

FPL Asset Management, LLC

**1890 Hudson Circle, Suite 1
Monroe, LA 71201**

Telephone: 318-323-3752

March 26, 2015

FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of FPL Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 318-323-3752. 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 FPL Asset Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

FPL Asset Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated March 26th of 2014, we amended Item 10 Other Industry Activities and Affiliations in our disclosure brochure to remove references to FPL's affiliated SEC registered investment adviser, Fiduciary Investment Consultants, LLC ("FIC"). FIC is no longer acting as an investment adviser. All FIC advisory accounts were assigned to FPL through a client negative consent process.

We also amended Item 10 to disclose the fact that FPL recommends Goodwood Capital Management, LLC ("GCM") to act as a sub-advisor to certain FPL clients. Mr. Kenneth Vines, a principal with FPL has an indirect ownership interest in GCM's affiliated SEC registered investment adviser, Goodwood Advisors, LLC. There is no direct or indirect ownership or compensation arrangement between FPL and its associated persons and GCM.

We amended Item 12 Brokerage Practices to clarify that FPL does not direct trades to certain brokers in return for investment research products.

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

Item 4 Advisory Business

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

FPL has been in business as a SEC registered investment adviser since August 2002. C. Louis Ray and Kenneth G. Vines are the principal owners of FPL. As of February 27th, 2015, FPL has \$401,612,076 of assets under management, of which \$201,253,056 are managed on a discretionary basis and \$200,359,020 are managed on a non-discretionary basis.

This Disclosure Brochure describes the business of FPL. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of FPL'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 FPL's behalf and is subject to FPL's supervision or control.

Financial Planning and Consulting Services

FPL offers its clients a broad range of comprehensive financial planning and consulting services. These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. These services may be included as part of FPL's wealth management services, as described below.

As part of its consulting services, FPL provides certain clients with a Fiduciary Assessment. The Fiduciary Assessment is intended to assist clients in analyzing their investment fiduciary practices as well as identifying ways to improve the decision-making process of the client's organization. As part of the assessment, FPL will issue recommendations to improve any processes that are not in conformance with fiduciary practices. All relevant information, terms and conditions relative to the Fiduciary Assessment are set forth in a written agreement with FPL that each client receives prior to commencement of the Fiduciary Assessment.

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

Investment Management and Wealth Management Services

Clients can engage FPL to manage all or a portion of their assets on a discretionary or non-discretionary basis. In addition, FPL may provide clients with wealth management services that generally include a broad range of comprehensive financial planning and consulting services, as well as discretionary and/or non-discretionary management of investment portfolios.

FPL primarily allocates clients' investment management assets among exchange-traded funds ("ETFs"), mutual funds, and individual debt and equity securities in accordance with the investment

objectives of the client. FPL also provides advice about any type of investment held in clients' investment portfolios.

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

FPL tailors its advisory services to the individual needs of clients. FPL consults with clients initially and on an ongoing basis to develop an investment policy statement that determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. FPL ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

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

Use of Independent Managers

For some clients, FPL has recommended the active discretionary management of a portion of their assets by and/or among certain independent managers or separate account managers ("*Independent Managers*"), based on the stated investment objectives of the client.

Item 5 Fees and Compensation

FPL offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management

Financial Planning and Consulting Fees

FPL may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$40,000 on a fixed fee basis and/or from \$150 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages FPL for additional investment advisory services, FPL may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging FPL to provide financial planning and/or consulting services, the client is required to enter into a written agreement with FPL setting forth the terms and conditions of the engagement. Generally, FPL requires one-half of the financial planning or consulting fee (estimated hourly or fixed) payable upon entering into the agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. In no event, however, does FPL require prepayment of more than \$1,200 six months or more in advance of services rendered.

Investment Management and Wealth Management Fee

FPL provides investment management as well as wealth management services for an annual fee based upon a percentage of the market value of the assets being managed by FPL. FPL's annual fee is exclusive of and in addition to brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. FPL does not, however, receive any portion of these commissions, fees, and costs. FPL's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by FPL on the last day of the previous quarter. For certain clients, FPL may also charge its annual fee monthly, in arrears, based upon the market value of the assets on the last day of the previous month. The annual fee varies (between 0.55% and 1.00%) depending upon the market value of the assets under management and the type of investment management or wealth management services to be rendered, as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
Up to \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.85%
\$3,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$10,000,000	0.65%
\$10,000,001 - \$ 15,000,000	0.55%
Above \$15,000,000	Negotiable

Certain clients may be invested in FPL's Separate Account Equity or Fixed Income Portfolios. Such Separate Account clients shall be charged up to 1.00% on those assets delegated to Domestic Fixed Income Portfolios and FPL's Equity or Global Fixed Income Portfolios. Such Separate Account Management Fee will be in addition to the Advisory Fee as outlined in the schedule above.

FPL, in its sole discretion, may negotiate to charge a lesser management fee 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, pre-existing client, account retention, *pro bono* activities, etc.).

As a condition for starting and maintaining a relationship, FPL generally imposes a minimum annual fee of \$2,500. For additional information see Item 7 Minimum Fee.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), FPL generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*"), Fidelity, or TD Ameritrade for investment management accounts.

FPL may only implement its investment management recommendations after the client has arranged for and furnished FPL with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, Fidelity, TD Ameritrade, or any other broker-dealer recommended by FPL, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties, such as 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. Clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to FPL's fee.

FPL's *Agreement* and the separate agreement with any *Financial Institutions* may authorize FPL or *Independent Managers* to debit the client's account for the amount of FPL's fee and to directly remit that management fee to FPL. Any *Financial Institutions* recommended by FPL 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 FPL.

Fees for Management During Partial Quarters or Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between FPL and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. FPL's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to FPL's right to terminate an account. Additions may be in cash or securities provided that FPL reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to FPL, subject to the usual and customary securities settlement procedures. However, FPL designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. FPL may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter or month, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter or month.

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

FPL does not provide any services for performance-based fees. Performance-based fees are those based upon a share of capital gains on, or capital appreciation of the assets of, a client.

Item 7 Types of Clients

FPL provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Fee

As a condition for starting and maintaining a relationship, FPL generally imposes a minimum annual fee of \$2,500. This minimum fee may have the effect of making FPL's services impractical for clients, particularly those with portfolios less than \$250,000 under FPL's management. FPL, in its sole discretion, may waive its minimum annual fee based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

Methods of Analysis

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

Fundamental analysis involves the fundamental financial condition and competitive position of a company. FPL 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 that 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 FPL will be able to accurately predict such a reoccurrence.

Investment Strategies

FPL follows a fiduciary investment process. FPL also divides its investment strategies into two distinct classes: policy portfolios and pricing portfolios (customized investment solutions). In the policy portfolios, FPL focuses on using high quality, low cost investment funds. There are a variety of asset allocation categories available within the policy portfolio, ranging from primarily fixed income to a balance of fixed income to equity (such as 60/40 or 40/60 allocations) or to primarily equity.

The pricing portfolios are customized investment solutions. These portfolios primarily act as complements to the client's policy portfolio (for example, large cap investing, dividend yielding stock, and fixed income securities). The appropriateness of the customized investment solution is determined based on the client's personal situation and risk tolerance, as provided on the client's investment management agreement.

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.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer, which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of FPL'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 FPL will be able to predict those price movements accurately.

Use of Independent Managers

FPL has recommended the use of *Independent Managers* for certain clients. FPL does not have the ability to supervise the *Independent Managers* on a day-to-day basis.

General Risk of Loss

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

Item 9 Disciplinary Information

FPL 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. FPL does not have any required disclosures to this Item.

Item 10 Other Financial Industry Activities and Affiliations

FPL is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. FPL has described such relationships and arrangements below.

Arrangements with Affiliated Entities

Mr. Kenneth Vines, an indirect owner of FPL Asset Management, LLC is a non-controlling, indirect owner of Goodwood Advisors, LLC, a registered investment adviser to Goodwood SMID Cap Discovery Fund (the "Fund"), a series of the Starboard Investment Trust, a registered investment company. When suitable and consistent with our fiduciary obligations, our firm may recommend the Fund for client accounts and clients are hereby advised that Mr. Vines may have an incentive to recommend the Fund for clients over other investments given the common relationship of Mr. Vines as an associated person between the firms. For that reason, the potential conflict of interest is addressed by requiring that one of the firm's investment adviser representatives, other than Mr. Vines, determine suitability for investment in the FPL Asset Management, LLC

March 26, 2015

Fund. FPL Asset Management, LLC is wholly independent and has no economic interest in the Fund beyond the scope of the sub-advisory agreement. The fees charged by our firm are separate and in addition to the fees charged by Goodwood Advisors, LLC for managing the Fund.

FPL has a sub-advisory agreement with an affiliate of Goodwood Advisors, LLC. When suitable and consistent with FPL's fiduciary obligations the affiliate, the Firm may recommend Goodwood Capital Management, LLC, to certain FPL clients. Neither the Firm nor its associated persons have a direct or indirect ownership interest or compensation arrangement with Goodwood Capital Management, LLC beyond the scope of the sub-advisory agreement.

Item 11 Code of Ethics

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

FPL 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 (Advisers Act), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by FPL or any of its associated persons. The *Code of Ethics* also requires that certain of FPL'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 FPL's *Code of Ethics*, none of FPL'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 that is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of FPL's clients.

When FPL 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 FPL 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 FPL to request a copy of its *Code of Ethics*.

Participation or Interest in Client Transactions

Mr. Kenneth Vines, an indirect owner of FPL Asset Management, LLC is a non-controlling, indirect owner of Goodwood Advisors, LLC, a registered investment adviser to Goodwood SMID Cap Discovery Fund (the "Fund"), a series of the Starboard Investment Trust, a registered investment company. When suitable and consistent with our fiduciary obligations, our firm may recommend the Fund for client accounts and clients are hereby advised that Mr. Vines may have an incentive to recommend the Fund for clients over other investments given the common relationship of Mr. Vines as an associated person between the firms. For that reason, the potential conflict of interest is addressed by requiring that one of the firm's

investment adviser representatives, other than Mr. Vines, determine suitability for investment in the Fund. FPL Asset Management, LLC is wholly independent and has no economic interest in the Fund. The fees charged by our firm are separate and in addition to the fees charged by Goodwood Advisors, LLC for managing the Fund.

Item 12 Brokerage Practices

As discussed above, in Item 5, FPL generally recommends that clients utilize the brokerage and clearing services of *Schwab*, *Foliofn*, or *TD Ameritrade*.

FPL participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("*TD Ameritrade*"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. *TD Ameritrade* offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. FPL receives some benefits from *TD Ameritrade* through its participation in the program. (Explained further below.)

Factors that FPL considers in recommending *Schwab*, *Foliofn*, or *TD Ameritrade* or any other broker - dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The recommended broker-dealer enables FPL to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. This is not the only, or dominating factor, however in recommending a broker-dealer as noted above. The commissions and/or transaction fees charged by the recommended broker-dealer may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by FPL's clients comply with FPL'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 FPL determines that the commissions are reasonable in relation to the value of the 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 execution capability, commission rates, and responsiveness. FPL seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

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

The client may direct FPL in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and FPL will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by FPL (as described below). As a result, the client may pay higher commissions, greater spreads, or other transaction costs. It is also possible that the client may receive less favorable net prices for the account than would otherwise be the case. Subject to its duty of best execution, FPL may decline a client's request to direct brokerage if, in FPL's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless FPL decides to purchase or sell the same securities for several clients at approximately the same time. FPL 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 FPL's clients variations in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among FPL's clients pro rata to the purchase and sale orders placed for each client on any given day.

To the extent that FPL determines to aggregate client orders for the purchase or sale of securities, including securities in which FPL's *Supervised Persons* may invest, FPL 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. FPL does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that FPL 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 that prohibit it from purchasing other securities that 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, FPL 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.

FPL does not direct trades to certain brokers in return for investment research products.

Software and Support Provided by Financial Institutions

FPL may receive from *Schwab*, without cost to FPL, computer software and related systems support, which allow FPL to better monitor client accounts maintained at *Schwab*. FPL may receive the software and related support without cost because FPL renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit FPL, but not its clients directly. In fulfilling its duties to its clients, FPL endeavors at all times to put the interests of its clients first. Clients should be aware, however, that FPL's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence FPL's choice of one broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, FPL may receive the following benefits from *Schwab*: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

As disclosed above, FPL participates in TD Ameritrade's institutional customer program and FPL may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between FPL's participation in the program and the investment advice it gives to its clients, although FPL receives economic benefits through its participation in the program that are typically not available to TD

Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving FPL 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 FPL by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by FPL's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit FPL but may not benefit its client accounts. These products or services may assist FPL in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help FPL manage and further develop its business enterprise. The benefits received by FPL or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, FPL endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by FPL or its related persons in and of itself creates a potential conflict of interest and may indirectly influence FPL's choice of TD Ameritrade for custody and brokerage services.

Item 13 Review of Accounts

For those clients to whom FPL provides investment management services, FPL monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom FPL provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of FPL's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with FPL and to keep FPL informed of any changes thereto. FPL 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 FPL provides investment advisory services will also receive a report from FPL that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from FPL.

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

Item 14 Client Referrals and Other Compensation

FPL 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, FPL is required to disclose any direct or indirect compensation that it provides for client referrals. FPL does not have any required disclosures to this Item.

Item 15 Custody

FPL's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize FPL, through such *Financial Institution*, to debit the client's account for the amount of FPL's fee and to directly remit that fee to FPL in accordance with applicable custody rules. Except for the authorized deduction of FPL's fees, FPL does not have custody of client assets.

The *Financial Institutions* recommended by FPL 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 FPL. In addition, as discussed in Item 13, FPL also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from FPL.

Item 16 Investment Discretion

FPL may be given the authority to exercise discretion on behalf of clients. FPL 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. FPL is given this authority through a power-of-attorney included in the agreement between FPL and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). FPL 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 *Independent Managers* to be hired or fired.

Item 17 Voting Client Securities

FPL is required to disclose if it accepts authority to vote client securities. FPL does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18 Financial Information

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