

ProfitScore Capital Management, Inc.

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ADV Part 2A, Firm Brochure **Dated: March 31, 2015**

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This brochure provides information about the qualifications and business practices of ProfitScore Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (208) 472-8849 or John.Mcclure@profitscore.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 ProfitScore Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to ProfitScore Capital Management, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to ProfitScore Capital Management, Inc.'s disclosure statement since its last Annual Amendment filing on March 29, 2014.

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Item 4 Advisory Business

- A. ProfitScore Capital Management, Inc. (“ProfitScore”) is a corporation formed on April 30, 1998 in the State of Idaho. ProfitScore became registered as an Investment Adviser Firm in the State of Idaho in 2002 and became registered with the Securities and Exchange Commission in July 2009. ProfitScore is owned by John M. McClure. Mr. McClure is ProfitScore’s Principal.
- B. As discussed below, ProfitScore offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services. ProfitScore does not hold itself out as providing financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage ProfitScore to provide discretionary investment advisory services on a *fee-only* basis. ProfitScore’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under ProfitScore’s management, generally between 1.95% and 2.95%.

PROFITSORE INDEX LICENSING

ProfitScore owns all rights to ProfitScore Indexes (“Indexes”). ProfitScore licenses Indexes to third parties, including, but not limited to investment companies and/or mutual funds. In exchange for licensing its Indexes, ProfitScore may receive licensing fees. ProfitScore may recommend that certain advisory clients invest in the investment companies and/or mutual funds to which ProfitScore also licenses its Indexes. To avoid any conflict of interest or the appearance of a conflict of interest, ProfitScore will reduce any such client’s annual advisory fee by the same annual percentage rate as the licensing fee earned by ProfitScore allocable to the client’s investment. ProfitScore’s clients are under absolutely no obligation to consider or make an investment in such an investment company and/or mutual fund.

ProfitScore’s Chief Compliance Officer, John McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding potential conflicts of interest such arrangements may create.

MISCELLANEOUS

Limited Consulting/Implementation Services. Although ProfitScore does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, ProfitScore may provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. ProfitScore shall not receive any separate or additional fee for any such consultation services. Neither ProfitScore, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of ProfitScore’s services should be construed as same. To the extent requested by a client, ProfitScore may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys,

accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from ProfitScore. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client's responsibility to promptly notify ProfitScore if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising ProfitScore's previous recommendations and/or services.

Use of Mutual Funds: Most mutual funds are available directly to the public. Thus, a client or prospective client can obtain many of the mutual funds that may be recommended and/or utilized by ProfitScore independent of engaging ProfitScore as an investment advisor. However, if a client or prospective client determines to do so, he/she/it will not receive ProfitScore's initial and ongoing investment advisory services.

Sub-Advisory Arrangements. ProfitScore may engage sub-advisors for the purpose of assisting ProfitScore with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by ProfitScore. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by ProfitScore. ProfitScore shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services.

ProfitScore provides investment advice to other investment advisors as a sub-advisor, who each independently determines whether to follow ProfitScore's recommendations for their own clients. ProfitScore has no authority to purchase or sell any security for clients of these advisors. These advisors may charge fees that are greater or less than those charged by ProfitScore.

Please Note: Inverse/Enhanced Market Strategies. ProfitScore may utilize long and short mutual funds, exchange traded funds, and/or exchange traded notes that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct ProfitScore, in writing, not to employ any or all such strategies for his/her/their/its accounts.

EquiTrend. ProfitScore's Principal, John M. McClure, is also the Principal of EquiTrend, a web-based investment subscription service. This service is currently inactive and requires only a few hours per year of administrative time.

Client Obligations. In performing its services, ProfitScore shall not be required to verify any information received from the client or from the client's other

professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify ProfitScore if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising ProfitScore's previous recommendations and/or services.

Disclosure Statement. A copy of ProfitScore's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. ProfitScore shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, ProfitScore shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on ProfitScore's services.
- D. ProfitScore does not participate in a wrap fee program.
- E. As of December 31, 2014, ProfitScore had approximately \$119,000,000 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

If a client determines to engage ProfitScore to provide discretionary investment advisory services on a *fee-only* basis, ProfitScore's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under ProfitScore's management (between 2.00% and 2.95%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$500,000	2.95%
Second \$500,000	2.45%
Over \$1,000,000	1.95%

* ProfitScore shall also be compensated through an account opening fee of \$250.00, an administrative fee for statement preparation, and in certain instances, through a performance based fee (**See** Item 6 below).

PROFITSORE INDEX LICENSING

As discussed above, ProfitScore owns all rights to ProfitScore Indexes ("Indexes"). ProfitScore licenses Indexes to third parties, including, but not limited to investment companies and/or mutual funds. In exchange for licensing its Indexes, ProfitScore may receive licensing fees. ProfitScore prices its Index services based on objective and subjective factors such as asset value and the level and scope of services rendered. As a result, investment products based in whole or in part upon an Index might be available from different licensees

applying the Indexes differently, or paying different licensing fees to ProfitScore. Purchasers of Index licenses, or Index-based investment products should be guided accordingly.

ProfitScore may recommend that certain advisory clients invest in the investment companies and/or mutual funds to which ProfitScore also licenses its Indexes. To avoid any conflict of interest or the appearance of a conflict of interest, ProfitScore will reduce any such client's annual advisory fee by the same annual percentage rate as the licensing fee earned by ProfitScore allocable to the client's investment. ProfitScore's clients are under absolutely no obligation to consider or make an investment in such an investment company and/or mutual fund.

ProfitScore's Chief Compliance Officer, John McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding potential conflicts of interest such arrangements may create.

- B. Clients may elect to have ProfitScore's advisory fees deducted from their custodial account. Both ProfitScore's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of ProfitScore's investment advisory fee and to directly remit that management fee to ProfitScore in compliance with regulatory procedures. In the limited event that ProfitScore bills the client directly, payment is due upon receipt of ProfitScore's invoice. ProfitScore shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, ProfitScore shall generally recommend that Trust Company of America ("TCA") serve as the broker-dealer/custodian for client investment management assets, or at the specific mutual fund or insurance company that issued the mutual fund or variable life/annuity product. Broker-dealers such as TCA charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to ProfitScore's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Please note: as of the date of this Brochure TCA's Annual Custody Fees paid quarterly were as follows:

Accounts valued between \$0-\$249,999	29 basis points
Accounts valued between \$250,000 - \$499,999	24 basis points
Accounts valued between \$500,000 - \$999,999	18 basis points
Accounts valued between \$1,000,000 and above	11 basis points

- D. ProfitScore's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. ProfitScore generally requires a \$250,000 account minimum

for investment management services. ProfitScore, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between ProfitScore and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, ProfitScore shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither ProfitScore, nor its representatives accept compensation from the sale of securities or other investment products.

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

ProfitScore may charge performance-based fees to clients who have at least \$1,000,000 in portfolio assets managed by the firm, or who together with their spouse have a net worth of at least \$2,000,000 excluding principal residence. Clients are advised that performance-based fees involve a sharing of any portfolio gains between the client and the investment manager. Such performance-based fees create an economic incentive for ProfitScore to take additional risks in the management of a client portfolio that may be in conflict with the client's current investment objectives and tolerance for risk. ProfitScore does manage both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee.

Performance-based fees are in addition to the asset-based fees detailed in Item 5 of this Brochure. Clients are also advised that as a result of the standard asset-based fee and the performance-based fee, the investment manager has an economic incentive to recommend a performance-based fee structure.

Performance-based fees may only be offered to clients who meet one of the following criteria:

- A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser
- A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
 - Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse, excluding principal residence) of more than \$2,000,000, at the time the contract is entered into; or
 - Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
- A natural person who immediately prior to entering into the contract is:

- An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or
- An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

ProfitScore's Chief Compliance Officer, John M. McClure, remains available to address any questions regarding this conflict of interest.

Item 7 Types of Clients

ProfitScore's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. ProfitScore generally requires a \$250,000 account minimum for investment management services. ProfitScore, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. ProfitScore may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

ProfitScore may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by ProfitScore) will be profitable or equal any specific performance level(s).

- B. ProfitScore's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis ProfitScore must have access to current/new market information. ProfitScore has no control over the dissemination rate of market information; therefore, unbeknownst to ProfitScore, certain analyses may be compiled with outdated market information, severely limiting the value of ProfitScore's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

ProfitScore's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Note: Certain investment opportunities that become available to ProfitScore's clients may be limited. For example, various mutual funds may, from time to time, limit the number of shares available for purchase by mutual fund asset allocators, such as ProfitScore. In order to meet its fiduciary duties to all of its clients, ProfitScore will endeavor to allocate investment opportunities among all clients on a fair and equitable basis. However, except as otherwise provided by federal or state securities laws, ProfitScore shall not be liable for an adverse decision by a mutual fund or insurance company to unilaterally restrict and/or prohibit asset allocation activities such as those of ProfitScore.

- C. Currently, ProfitScore primarily allocates investment management assets of its clients, on a discretionary basis, among various mutual funds, exchange traded funds, and/or investment subdivisions of variable investment products, in accordance with ProfitScore's proprietary asset management programs, whereby ProfitScore shall exchange and/or transfer funds owned by the client among different asset categories within the same (or different) fund family(ies), in accordance with the investment objective(s) of the client.

ProfitScore generally allocates the investment management assets of its client accounts, on a discretionary basis, among one or more of its proprietary asset management programs. ProfitScore's proprietary programs have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In

accordance with Rule 3a-4, the following disclosure is specifically applicable to ProfitScore's management of client assets:

1. **Initial Interview** – at the opening of the account, ProfitScore, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. **Individual Treatment** – the client's account is managed on the basis of the client's financial situation and investment objectives;
3. **Quarterly Notice** – at least quarterly, ProfitScore shall notify the client to advise ProfitScore whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
4. **Annual Contact** – at least annually, ProfitScore shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account,
5. **Consultation Available** – ProfitScore shall be reasonably available to consult with the client relative to the status of the client's account;
6. **Quarterly Statement** – the client shall be provided with a quarterly report for the account for the preceding period;
7. **Ability to Impose Restrictions** – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct ProfitScore not to purchase certain funds;
8. **No Pooling** – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;
9. **Separate Account** - a separate account is maintained for the client with the Custodian; and
10. **Ownership** – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

ProfitScore's annual investment management fee may be higher or lower than that charged by other investment advisers offering similar services/programs. ProfitScore's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

As disclosed above, ProfitScore may utilize long and short mutual funds, variable insurance trusts and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct ProfitScore, in writing, not to employ any or all such strategies for his/her/their/its accounts. (*See* Item 4B).

Item 9 Disciplinary Information

ProfitScore has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither ProfitScore, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither ProfitScore, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. ProfitScore owns all rights to ProfitScore Indexes (“Indexes”). ProfitScore licenses Indexes to third parties, including, but not limited to investment companies and/or mutual funds. In exchange for licensing its Indexes, ProfitScore may receive licensing fees. ProfitScore may recommend that certain advisory clients invest in the investment companies and/or mutual funds to which ProfitScore also licenses its Indexes. To avoid any conflict of interest or the appearance of a conflict of interest, ProfitScore will reduce any such client’s annual advisory fee by the same annual percentage rate as the licensing fee earned by ProfitScore allocable to the client’s investment. ProfitScore’s clients are under absolutely no obligation to consider or make an investment in such an investment company and/or mutual fund.

ProfitScore’s Chief Compliance Officer, John McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding potential conflicts of interest such arrangements may create.

- D. ProfitScore does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. ProfitScore maintains an investment policy relative to personal securities transactions. This investment policy is part of ProfitScore’s overall Code of Ethics, which serves to establish a standard of business conduct for all of ProfitScore’s Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, ProfitScore also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by ProfitScore or any person associated with ProfitScore.

- B. ProfitScore owns all rights to ProfitScore Indexes (“Indexes”). ProfitScore

licenses Indexes to third parties, including, but not limited to investment companies and/or mutual funds. In exchange for licensing its Indexes, ProfitScore may receive licensing fees. ProfitScore may recommend that certain advisory clients invest in the investment companies and/or mutual funds to which ProfitScore also licenses its Indexes. To avoid any conflict of interest or the appearance of a conflict of interest, ProfitScore will reduce any such client's annual advisory fee by the same annual percentage rate as the licensing fee earned by ProfitScore allocable to the client's investment. ProfitScore's clients are under absolutely no obligation to consider or make an investment in such an investment company and/or mutual fund.

ProfitScore's Chief Compliance Officer, John McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding potential conflicts of interest such arrangements may create.

- C. ProfitScore and/or representatives of ProfitScore may buy or sell securities that are also recommended to clients. This practice may create a situation where ProfitScore and/or representatives of ProfitScore are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if ProfitScore did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of ProfitScore's clients) and other potentially abusive practices.

ProfitScore has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of ProfitScore's "Access Persons". ProfitScore's securities transaction policy requires that an Access Person of ProfitScore must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date ProfitScore selects; provided, however that at any time that ProfitScore has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. ProfitScore and/or representatives of ProfitScore *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where ProfitScore and/or representatives of ProfitScore are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, ProfitScore has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of ProfitScore's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that ProfitScore recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct ProfitScore to use a specific broker-dealer/custodian), ProfitScore generally recommends that investment management accounts be maintained at *TCA* or at the specific mutual fund or insurance company that issued the mutual fund or variable life/annuity product. Prior to engaging ProfitScore to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with ProfitScore setting forth the terms and conditions under which ProfitScore shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that ProfitScore considers in recommending *TCA* (or any other broker-dealer/custodian to clients) include historical relationship with ProfitScore, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by ProfitScore's clients shall comply with ProfitScore's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where ProfitScore determines, in good faith, that the commission/transaction fee is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although ProfitScore will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, ProfitScore's investment management fee. ProfitScore's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, ProfitScore may receive from *TCA* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist ProfitScore to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by ProfitScore may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by ProfitScore in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist ProfitScore in managing and administering client accounts. Others do not directly provide such assistance, but rather assist ProfitScore to manage and further develop its business enterprise.

ProfitScore's clients do not pay more for investment transactions effected and/or assets maintained at *TCA* as a result of this arrangement. There is no corresponding commitment made by ProfitScore to *TCA* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

ProfitScore's Chief Compliance Officer, John M. McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. ProfitScore does not receive referrals from broker-dealers.
3. ProfitScore does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and ProfitScore will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by ProfitScore. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs ProfitScore to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through ProfitScore.

ProfitScore's Chief Compliance Officer, John M. McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that ProfitScore provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless ProfitScore decides to purchase or sell the same securities for several clients at approximately the same time. ProfitScore may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among ProfitScore'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 be averaged as to price and will be

allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. ProfitScore shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom ProfitScore provides investment supervisory services, account reviews are conducted on an ongoing basis by ProfitScore's Principal, John M. McClure and/or ProfitScore's representatives. All investment supervisory clients are advised that it remains their responsibility to advise ProfitScore of any changes in their investment objectives and/or financial situation. ProfitScore encourages all clients to contact ProfitScore annually, in person or by phone, to review investment objectives and account performance.
- B. ProfitScore may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients receive regular account statements and confirmations from their broker-dealer(s) and/or custodian. In addition, ProfitScore may provide additional reports at the request of the client.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, ProfitScore may receive an indirect economic benefit from *TCA*. ProfitScore, without cost (and/or at a discount), may receive support services and/or products from *TCA*.

ProfitScore's clients do not pay more for investment transactions effected and/or assets maintained at *TCA* as a result of this arrangement. There is no corresponding commitment made by ProfitScore to *TCA* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

ProfitScore's Chief Compliance Officer, John M. McClure, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to ProfitScore by either an unaffiliated or an affiliated solicitor, ProfitScore may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from ProfitScore's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to ProfitScore by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of ProfitScore's written Brochure with a copy of the written

disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between ProfitScore and the solicitor, including the compensation to be received by the solicitor from ProfitScore.

Item 15 Custody

ProfitScore shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients receive regular account statements and confirmations from their broker-dealer(s) and/or custodian. In addition, ProfitScore may provide additional reports at the request of the client.

Please Note: To the extent that ProfitScore provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by ProfitScore with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of ProfitScore's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage ProfitScore to provide investment advisory services on a discretionary basis. Prior to ProfitScore assuming discretionary authority over a client's account, the client shall be required to execute *Investment Advisory Agreement*, naming ProfitScore as the client's attorney and agent in fact, granting ProfitScore full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage ProfitScore on a discretionary basis may, at anytime, impose restrictions, in writing, on ProfitScore's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe ProfitScore's use of margin, etc).

Item 17 Voting Client Securities

- A. ProfitScore does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact ProfitScore to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. ProfitScore does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. ProfitScore is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. ProfitScore has not been the subject of a bankruptcy petition.

ANY QUESTIONS: ProfitScore's Chief Compliance Officer, John M. McClure, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.