

Disclosure Brochure

January 1, 2015

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This brochure provides information about the qualifications and business practices of Aveo Capital Partners, LLC. (hereinafter "ACP"). If you have any questions about the contents of this brochure, please contact us at (303)552-0945. 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 ACP is available on the SEC's website at www.adviserinfo.sec.gov.

ACP is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Since our last update to Form ADV Part 2A on October 15, 2014, ACP updated Item 10 below to include a disclosure of a heightened supervision order issues at ACP's inception that is no longer in effect .

Item 3. Table of Contents

Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	7
Item 6. Performance-Based Fees and Side-by-Side Management	8
Item 7. Types of Clients	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary and Regulatory Information	11
Item 10. Other Financial Industry Activities and Affiliations	11
Item 11. Code of Ethics	12
Item 12. Brokerage Practices	13
Item 13. Review of Accounts	16
Item 14. Client Referrals and Other Compensation	16
Item 15. Custody	17
Item 16. Investment Discretion	17
Item 17. Voting Client Securities	17
Item 18. Financial Information	18

Item 4. Advisory Business

ACP provides financial planning, investment management services and investment advisory consulting to retirement plan clients. Prior to engaging ACP to provide any of the foregoing financial planning or investment advisory services, the client is required to enter into one or more written agreements with ACP setting forth the terms and conditions under which ACP renders its services (collectively the “*Agreement*”).

ACP has been in business since 2011. Aveo Capital Holdings, LLC is the principal owner of ACP and ACA Holdings is a minority owner. As of November 15, 2014, ACP had \$435,781,721 in assets under management.

This Disclosure Brochure describes the business of ACP. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of ACP’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on ACP’s behalf and is subject to ACP’s supervision or control.

ACP investor advisory groups may offer investment advisory and financial planning services through their advisory group affiliated entity, such as Legacy Wealth Partners, LLC.

Financial Planning Services

ACP may provide formal financial planning services or financial plans to clients for a fee. ACP clients sign a separate financial planning agreement. In addition, some ACP investment adviser representatives clients with a broad range of comprehensive services including insurance, tax and estate planning, college education savings and charitable planning, etc., without charging a separate financial planning fee.

In performing its services, ACP is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, agent, etc.) and is expressly authorized to rely on such information. ACP may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if ACP recommends its own services. The client is under no obligation to act upon any of the recommendations made by ACP under a financial planning engagement or to engage the services of any such recommended professional, including ACP itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of ACP’s recommendations. Clients are advised that it remains their responsibility to promptly notify ACP if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising ACP’s previous recommendations and/or services.

As part of its client services, through its affiliated and wholly owned insurance agency, Aveo Group, LLC, ACP advisors who are licensed insurance agents may elect to enter a non-exclusive relationship to sell insurance products to ACP clients. Aveo Group, LLC and such affiliated licensed agents may earn commission on the sale of such insurance products.

Investment Management Services

Clients can engage ACP to manage all or a portion of their assets on a discretionary or non-discretionary basis.

ACP primarily allocates clients' investment management assets among *Affiliated and Independent Managers* (collectively "Managers" as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, option contracts as well as the securities components of variable annuities in accordance with the investment objectives of the client. In addition, ACP may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. ACP also provides advice about any type of investment held in clients' portfolios.

ACP also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, individual employer-sponsored retirement plans, private placements or funds, or other products that may not be held by the client's primary custodian. In so doing, ACP either directs or recommends the allocation of client assets among the various investment options that are available with the plan or product. Client assets are maintained at the specific insurance company or custodian designated by the plan or product.

ACP tailors its advisory services to the individual needs of clients. ACP consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. ACP ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance. In performing its services, ACP is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, agent, etc.) and is expressly authorized to rely on such information.

Clients are advised to promptly notify ACP if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon ACP's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in ACP's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

ACP IAR's may be registered representatives of an unaffiliated broker/dealer through which they may sell registered securities where the registered representatives may earn a commission. Such commissions are not earned or charged by ACP and are not included in any fees charged by ACP or its Affiliates.

Blue Sky Asset Management, LLC

Blue Sky Asset Management, LLC ("BSAM"), is an affiliated registered investment adviser of ACP. BSAM provides independent subadvisory, asset management and platform services to ACP and other registered investment advisers through their investment adviser representatives for their clients. Advisers can engage BSAM to manage all or a portion of their respective investment advisory clients' assets for an additional fee.

BSAM primarily allocates advisor's clients' investment management assets among independent and proprietary investment strategies, which may consist of mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and options contracts, although primarily using ETFs. BSAM also provides platform services, which may include trading, tax loss harvesting, and administrative services to *Affiliated and Independent Managers* for an additional fee. We anticipate most ACP IARs will engage the services of BSAM for the above services.

The relationship between ACP and BSAM represents a conflict of interest because ACP and its investment adviser representatives have a financial interest in designating *Affiliated Managers* such as BSAM, which will charge a separate and additional investment management and platform fees to clients, to manage ACP client assets. In addition ACP IARs may receive a portion of the fees charged by BSAM as a referral fee or offset against their ACP override. ACP and its investment adviser representatives mitigate these conflicts by ensuring that all such fees are disclosed to clients and are reasonable in the aggregate.

Use of Managers

As mentioned above, **ACP** recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Affiliated and Independent Managers* ("*Managers*"), based upon the stated investment objectives of the client.

The client authorizes ACP to delegate the active discretionary management of all or part of the client's assets to one or more *Managers* and/or investment management programs, based upon such client's stated investment objectives. Managers will generally charge a separate investment management fee in addition to ACP's Management.

Clients will generally not be required to execute a separate agreement with the *Managers* (including BSAM); however, if the *Manager* requires a separate agreement (including agreements with unified managed account advisers or platforms), the terms and conditions under which the client engages them will be set forth in a separate written agreement between the client and the designated *Managers*. ACP will generally execute a subadvisory and/or independent management agreement with *Managers* setting forth the terms of their agreement.

When recommending or selecting Managers for a client, **ACP** reviews information about the *Manager* such as its disclosure brochure and/or material supplied by the *Manager* or independent third parties for a description of the *Manager's* investment strategies, past performance and risk results to the extent available. Factors that **ACP** investment adviser representatives generally consider in recommending a *Manager* include the client's stated investment objectives, as well as the Manager's management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by *Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, **ACP's** investment advisory fee set forth below. As discussed above, the client may incur additional fees than those charged by **ACP**, the designated *Managers*, and corresponding broker-dealer and custodian.

In addition to **ACP's** written disclosure brochure, the client may receive the written disclosure brochure of BSAM and/or the designated *Independent Managers upon request*. Certain *Managers* may impose more restrictive account requirements and varying billing practices than **ACP**. In such instances, **ACP** may alter its corresponding account requirements and/or billing practices to accommodate those of the *Managers*.

Minimums Imposed By Independent Managers

ACP generally does not impose a minimum portfolio size or minimum annual fee. Certain *Managers* may, however, impose more restrictive account requirements and varying billing practices than ACP. In such instances, ACP may alter its corresponding account requirements and/or billing practices to accommodate those of the *Managers*.

Item 5. Fees and Compensation

ACP offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

Investment Advisory and Management Fee

ACP provides investment advisory and management services for an annual fee based upon a percentage of the market value of the assets being managed by ACP (Management Fee"). ACP's Management Fee is exclusive of, and in addition to investment management fees charged by *Affiliated and Independent Managers*, brokerage commissions, transaction fees, and other related costs and expenses, which are incurred by the client. ACP does not receive any portion of brokerage commission, transaction fees or other expenses charged by Custodians. The Management Fee is charged quarterly in advance based on the value of the Account Assets at the end of the previous quarter. At the end of each quarter, The Management Fee is calculated based on the average daily balance of Account Assets during the quarter, and the Account is debited or credited the difference. The Management Fee for the initial quarter shall be calculated on a pro rata basis commencing on the day the Assets are initially designated to us for management under this Agreement. No portion of the Management Fee shall be based on capital gains or capital appreciation of the Assets except as provided herein and provided for under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and analogous state securities laws. The annual fee varies (between 0.50% and 2%) depending upon the market value of the assets under management and the type of investment management services to be rendered and may be reduced or waived at ACP's sole discretion. ACP does not pay interest on Management Fees collected in advance.

If Assets are deposited to or withdrawn from an Account after the inception of a quarter, the Management Fee payable with respect to the Assets will be prorated based on the average daily balance of Account Assets during the quarter. Clients may withdraw Assets from the Account after providing us with notice. All withdrawals are subject to customary securities settlement procedures. For partial withdrawals within a billing period, we shall credit our unearned Management Fee to the Account based on the average daily balance of such Account Assets during the quarter.

Fees Charged by Financial Institutions

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales

charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will generally incur brokerage commissions, transaction fees and platform service fees. Such charges, fees and commissions are exclusive of and in addition to ACP's fee.

ACP's *Agreement* and the separate agreement with any *Financial Institutions* may authorize ACP, *Managers* to debit the client's account for the amount of their respective fees and to directly remit that management fee to ACP, *Managers*. Any *Financial Institutions* recommended by ACP have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to ACP.

Item 6. Performance-Based Fees and Side-by-Side Management

ACP may enter into fee arrangements with certain qualified clients whereby ACP charges the client a Management Fee and/or may also charge a performance fee equal to a stated percentage (which is negotiated on a client-by-client basis and is in addition to the Management Fee) if such client's aggregate accounts reach or exceed the performance of a pre-approved benchmark. Any such performance fee arrangement would not include fees charged by *Affiliated and Independent Managers*, unless specifically set forth in the client's agreement. In addition, differences in ACP's compensation arrangements with its clients could create incentives for ACP to manage client portfolios so as to favor those portfolios of clients paying higher fees. Notwithstanding this conflict, ACP will allocate transactions and opportunities among the various client accounts it manages in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

Item 7. Types of Clients

ACP provides its services to individuals, retirement plans and participants, IRAs, trusts, estates, charitable organizations, other investment advisers, corporations and business entities.

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

Methods of Analysis

ACP's primary methods of analysis are fundamental and technical.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. ACP will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and

trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that ACP will be able to accurately predict such a reoccurrence.

Investment Strategies

ACP strives to provide each client with a sustainable investment experience. ACP pursues a consistent strategy tailored to each client's risk tolerance, as described in each client's investment profile, to build client portfolios. ACP builds client portfolios according to the following process:

- Identifies client's risk tolerance;
- Defines the client's time horizon;
- Ensures that the client's liquidity needs are assessed and met; and
- Defines market metrics, which include volatility, drawdown and correlation.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Leveraged Funds

As the name implies, leveraged mutual funds and ETFs seek to provide leveraged returns at multiples of the underlying benchmark or index they track. Leveraged funds generally seek to provide a multiple (i.e., 200%, 300%) of the daily return of an index or other benchmark for a single day excluding fees and other expenses. In addition to using leverage, these funds often use derivative products such as swaps, options, and futures contracts to accomplish their objectives. The use of leverage as well as derivative instruments can cause leveraged funds to be more volatile and subject to extreme price movements.

Inverse Funds

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are volatile and provide the potential for significant losses.

Risks Associated With Leveraged and Inverse Funds

These funds can be volatile and carry a high risk of substantial losses. Such funds are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses. Most leveraged and inverse funds "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a leveraged fund is tracking a very volatile underlying index. Investments in leveraged and inverse funds are typically not appropriate for a buy-and-hold strategies.

Market Risks

The profitability of a significant portion of ACP's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that ACP will be able to predict those price movements accurately.

Use of Affiliated and Independent Managers

ACP may recommend the use of *Managers* for certain clients. ACP will continue to do ongoing due diligence of such *Managers*, but such recommendations relies, to a great extent, on the *Affiliated and Independent Managers* ability to successfully implement their investment strategy. In addition, ACP does not have the ability to supervise the *Managers* on a day-to-day basis other than as previously described in response to Item 4, above. There is a risk that *Managers* may fail to abide by their respective stated investment policies and guidelines when managing client assets on our recommendation.

Use of Private Collective Investment Vehicles

ACP may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, and their investment managers may not be registered as investment advisers with the SEC or state regulatory authorities, there may be an absence of regulatory oversight. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks. For example, hedge funds typically charge higher fees than are charged through separately managed accounts or direct management, often have restrictions on the ability to withdraw assets from the funds, and are subject to manager fraud risk, especially if such managers have custody of client funds and securities.

Management through Similarly Managed Accounts

For certain clients, ACP may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, ACP buys, sells, exchanges and/or transfers shares of securities based upon the *investment strategy*.

ACP’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to ACP’s clients may be limited. ACP allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary and Regulatory Information

ACP is required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of management. At the inception of ACP the Colorado Division of Securities issued a heightened supervision order requiring ACP to maintain a relationship with an approved compliance consultant. The order was lifted December 31, 2013. ACP has no further required disclosures in this Item 9.

Item 10. Other Financial Industry Activities and Affiliations

ACP’s advisors may be registered representatives of a broker-dealer or insurance company agents for the purpose of offering additional products to ACP’s clients. ACP advisors will typically receive additional compensation for the sale

of such products to clients. ACP monitors the relationship between its advisors and the broker-dealer or insurance company for any potential conflicts of interest that may arise and, should such an event occur, ACP will implement policies and procedures to mitigate the conflict. All of ACP's clients are informed of the advisors' relationship with the broker-dealer in advance if, and when, a broker-dealer related product or service is being discussed.

ACP investor advisory groups may offer investment advisory and financial planning services through their advisory group affiliated entity, such as Legacy Wealth Partners, LLC (LWP). LWP is an affiliated entity for one of our advisory groups, which operates under the ACP umbrella under the LWP name. Investment advisory and financial planning services are provided through ACP.

Item 11. Code of Ethics

ACP and persons associated with ACP ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with ACP's policies and procedures.

ACP has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by ACP or any of its associated persons. The Code of Ethics also requires that certain of ACP's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in ACP's Code of Ethics, none of ACP's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of ACP's clients.

When ACP is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when ACP is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact ACP to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

ACP generally recommends that clients utilize the brokerage and clearing services of *TD Ameritrade*.

Factors which ACP considers in recommending *TD Ameritrade* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *TD Ameritrade* enables ACP to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by ACP's clients comply with ACP's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where ACP determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. ACP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

ACP periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

ACP currently does not have any directed brokerage agreements with clients and does not intend to enter into such. If a ACP and a client do enter into any directed brokerage agreement, such will be executed through a written amendment to such client's client agreement.

Transactions for each client generally will be effected independently, unless ACP decides to purchase or sell the same securities for several clients at approximately the same time. ACP may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among ACP's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among ACP's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that ACP determines to aggregate client orders for the purchase or sale of securities, including securities in which ACP's *Supervised Persons* may invest, ACP generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. ACP does not receive any additional compensation or remuneration as a result of the aggregation. In the event that ACP determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar

investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, ACP may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services, which assist ACP in its investment decision-making process. Such research generally will be used to service all of ACP's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because ACP does not have to produce or pay for the products or services.

ACP serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. ACP's current term expires on March 1, 2017. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses ACP for the travel, lodging and meal expenses ACP incurs in attending Panel meetings. The benefits received by ACP or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by ACP or its related persons in and of itself creates a potential conflict of interest and may indirectly influence ACP's recommendation of TD Ameritrade for custody and brokerage services.

Software and Support Provided by Financial Institutions

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services, which assist ACP in its investment decision-making process. Such research generally will be used to service all of ACP's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because ACP does not have to produce or pay for the products or services.

ACP may receive from TD Ameritrade, without cost to ACP, computer software and related systems support, which allow ACP to better monitor client accounts maintained at TD Ameritrade. ACP may receive the software and related support without cost because ACP renders investment management services to clients that maintain assets at TD Ameritrade. The software and related systems support may benefit ACP, but not its clients directly. In fulfilling

its duties to its clients, **ACP** endeavors at all times to put the interests of its clients first. Clients should be aware, however, that **ACP's** receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence **ACP's** choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

ACP participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. There is no direct link between **ACP's** participation in the program and the investment advice it gives to its clients, although **ACP** receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, **ACP** may receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; custody of securities; trade execution and clearance and settlement of transactions; access to an electronic communication network for client order entry and account information; Research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

These products or services may assist **ACP** in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help **ACP** manage and further develop its business enterprise. The benefits received by **ACP's** participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by **ACP** or its related persons in and of itself creates a potential conflict of interest and may indirectly influence **ACP's** recommendation of TD Ameritrade for custody and brokerage services.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Advent Software, Inc.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

Item 13. Review of Accounts

For those clients to whom ACP provides investment management services, ACP monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. Such account reviews may take place as in-person meetings, telephone calls or other types of meetings with the client. ACP's compliance department also conducts sample account reviews on a periodic basis. For those clients to whom ACP provides financial planning services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of ACP's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with ACP and to keep ACP informed of any changes thereto. ACP contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Those clients to whom ACP provides financial planning services will receive reports from ACP summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by ACP.

Item 14. Client Referrals and Other Compensation

ACP is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, ACP is required to disclose any direct or indirect compensation that it provides for client referrals. ACP has described such relationships and arrangements below.

ACP may, from time to time, engage third parties to solicit advisory clients on its behalf. ACP will pay either a flat rate or a portion of management fees received from investors to the third party subject to a written agreement. All such soliciting arrangements, including the fees to be paid to the solicitor, will be fully disclosed to potential advisory clients at the time of such solicitation. ACP IARs may receive a portion of the fees charged by BSAM as a referral fee. ACP and its investment adviser representatives mitigate these conflicts by ensuring that all such fees are disclosed to clients and are reasonable in the aggregate.

Item 15. Custody

ACP's *Agreement* and/or the separate agreement with any *Financial Institution or Affiliated or Independent Managers, including BSAM*, may authorize ACP through such *Financial Institution* to debit the client's account for the amount of ACP's fee and to directly remit that management fee to ACP in accordance with applicable custody rules.

The *Financial Institutions* recommended by ACP have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to ACP. Clients should carefully review the statements sent directly by the *Financial Institutions*.

Item 16. Investment Discretion

ACP is generally given the authority to exercise discretion on behalf of clients. ACP is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. ACP is given this authority through a power-of-attorney included in the agreement between ACP and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). ACP takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Affiliated or Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

ACP will not generally accept the responsibility for voting client securities (proxies) on behalf of its clients. In the rare occasion where ACP accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in ACP's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in ACP's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact ACP to request information about how ACP voted proxies for that client's securities or to get a copy of ACP's Proxy Voting Policies and Procedures

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that ACP maintains with persons having an interest in the outcome of certain votes, ACP takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

ACP does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, ACP is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. ACP has no disclosures pursuant to this Item.