together the fee for each calendar day in the quarter. (On the last business day of each quarter, the value of the client's account assets for that day will be based on the asset values of the account on the next-to-last business day of that quarter.) Windhaven generally uses prices provided by Schwab, an affiliate of Windhaven, when valuing client assets.

Certain clients may be introduced to Windhaven via a referral from Schwab. In cases where the client has selected Schwab as custodian, Schwab will waive all of its trading commissions on the account. Note that Schwab's waiver does not include any other account fees or expenses, such as exchange process fees, transfer taxes, third-party mutual fund transaction fees on funds transferred into an account and liquidated, certain contingent short-term redemption fees, periodic distribution fees, certificate delivery fees, reorganization fees, electronic funds or wire transfer fees, and any other similar costs or charges. More specific information about Schwab's Windhaven referral program appears in Schwab's Disclosure Brochure for that program, which is provided to program clients.

Windhaven also participates as a portfolio manager of separate accounts in the Managed Account Access[®] and Managed Account Connection[®] programs (the "Managed Account Programs"), sponsored by Schwab. More specific information about the Managed Account Programs and the fees paid by Managed Account Programs clients to participate in the program appears in

Schwab's Disclosure Brochure for that program, which is provided to program clients. Pursuant to an agreement between Windhaven and Schwab, Windhaven is entitled to receive an annual fee from Schwab, payable monthly, equal to 0.35% on all program assets. Windhaven does not enter into agreements directly with Managed Account Programs clients and accordingly does not receive direct compensation from or negotiate fees with them.

For each arrangement described above, the management fee does not cover certain costs or charges imposed by third parties, including brokerage commissions (other than Schwab commissions), odd-lot differentials, exchange fees, contingent redemption fees, and transfer taxes mandated by law. The custodian may also impose additional charges for special services elected by clients, including electronic fund and wire transfer fees, certificate delivery fees, and reorganization fees.

In addition to the Fee, each mutual fund or ETF is subject to investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses related to investments in investment companies, as set forth in the prospectuses of the funds. These fees and expenses are paid by the funds but ultimately are borne by clients as fund shareholders, and are in addition to the Fee. These fees and expenses will generally not be deducted from the Fee. The ETFs are available outside of Windhaven accounts without paying the Fee, subject to applicable commissions, the above operating expenses, and/or transaction charges.

Conversely, Windhaven may provide access to certain mutual funds, ETFs, or classes of funds that the client might not normally be qualified to purchase. If an account leaves the Windhaven strategies, these investments may be liquidated or exchanged for the share class corresponding to the size of a client's individual investment in a fund. Further, to the extent that cash used for investment in a Windhaven strategy comes from redemptions of a client's mutual fund shares, ETFs, or other investments, there may be tax consequences or additional costs from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Fee on those assets.

Schwab may receive an investment management fee for managing an affiliated mutual fund or ETF, or other forms of compensation in connection with the operation and/or sale of shares of affiliated or unaffiliated funds, to the extent permitted by applicable law. The fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. Schwab may also receive compensation in connection with cash that is on deposit in accounts but not invested in a money market fund.

If a client's account(s) is custodied at Schwab, cash in the account(s) may be invested in a money market fund that is managed or distributed by a Schwab affiliate, including funds sponsored by Charles Schwab Investment Management, Inc. ("CSIM"). These money market funds include Schwab Money Market Funds, Schwab Money Market Value Advantage Funds, and Schwab Money Market Sweep Funds (collectively, the "Schwab Money Funds"). Cash may also be invested in a sweep vehicle sponsored by Schwab Bank (together with the Schwab Money Funds, referred to herein as the "Schwab Sweep Vehicles"). Although Windhaven does not earn additional compensation from such cash investments, Schwab and its other affiliates may. This

presents a conflict of interest. More information about the money fund sweep feature and these other cash sweep options may be found in the client's brokerage account agreement(s).

CSIM or another affiliate of Schwab will earn management and administrative fees from the Schwab Sweep Vehicles ("Schwab Sweep Vehicle Fees") as set forth in the prospectus or other disclosure documents. CSIM and other affiliates also may receive other compensation in connection with the operation and/or sale of shares of the Schwab Sweep Vehicles to the extent permitted by applicable law, such as transfer agent and shareholder servicing fees (see the prospectus and statement of additional information for the Schwab Money Funds). Windhaven fees will be adjusted relative to the Schwab Sweep Vehicle Fees for retirement accounts, including IRA's and accounts subject to ERISA (as well as certain non-retirement accounts) that are custodied at Schwab. Windhaven reserves the right to change the manner in which it makes accommodations, to the extent permitted by applicable law

Schwab may also earn interest, generally at money market rates, on aggregate cash balances held in Schwab's bank accounts, which include assets in accounts enrolled in a program that are awaiting investment or pending distribution. Assets awaiting investment include both cash that a client has deposited into their account and un-invested amounts held in a client's account as a result of an authorized transaction. Schwab may earn interest on such amounts through the beginning of the second business day following the deposit or transaction in question. Schwab may earn interest on assets pending distribution from a client's account beginning on the day the assets are debited from the client's account and continuing until the distribution check is presented for payment, the timing of which is beyond Schwab's control.

These potential conflicts of interest are mitigated by the fact that Windhaven's investment decision-making process is independent of and separate from both Schwab and CSIM.

As a general matter, a price for a security that is listed on a national securities exchange (a "listed security") is determined by the security's closing sales price on the principal exchange on which such security is traded, as of the close of business on the valuation date, provided such listed security actually traded on the valuation date. Any unlisted security regularly traded in an over-the-counter ("OTC") market and any security that has not traded on the valuation date will be valued at the latest available bid price quotation, or the value furnished by an independent third-party pricing service or other third-party source (an "independent pricing source"). Any other assets, including listed securities or OTC securities for which the custodian or Windhaven has a good-faith belief that market prices or information from independent pricing sources is inaccurate or unreliable, will be fair valued by the custodian or another third-party source.

In determining and reporting pricing information and making fair value determinations, the custodian or Windhaven may rely on information obtained from third-party vendors, including independent pricing sources, which may not be available to the general public and which are believed, but not guaranteed, to be reliable. Windhaven will not be liable for any valuation error resulting from reasonable reliance on such third-party vendors. Additionally, the client understands that, because Windhaven is compensated based on the value of the portfolio under management, Windhaven (and, because it is a related person of Windhaven,

Schwab, the custodian) may have a conflict of interest when fair valuing a holding in the portfolio.

If the advisory agreement between the client and Windhaven is terminated, Windhaven's compensation shall be determined as provided above on the basis of the value of the portfolio assets on the date of termination, as though the date of termination were a quarterly valuation date, and shall be payable on a pro-rata basis for the last quarter during which Windhaven has served hereunder.

Performance Based Fees and Side-by-Side Management

Windhaven does not charge any performance fees.

Types of Clients

Windhaven primarily provides customized investment management services to individuals, associated trusts, estates, charitable organizations, retirement plans, pension and profit sharing plans, foundations and endowments, banking institutions, pooled investment vehicles, state or municipal government entities and other corporations, business entities or investment advisors.

Windhaven seeks clients investing assets of at least \$100,000 per account. Exceptions to this policy are made at Windhaven's discretion. Certain retirement accounts may not be eligible. Clients who receive portfolio management services from Windhaven as a result of a referral from Schwab or through the Managed Account Programs or other wrap fee program may be subject to a lower minimum.

Methods of Analysis, Investment Strategies and Risk of Loss

The Windhaven strategies seek capital appreciation over full market cycles while generally maintaining global diversification. Each strategy seeks to achieve its investment objective by investing in a wide variety of asset classes that may include U.S. and international stocks, fixed income securities, real estate, currencies and commodities. Each strategy is dynamically managed, striving to take advantage of global capital market opportunities while focusing on downside risk management by changing allocations in response to the firm's views and market conditions.

To construct the strategies, Windhaven employs a proprietary mathematical model combined with a disciplined review process to guide investment decisions and manage risk.

Windhaven uses published information from a large number of public data sources including but not limited to: Bloomberg, MSCI Barra, The Economist, The Wall Street Journal, Barron's, Barclays Capital, Gold.org, Oxford Economics, ETF.com and Hedge Fund Research.

Risk of Loss

Management Risks

Windhaven applies its investment techniques and risk analyses in making investment decisions or recommendations for its clients, but there can be no guarantee that they will produce the desired results. In addition, there is no guarantee that a strategy based on historical information will produce the desired results in the future and, if market dynamics change, the effectiveness of the strategy may be limited. Each strategy runs the risk that the Advisor's investment techniques will fail to produce the desired results. There also can be no assurance that all of the Advisor's key personnel will continue to be associated with the Advisor for any length of time.

Investment Risks

Investments in securities, including ETFs and mutual funds and the securities that they in turn invest in involve various risks, including those summarized below. In addition, each ETF and mutual fund has its own investment style, which may involve risks different from those described below. Clients and prospective clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

Model Risks

Windhaven may use quantitative analyses and/or models. Any imperfections, limitations or inaccuracies in its analyses and/or models could affect its ability to implement strategies. By necessity, these tools make simplifying assumptions that may limit their effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or it may not include the most current information available.

ETF General Risks

ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of underlying securities, including the risk that the general level of those underlying security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. Although ETFs themselves are generally classified as equities, the underlying holdings of ETFs can include a variety of asset classes, including but not limited to equities, bonds, foreign currencies, physical commodities, and derivatives. A full disclosure of the specific risks of ETFs is located in the respective prospectus of each fund.

Market/Systemic Risks

Equity, Fixed Income, and other global capital markets rise and fall daily. The performance of client investments are, to varying degrees, tied to these markets. When markets fall, the value of a client's investments will fluctuate, which means a client could lose money.

Asset Allocation/Strategy/Diversification Risks

The asset classes in which the strategy seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so the strategy will be affected by its allocation among the various asset classes. The asset allocation decisions may result in more portfolio concentration in a certain asset class or classes, which could reduce overall return if the concentrated assets underperform expectations. The more aggressive the Windhaven strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities. Depending on market conditions there may be times where diversified portfolios perform worse than less diversified portfolios.

Trading/Liquidity Risks

A particular investment may be difficult to purchase or sell or may become difficult to sell after being purchased for a client account. Windhaven may be unable to sell securities on behalf of a client at an advantageous time and/or price due to then existing trading market conditions.

Large Investment Risks

Clients may collectively account for a large portion of the assets in certain ETFs or mutual funds. A decision by Windhaven to buy or sell some or all of a particular ETF or mutual fund where clients hold a significant portion of that ETF or mutual fund may negatively impact the value of that ETF / mutual fund.

Counterparty Risks

To the degree Windhaven portfolios own an Exchange-traded note (ETN), there is exposure to the credit risk of the issuer. ETFs also have some "product" or "structural" risk associated with underlying derivatives, as they will sometimes provide market exposure through indirect means, like futures, options and forwards contracts.

Custodian Risks

If the custodian of the account (chosen by the client) were to go out of business, client assets may only be protected up to the Securities Investor Protection Corporation ("SIPC") limits.

Tax Risks

Windhaven strategies are not designed to address specific tax objectives. Ongoing investment income, capital gains, capital losses, and miscellaneous deductions for some ETFs, including but

not limited to, commodity and currency ETFs, are reported annually on the Schedule K-1, and when commodity ETFs are sold in a taxable account, proceeds will be reported on Form 1099-B. The Schedule K-1 is mailed separately to clients each year and needs to be included in the clients' income tax return. In cases where the entity generating the Schedule K-1 files for a tax extension beyond April 15, clients may receive their Schedule K-1 after the due date for their income tax return. Individual taxpayers who do not request a filing extension may need to file an amended federal and/or state tax return if they receive their Schedule K-1 after filing their original return. Also, gains and losses associated with some commodities may be taxed differently than standard short-term and long-term capital gains and losses. Clients should consult a professional tax advisor for help with their unique situations.

Underlying Securities Risk

Equity Related Risks

Sentiment, Results, Fundamentals Risks

The prices of equity securities, and thus the value of ETFs or mutual funds that invest in them, rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

Large and Mid-Cap Risks

ETFs or mutual funds that focus on large- and/or mid-cap segments of the U.S. stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap segment of U.S. stock markets fall behind other types of investments—bonds or small-cap stocks, for instance—the performance of investment strategies focused on large- and/or mid-cap U.S. stocks will lag the performance of these other investments.

Small-Cap and International Risks

Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks (also see Foreign Investment section below for additional information). During a period when small-cap and/or international stocks fall behind other types of investments— large- and mid-cap U.S. stocks, for instance—the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

Fixed Income Related Risks

General Risks

Bond markets rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates (including cash and cash-like investments), are subject to various risks. As with any investment whose performance is tied to bond markets, the value of a fixed income ETF or mutual fund will fluctuate, which means that the client could lose money.

Interest Rate Risks

When interest rates rise, bond prices usually fall, and with them the value of an ETF or mutual fund holding the bonds. A decline in interest rates generally raises bond prices, and with them potentially the value of a bond fund, but could also hurt the performance of an ETF or mutual fund by lowering its yield. The longer the duration of the investments held by an ETF or fund, the more sensitive to interest rate movements its value is likely to be.

Credit Risks

A decline in the credit quality of a fixed income investment could cause the value of a fixed income ETF or mutual fund to fall. The ETF or mutual fund could lose value if the issuer or guarantor of a portfolio investment fails to make timely principal or interest payments or otherwise honor its obligations. The emphasis of a fixed income strategy on quality and preservation of capital also could cause an ETF or mutual fund to underperform certain other types of bond investments, particularly those that take greater maturity and credit risks.

High Yield Risks

High yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks. High yield securities and the ETFs or mutual funds that invest in them may be considered speculative.

Government Securities Risks

Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither issued nor guaranteed by the U.S. Treasury. Certain issuers, such as the Federal Home Loan Banks (FHLB), maintain limited lines of credit with the U.S. Treasury and there can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law.

Foreign Risks

Investments in ETFs or mutual funds that hold securities of foreign issuers or securities with credit or liquidity enhancements provided by foreign entities may involve certain risks such as adverse changes in foreign economic, political, regulatory and other conditions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities

market structures; and higher transaction costs. In addition, sovereign risk, or the risk that a government may become unwilling or unable to meet its loan obligations or guarantees, could increase the credit risk of financial institutions connected to that particular country.

Foreign Investment Related Risks

General Risks

Investments in ETFs or mutual funds that hold securities of foreign issuers may involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); differing accounting, auditing, financial reporting, foreign taxes, and legal standards and practices; differing securities market structures; differing trading and settlement practices; ownership restrictions; and higher transaction costs.

Emerging Markets Risks

These and other risks (*e.g.*, nationalization, expropriation, or other confiscation of assets of foreign issuers) are greater for those ETFs or mutual funds investing in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries.

Frontier Markets Risks

The risks associated with investing in ETFs or mutual funds that hold foreign or emerging markets generally are magnified in frontier markets, also known as ‘next emerging’ markets. Some frontier markets may operate in politically unstable regions of the world and may be subject to additional geopolitical /disruption of markets risks.

Geopolitical/Disruption of Markets Risks

Geopolitical events may adversely affect global economies and markets and thereby decrease the value of and/or the ease of trading those ETFs or mutual funds invested in those affected markets. Those events as well as other changes in foreign and domestic economic and political conditions could adversely affect the value of the strategy’s investments.

Currency Risks

Fluctuations in exchange rates may adversely affect the value of a strategy’s ETFs or mutual funds that hold foreign currency holdings and investments denominated in foreign currencies.

Other Asset Classes

Commodities Risks

Commodities involve unique risks that may be distinct from those that affect stocks and bonds, including but not limited to worldwide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing. Commodities investments may also involve unique risks inherent to investing in derivatives which may include basis, roll, liquidity, and regulatory risks. A detailed explanation of the risks is available in the prospectus of the commodity fund. Commodity pools may be subject to different regulatory requirements than traditional funds governed by the Investment Company Act of 1940.

Hard Assets Risks

The production and distribution of hard assets, such as precious metals, oil and gas, real estate and/or agricultural commodities may be affected by geopolitical and environmental factors and are cyclical in nature. During periods of economic or financial instability, hard asset securities and other instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. Hard asset securities, hard asset companies, and other instruments may also experience greater price fluctuations than the relevant hard asset. In periods of rising hard asset prices, such securities or instruments may rise at a faster rate, and conversely, in time of falling hard asset prices, such securities may suffer a greater price decline.

Real Estate Risks

Real estate-related investments (and the ETFs or mutual funds that hold them) may be adversely affected by factors affecting the real estate industry which may include changes in interest rates and social and economic trends. Real Estate Investment Trusts (“REITs”) may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REIT’s manager, prepayments and defaults by borrowers, adverse changes in tax laws, and, with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the Investment Company Act.

Limitations of Disclosure

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in the Advisor’s investment programs. As the Advisor’s investment programs develop and change over time, clients and investors may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Disciplinary Information

Windhaven and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Windhaven is under common control with Schwab. Schwab is a wholly owned subsidiary of The Charles Schwab Corporation ("CSCorp"), a Delaware corporation that is publicly traded and listed on the NYSE (symbol: SCHW). Other wholly owned subsidiaries of CSCorp are engaged in investment advisory, brokerage, trust, custody, or banking services.

Charles Schwab Investment Management, Inc. ("CSIM") provides advisory and administrative services to certain proprietary mutual funds marketed under the Schwab Funds® name and under the Laudus® name, which may be recommended to Windhaven clients. CSIM also acts as the separate account manager for the equity strategies in the Managed Account Connection® program ("MAC") client accounts. MAC is a wrap-fee program sponsored by Schwab. MAC client accounts are managed by CSIM. CSIM utilizes Schwab Equity Ratings® research provided by Schwab as well as, among other things, CSIM's own specialized software models to screen stocks for potential inclusion or exclusion in MAC client accounts.

If a client's account is custodied at Schwab, Windhaven may use money market funds of Windhaven's affiliate, CSIM, for which CSIM receives investment advisory fees. For more information about CSIM fund expenses, investment management, and sweep features associated with a client's money market fund, please review the prospectus, which can be found at www.schwab.com/prospectus.

Windhaven serves as a portfolio manager in wrap fee programs. The list of programs includes, but is not limited to: (i) Charles Schwab & Co., Inc. – Managed Account Access; (ii) Charles Schwab & Co., Inc. – and Managed Account Connection. These wrap fee programs are arrangements in which investment advisory services, brokerage execution services and custody are provided by a sponsor for a single predetermined "wrap" fee (regardless of the number of trades completed by a client). Generally, clients participating in a wrap fee program ("Wrap Program Clients") pay this single, all-inclusive fee quarterly to the program sponsor, based on the net assets under management. Windhaven receives from the program sponsor a portion of the wrap fee for the portfolio management services it provides. Each program sponsor has prepared a brochure which contains detailed information about its wrap fee program, including the wrap fee charged. Copies of each brochure are available from the program sponsor upon request. Wrap Program Clients should note that Windhaven may execute transactions for their accounts through the Wrap Sponsor if directed by the client or Wrap Sponsor. Transactions executed through a Wrap Sponsor may be less favorable in some respects than Windhaven's clients whose trades are not executed through the Wrap Sponsor. This is because Windhaven may not have the ability to negotiate price or take advantage of combined orders or volume discounts. Windhaven may be constrained in obtaining best execution for Wrap Program Clients by sending trades to the Wrap Sponsor.

Schwab may effect equity securities transactions for clients in the Managed Account Programs on an agency basis.

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

Windhaven has adopted a written Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 to prevent conflicts of interest as well as the appearance of conflicts of interest. Windhaven owes a fiduciary duty to its clients to avoid activities, interests, and relationships that run contrary to the best interests of its clients. Windhaven will place clients’ interests ahead of Windhaven’s, engage in personal investing that is in full compliance with Windhaven’s Code, and avoid taking advantage of Windhaven’s position. The Code prohibits Access Persons (as defined in the Code) from trading in certain securities and also places restrictions on Access Persons making personal investments in securities traded by clients, in initial public offerings, and in private placements. Access Persons are required to (1) pre-clear certain personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide Windhaven with a detailed summary of certain holdings (both initially and annually thereafter) over which such Access Persons have a direct or indirect beneficial interest. A copy of Windhaven’s Code is available upon request.

Brokerage Practices

Windhaven seeks to obtain the best execution for clients’ portfolio transactions by applying several factors to ensure the trade is in the client’s best interest. The overriding objective of Windhaven’s trade allocation procedure is to achieve fair and equitable treatment of its clients. Windhaven’s procedures are designed to provide that trade allocations are timely, that no set of trade allocations is accomplished to the unfair advantage of one client over another, and that over time our client accounts are treated equitably, even though a specific trade may have the effect of benefiting one account over another when viewed in isolation. A trader will not aggregate transactions unless he or she believes such aggregation is consistent with his or her duty to seek best execution for a client and is consistent with the terms of the investment advisory agreements.

Trades for clients will be made by Windhaven periodically for reallocation/rebalancing trades that may be executed in blocks with orders on behalf of other clients. Windhaven may, but will be under no obligation to, aggregate purchase or sell orders for a client account with purchase or sell orders in a particular security for other client accounts (“Batching”). Circumstances may arise where Windhaven determines that, while Batching may be both desirable and appropriate, there may be a limited supply or demand for the security or other investment. Under such circumstances, Windhaven will seek to allocate such investment opportunities fairly and equitably over time, but Windhaven cannot assure equality of treatment among all of its clients or assure that each such opportunity will be proportionally allocated among participating accounts according to any particular or predetermined standards or criteria. When Batching, Windhaven may, consistent with its policies and procedures and fiduciary duties, include proprietary and/or employee accounts in an aggregated order.

Step-outs - In seeking best execution for portfolio transactions on behalf of its clients, Windhaven regularly instructs the broker-dealer that executes a transaction to allocate, or “step-out” a portion, or the entirety, of such transaction to another broker-dealer (the “stepped-out broker”), especially when Windhaven periodically reallocates or rebalances clients’ accounts. The stepped-out broker would then settle and complete the designated portion of the transaction, and the executing broker

would then settle and complete the remaining portion of the transaction that has not been “stepped-out.” At times, there may be multiple stepped-out brokers receiving portions of a trade. Each broker-dealer may receive a commission or brokerage fee with respect to that portion of the transaction that it settles and completes. Certain program sponsors and directed brokers are unable to accommodate step-out trades.

For Wrap Program Clients, the wrap fee does not cover commissions or brokerage fees for those broker-dealers who may receive such with respect to that portion of the transaction that it settles and completes. If applicable, these commissions and brokerage fees generally are included in the price of the security and are not shown separately on a confirmation or statement. The wrap fee or all-inclusive fee described above will not be reduced or offset by these fees. Instead, any additional fees will reduce the overall return of a Wrap Program Client’s account.

Due to system or market constraints, there may be instances from time to time when Windhaven cannot complete all trades for all client accounts for the same security or securities during the same day. When it is not possible for Windhaven to complete all trades for all client accounts during the same day, Windhaven will use a process to allocate executed trades pro-rata across client portfolios. There may be some variations in allocations based on account size and security price due to full share allocation methodology. The remaining portion of the trade will be executed the following business day(s) at Windhaven’s discretion.

Schwab, a related person of Windhaven, is a registered broker-dealer that effects securities transactions for its brokerage customers. Schwab may act as a broker-dealer in transactions in a client’s account. Whether or not a client has selected Schwab as custodian, Windhaven may execute some or all portfolio transactions through Schwab and/or Schwab’s designated market makers (together, the “Directed Firm”) when feasible and to the extent consistent with best execution practices. Although the Directed Firm will not charge commissions or commission equivalents in connection with transactions in a client’s account custodied with the Directed Firm, there may be other costs or expenses associated with the use of the Directed Firm. This may create a potential conflict of interest, because Schwab may have referred the client to Windhaven, because Schwab is an affiliate of Windhaven, and because of the arrangements Schwab has with its designated market makers.

Windhaven will evaluate the quality and cost of services received from broker-dealers/custodians on a periodic and systematic basis. As part of the evaluations, Windhaven will consider the quality and cost of trade execution services available from alternative broker-dealers, and market makers. The determinative factor is whether the transaction represents the best qualitative and quantitative execution for the client at fair value and may not solely be determined by the lowest commission. Windhaven considers the full range and quality of the broker's trade execution service in selecting brokers to meet best execution obligations, and may not pay the lowest commission rate available. These things being equal or fairly equal among brokers, the following qualitative factors, among others, are considered when performing Windhaven’s periodic and systematic evaluation of its brokerage arrangements and the execution quality of client trades:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution

- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Percentage of trades executed in specific asset class YTD and MTD
- Ability to place trades in difficult market environments
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Broker-dealer's facilities and recordkeeping capabilities
- Broker-dealer's financial condition
- Broker-dealer's business reputation

Review of Accounts

Client accounts are generally reviewed on an annual basis. The annual reviews typically focus on the client's personal financial situation, liquidity needs, and comfort with risk level; a review of account restrictions; an overview of the client's current portfolio; and any questions the client may have on their accounts and strategies. Reviews of accounts in Wrap Fee and other Broker-Related Programs may be performed by the broker or Wrap Fee Sponsor.

Clients receive quarterly reporting packages which include the quarterly report with investment positions and performance data and Windhaven's quarterly newsletter. Clients also receive monthly or quarterly statements from their custodian and may access their accounts via their custodian's website. The custodian's website will have the custodian's monthly or quarterly statements, as well as daily information.

Client Referrals and Other Compensation

Windhaven may recommend that clients establish brokerage accounts with Schwab, our affiliate broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides Windhaven with access to its institutional trading and operations services, which are typically not available to Schwab clients. Schwab's services include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to Windhaven other products and services that benefit Windhaven but may not benefit clients' accounts. Some of these other products and services assist Windhaven in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information, and other market data; facilitate payment of Windhaven's fees from its clients' accounts; and assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of Windhaven's accounts, including accounts not maintained at Schwab. Schwab may also provide Windhaven with other services intended to help Windhaven manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange, and/or pay for these types of services to Windhaven by independent third parties. Schwab may discount or waive fees it would otherwise charge for some

of these services or pay all or a part of the fees of a third party providing these services to Windhaven.

Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Windhaven may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Windhaven nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Windhaven's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Custody

Due to Windhaven's affiliation with Schwab, Windhaven is deemed to have custody of client accounts held at Schwab as a qualified custodian. In order to comply with the custody rule, Windhaven obtains an annual copy of Schwab's internal control report, including an opinion from an independent public accountant with respect to the related person's controls relating to custody of the client assets. In addition, Windhaven obtains an annual surprise examination from an independent public accountant covering all accounts custodied at Schwab. The surprise examination will also include all covered accounts custodied at unaffiliated broker-dealers or banks due to certain clients' standing letters of authorizations. In addition, a portion of Windhaven's clients' accounts are held in custody by unaffiliated broker-dealers or banks, but Windhaven can only access many clients' accounts through its ability to debit advisory fees. For this reason Windhaven is considered to have custody of these client assets, but is exempt from the surprise examination requirement. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Windhaven.

Investment Discretion

When clients choose Windhaven as their investment manager, they will need to sign the custodian's Limited Power of Attorney ("LPOA") or applicable new account paperwork giving Windhaven authorization to make trades in their account.

Windhaven's investment management discretion is exercised as follows:

1. Discretion is limited to the purchase and sale of securities and investment of cash, and not to distributions of cash or securities (except for the limited grants of authority to facilitate withdrawal of money and direct payments to third parties according to clients' instructions).
2. Investments will not exceed the client's funds in the account, unless the client has established a custodial margin account.
3. Windhaven has determined that it is generally in the client's best interest to execute security transactions at the client's custodian due to ease of obtaining information, services provided (personnel and software) and cost of execution. Clients may elect to custody their accounts at any custodian subject to the approval of Windhaven but the selection of a custodian may or may not put the client at a disadvantage for getting the best execution for their trades.

Voting Client Securities

Windhaven has adopted written proxy voting policies and procedures (the “Procedures”). For proxies voted by Windhaven on behalf of each client who delegates voting authority to Windhaven (“Delegating Clients”), procedures may be changed as necessary to comply with regulatory requirements and internal policies and procedures and are designed to maximize the economic benefit to Delegating Clients. Windhaven has retained a third party vendor to manage this process and reviews the vendor’s own written policies no less than annually to determine consistency in the Procedures and with Windhaven’s fiduciary duty to Delegating Clients.

For proxy issues deemed by Windhaven portfolio management staff to raise significant concerns, Windhaven reviews the analysis and recommendation of the vendor. Examples of factors that could cause a matter to raise significant concerns include, but are not limited to: issues whose outcome have the potential to materially affect a company’s industry, or regional or national economy, and matters which involve broad public policy developments which may similarly materially affect the environment in which the company operates. After evaluating all such recommendations, Windhaven decides how to vote the shares and will instruct the vendor to vote consistent with its decisions.

To address any potential conflicts of interest, Windhaven votes proxies of affiliated mutual funds and ETFs in the same proportion as the vote of all other shareholders of the mutual fund or ETF (i.e., “echo vote”), unless otherwise required by law. When required by law, Windhaven also “echo votes” proxies of unaffiliated mutual funds and ETFs. When not required to “echo vote,” Windhaven delegates to the vendor responsibility for voting proxies of unaffiliated mutual fund in accordance with the vendor’s procedures.

Windhaven clients can get a copy of the Procedures and information about how Windhaven has voted their securities in a particular proxy vote by calling Windhaven Compliance at (617) 960-5300 or emailing compliance@windhaveninvestments.com. The information will be provided at no charge.

Delegating clients may not direct voting in a particular solicitation. Clients wishing to retain the ability to vote proxies must submit a separate form to their custodian.

Financial Information

Windhaven does not require prepayment of fees more than six months in advance, and therefore is not required to provide a balance sheet for its most recent fiscal year. Windhaven has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.