



Part 2A of Form ADV: Firm Brochure

Item 1. Cover Page

DETALUS INSTITUTIONAL, LLC

(formerly known as

Hancock Institutional Advisors, LLC)

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August 21, 2015

This Brochure provides information about the qualifications and business practices of Detalus Institutional, LLC (f/k/a Hancock Institutional Advisors, LLC). If you have any questions about the contents of this Brochure, please contact us at 314-997-3191 or clewis@detalus.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Detalus Institutional, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by an identifying number, known as a CRD number. Our firm's CRD number is 149294.

Item 2. Material Changes

This Brochure provides prospective clients with information about Detalus Institutional, LLC that should be considered before or at the time of obtaining our advisory services. This Brochure is required to be updated at least annually, or sooner when material changes to our business take place. Each year we will deliver to you, by no later than April 30th, either: (i) a free updated Brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes and an offer to provide a free copy of the updated Brochure and how to obtain it.

Since our last annual update to our Brochure dated March 30, 2015, we have made the following material changes:

- (1) Changed our name from Hancock Institutional Advisors, LLC to Detalus Institutional, LLC.
- (2) Updated Item 10. Other Financial Industry Activities and Affiliations and Item 14. Client Referrals and Other Compensation to reflect the name changes of our affiliates and to enhance disclosures about our relationship with, and compensation to, affiliated firms.

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Item 4. Advisory Business

Detalus Institutional, LLC, formerly known as Hancock Institutional Advisors, LLC (“Adviser”) is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 located in St. Louis, Missouri. Adviser began conducting business in 2009.

Adviser is 100% employee-owned. Manchester Holdings, LLC and Mr. John R. Smith own Adviser. Manchester Holdings, LLC is majority-owned by Steven M. Rull, Joseph D. Garea and Clinton J. Lewis (“Principals”).

FIXED INCOME PORTFOLIO MANAGEMENT

Executive Portfolio Management. Adviser provides fixed income portfolio management and evaluation services to institutional clients, including banks, thrift institutions and insurance companies. Adviser provides investment advice on a non-discretionary basis. Adviser’s investment recommendations generally include advice regarding the following fixed income securities:

- Corporate debt
- Commercial paper
- Certificates of deposit (“CDs”)
- Municipal securities
- U.S. Government and agency securities
- Collateralized mortgage obligations
- Mortgage-backed securities
- Asset-backed securities

Adviser typically recommends fixed income securities rated investment grade as of the date of purchase. Generally, Adviser recommends direct investments in fixed income securities. However, Adviser may recommend that clients obtain exposure to the fixed income market through investments in other investment companies, including open- and closed-end funds and ETFs, which invest primarily in fixed income securities. Adviser may recommend U.S. dollar-denominated securities of foreign issuers (typically referred to as Yankee bonds). If requested by an institutional client, Adviser will provide recommendations on non-investment grade fixed income securities, typically limited to 10% of the portfolio.

Objective Portfolio Review. Adviser will perform an independent evaluation of an institution’s fixed income portfolio and recommend changes as determined by Adviser in its discretion.

Interest Rate Management. Upon request of a client, Adviser may provide monthly interest rate analyses and reports, which are designed to assist a bank’s Chief Financial Officer and Board of Directors in establishing deposit and CD rates, CD maturity timeframes and interest rate management of the bank’s fixed income portfolio.

Upon request of a bank, thrift or other depository institution client, Adviser will provide an experienced portfolio manager to attend meetings of the institution’s Asset/Liability Committee to advise management executives and Board of Directors on investment and interest rate strategy formation and implementation.

AMOUNT OF MANAGED ASSETS

As of June 30, 2015, Adviser managed \$1,516,413,045 of institutional clients' assets on a non-discretionary basis and did not manage any assets on a discretionary basis.

Item 5. Fees and Compensation

Asset-Based Fee. Adviser's annual fee for Executive Portfolio Management is based on a percentage of assets under management, according to the following schedule:

For portfolios with a minimum of \$100 million:

<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$100 million of assets	10 basis points
Additional \$100 million of assets	8 basis points
Additional \$100 million of assets	7 basis points
Additional assets	5 basis points

For portfolios with less than \$100 million:

<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$25 million of assets	13 basis points
Next \$25 million of assets	11 basis points
Next \$25 million of assets	9 basis points
Next \$25 million of assets	7 basis points

Although Adviser has established the fee schedule above, Adviser retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the appropriate fees. These include, among other things, the complexity of the client's investment strategy, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and required reports. The annual fee schedule applicable to an institution will be set forth in the client's investment advisory agreement with Adviser (the "Advisory Agreement"). Advisory fees are billed monthly based upon the market values of client's assets (or book values) as determined by the client's custodian as of the end of the previous month. Fees are invoiced to clients mid-monthly and are due upon receipt.

Fixed Fee. Adviser's fee for Objective Portfolio Review or Interest Rate Management services typically is a flat fee negotiated on a case-by-case basis in advance with each institutional client. Overall factors to be considered include the type and amount of assets to be managed and the complexity of the client's circumstances. Adviser's annual fixed fee may range from \$1,000 to \$50,000, depending on the scope of services. The annual fee applicable to an institution will be set forth in the client's Advisory Agreement.

Termination of the Advisory Relationship. An Advisory Agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. Upon termination of any client's account, any unearned fees will be promptly refunded by Adviser. When calculating a client's reimbursement, Adviser will pro-rate fees owed through the effective date of termination.

Additional Fees and Expenses. In addition to Adviser's advisory fees, clients are also responsible for the fees and expenses charged by client's custodian and broker-dealers that execute transactions for client's account. A copy of the current commission schedule for Detalus Securities/Pershing (including ticket charges) is available upon client request.

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

Adviser does not charge performance-based fees or manage separate accounts or private funds on a side-by-side basis.

Item 7. Types of Clients

Adviser typically provides advisory services to the following types of clients:

- Banking and thrift institutions
- Corporations
- Insurance companies
- High net worth individuals

There is no minimum account size requirement.

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

METHODS OF ANALYSIS

In recommending fixed income securities to institutional clients, Adviser typically considers the fixed income sectors represented in the Barclays Capital Aggregate Bond Index. Adviser may recommend securities in those areas of the bond market that Adviser believes to be relatively undervalued, based on quality, sector, coupon or maturity. Adviser seeks to identify fixed income sectors that it believes are favorable to clients and have favorable prospects for future performance, based on recent performance, monetary policy, investor sentiment, market momentum, business fundamentals, business cycles, and/or market cycles. Once Adviser identifies a sector that is outperforming or has the potential to outperform the market as a whole, Adviser seeks individual fixed income securities based on its review of the issuer's current and historical spreads to comparable Treasury securities, and fundamental analysis of issuer's future prospects.

Reliance on Third Party Ratings. Adviser's securities analysis methods rely on the assumption that the companies whose securities Adviser recommends, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. Adviser recognizes that these data may be incorrect, and that there is always a risk that Adviser's analysis may be compromised by inaccurate or misleading information.

PRINCIPAL INVESTMENT RISKS

Investing in securities involves risk of loss that clients should be prepared to bear. Based on certain of the specific securities Adviser may recommend, below are some more specific risks of investing:

- ***Fixed Income Risks***

Credit Risk. The issuer of a fixed income security may not be able or willing to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation.

Change in Rating Risk. If a rating agency gives a debt security a lower rating, the value of the debt security will typically decline because investors will demand a higher rate of return.

Interest Rate Risk. As nominal interest rates rise, the value of fixed income securities held by client is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate. Inflation-indexed securities, including Treasury Inflation-Protected Securities (“TIPS”), decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed securities may experience greater losses than other fixed income securities with similar duration.

Duration Risk. Prices of fixed income securities with longer effective maturities and durations are more sensitive to interest rate changes than those with shorter effective maturities and durations.

Prepayment and Extension Risk. As interest rates decline, the issuers of securities held by a client may prepay principal earlier than scheduled, forcing the client to reinvest in lower yielding securities. As interest rates increase, slower than expected principal payments may extend the average life of fixed income securities, locking in below-market interest rates and reducing the value of these securities. To the extent that a client invests in mortgage-backed securities, there is a greater risk that the client will lose money due to prepayment and extension risks associated with these securities.

Premium/Discount Risk. When a client buys a fixed-income security at a premium to its face value, it will be subject to the risk that the entire coupon (interest rate) may be paid out as a dividend. Over time the value of the client’s portfolio may decline, because the premium on the fixed income security declines as it approaches maturity (at maturity the market price of a fixed income equals its face value). The declining premium lowers the value of the security in the client’s portfolio. Thus the client may have attained a higher payout over the life of the fixed income, but at the expense of an erosion in the value of such security over time. Premium erosion is most frequent among government and investment-grade corporate bond funds.

- ***Municipal Securities Risks.*** Municipal securities are subject to the risk that the municipality may be unable or unwilling to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.
- ***U.S. Government and Agency Securities.*** Adviser may invest in U.S. Government securities. U.S. Government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. Government securities may be supported by the full faith and credit of the United States. If a U.S. Government agency or instrumentality defaults and the U.S. Government does not stand behind the obligation, the securities could decline in value.

Securities of U.S. Government-sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor guaranteed by the U.S. Government.

- ***Mortgage- and Asset-Backed Securities Risk.*** Mortgage-related securities include pass-through securities, collateralized mortgage obligations (“CMOs”), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a client to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The value of these securities may fluctuate in response to the market’s perception of the creditworthiness of the issuers. Asset-backed securities typically are supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guaranty or senior subordination. The degree of credit enhancement varies, but generally amounts to only a fraction of the asset-backed security’s par value until exhausted. If the credit enhancement is exhausted, certificateholders may experience losses or delays in payment if the required payments of principal and interest are not made to the trust with respect to the underlying loans. The value of these securities also may change because of changes in the market’s perception of the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing the credit enhancement. In addition, these securities also may be subject to prepayments which may shorten the securities’ weighted average life and may lower their returns.
- ***Junk Bond Risk.*** A client may be subject to greater levels of credit risk as a result of investing in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”). These securities are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a client’s ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, the client may lose its entire investment.

Item 9. Disciplinary Information

Adviser is required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Adviser’s advisory business or the integrity of its management.

The following disciplinary event is related to Adviser’s affiliated broker-dealer, Detalus Securities, LLC, formerly known as Hancock Securities Group, LLC. The event did not involve Adviser or its advisory clients. Clinton J. Lewis was disciplined by FINRA in 2010 for failure to properly supervise an independent contractor registered representative who was acting alone in converting client funds through the contractor’s outside business activities. The contractor acted without the knowledge of Mr. Lewis and was terminated in March 2008. Mr. Lewis was fined \$5,000 and suspended from acting in any principal capacity except as options principal for 10 business days. Mr. Lewis was not part of the registered representative’s fraudulent activities.

Item 10. Other Financial Industry Activities and Affiliations

Adviser is under common control with the following entities:

Detalus Securities, LLC (f/k/a Hancock Securities Group, LLC) (“Detalus Securities”). Management personnel and related persons of Adviser are separately licensed as principals, registered representatives and insurance brokers of Detalus Securities, an SEC-registered broker-dealer and member of FINRA/SIPC and licensed insurance broker. In such capacity, these individuals may purchase and sell securities and sell insurance products for customers and receive separate and customary commissions. While Adviser and these individuals endeavor at all times to put the interest of Adviser’s clients first as part of Adviser’s fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Detalus Advisors, LLC (f/k/a Hancock Investment Advisors, LLC) (“DA”). Adviser’s Principals also provide investment advisory services to retail clients through DA, an SEC-registered investment adviser. Adviser and DA share advisory fees for providing fixed income and equity services to retail and institutional clients.

Adviser occasionally trades the same securities in client portfolios that are traded by DA for its clients’ portfolios. When this occurs, Adviser’s clients may receive a better or worse price or execution than clients of DA depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients, when trades are placed by (or at the direction of) a Principal in the same security on the same day for clients of Adviser or DA, the Principal will seek to obtain best execution in a manner deemed fair and reasonable by the Adviser. For example, Principals may rotate the order of execution or block trades and allocate securities on a pro rata, average price per share basis.

Detalus Consulting, LLC (f/k/a Hancock Management Services, LLC) (“Detalus Consulting”) provides consulting services to banks and other financial institutions related to issues such as regulatory matters, corporate governance, business planning and risk management. Detalus Consulting also provides loan brokerage services for an affiliated company. Adviser provides fixed income portfolio management services to banks that engage Detalus Consulting. Adviser may have a conflict in referring banks to purchase loans that have been recommended, arranged, brokered or serviced by Detalus Consulting due to additional fees paid to Detalus Consulting.

Potential Conflicts of Interest

Where appropriate, Adviser and its employees may recommend affiliated companies to provide services to advisory clients, and affiliated companies may recommend Adviser. Adviser’s Principals and employees may be entitled to receive salaries, bonuses, referral fees and equity distributions from Adviser and one or more of its affiliated companies. Clients should be aware that the receipt of additional compensation by Adviser and its Principals or employees creates a conflict of interest that may impair the objectivity of Adviser and these individuals when making advisory recommendations. Adviser strives to put the interest of its clients first as part of its fiduciary duty as a registered investment adviser and to provide disclosure of conflicts of interest where they exist.

From time to time, Adviser’s employees may purchase securities for their own personal accounts and accounts of family members, which securities are also purchased on behalf of clients. Generally, Adviser’s employee accounts may be invested in similar investment strategies as clients. In these instances, block trading is used, which means that orders are aggregated and securities are allocated among clients’ and employees’ accounts on a pro rata, average price per share basis.

Principals Serving as Directors of Financial Companies

Adviser's Principals currently serve as directors of certain banks. Steven Rull, Principal of Adviser, is a director of Ridgestone Bank, a Small Business Administration lender that is owned by Ridgestone Financial Services. Joseph Garea, Principal of Adviser, is a director of Mackinac Financial Corporation, a bank holding company that owns mBank. Principals are also shareholders of these bank holding companies, and advisory clients of Adviser or its affiliates have invested in these bank holding companies. Adviser may have a conflict in charging advisory fees on clients' asset invested in these bank holding companies to the extent that a Principal were to receive inside information based on the Principal's role as a director, because the information could not be acted upon by Adviser on behalf of clients until the information becomes publicly available.

Outside Business Activities. From time to time, Adviser's Principals organize and/or invest in outside businesses. Advisory clients of Adviser or its affiliates also invest in certain of these businesses which include, but are not limited to, the following:

OA Finance, LLC ("OA Finance"). Adviser's affiliated company, OA Finance, provides loans to outdoor amusement companies. Adviser's Principals, as well as clients of Adviser or its affiliates, own equity interests of, and have provided subordinated debt financing to, OA Finance. In addition, advisory clients of Adviser and its affiliates may purchase loans originated by OA Finance, although no advisory fees would be charged on clients' assets invested in these loans. Current bank clients of Adviser provide lines of credit to OA Finance, and, as a result, Adviser may have an incentive to favor those clients. OA Finance provides loan servicing in connection with these loans and receives an annualized loan servicing fee of: (A) on a monthly basis, an amount equal to the difference, if positive, between (1) aggregate interest payments collected from borrowers under the terms of their loan documents and (2) the pass-through percentage rate indicated to be paid to the purchaser on the related loan purchase agreement; and (B) 50% of any fees earned and collected from borrowers under the terms of their loan documents, except that 100% of all fees collected as a result of or in connection with the origination of a loan are retained by OA Finance. Adviser's affiliated company, Detalus Consulting, provides referrals to OA Finance and receives an annualized fee equal to 50 basis points of the outstanding balance of any referred loans, paid quarterly.

Adviser will not charge an advisory fee on client's assets invested in OA Finance loans, and will not act as investment adviser or provide investment advice with respect to clients' assets invested in OA Finance or loans originated by OA Finance. Adviser, OA Finance and Detalus Consulting make no representations about the credit quality, appropriateness of the interest rate, or fair values of OA Finance loans. Clients must independently review and evaluate OA Finance loans using their own tax, legal and other professional advisers. Due to the receipt of fees by affiliated companies, Adviser has a conflict of interest in referring its advisory clients to OA Finance. Clients will be asked to sign a separate loan purchase agreement and conflict waiver in connection with any purchase of loans originated by OA Finance.

Real Estate and Other Assets. Adviser's Principals have formed several partnerships and limited liability companies to own and manage real estate, develop property, or own companies or private funds, in which certain clients of Adviser (or an affiliate) also invest.

Potential Conflicts of Interest. In making investment decisions with respect to these outside businesses, clients must rely upon independent investigations by their own tax, legal and other professional advisers and confirm that they are not relying on Adviser or its affiliates for investment advice. Adviser, its Principals and other affiliates of Adviser and their respective officers and employees will not act as investment adviser or serve as a fiduciary with respect to

clients' investments in outside businesses. Adviser does not serve as investment adviser or provide investment advice to any outside business.

Prior to investing in an outside business with Adviser's Principals, clients should consider potential conflicts of interest. Adviser charges its advisory clients an investment advisory fee based upon a percentage of assets under management, although no advisory fees are charged on client assets invested in outside businesses. Adviser's Principals may act as manager or managing partner of an outside business and, in this capacity, may receive additional benefits with respect to a client's investment in the business due to their receipt of some or all of the following types of compensation: executive or management compensation, payment or reimbursement of expenses incurred on behalf of the business, and loan brokerage, referral or servicing fees paid with respect to the outside business.

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

Adviser has adopted a Code of Ethics which sets forth ethical standards of business conduct that Adviser requires of its employees, including compliance with applicable federal securities laws. Adviser and its personnel owe a duty of loyalty, fairness and good faith towards clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to its guiding principles.

Adviser's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Adviser's access persons. The Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. It also contains oversight, enforcement and recordkeeping provisions.

Adviser's Code of Ethics includes Adviser's policy prohibiting the use of material non-public information. While Adviser does not believe that it has any particular access to non-public information, all employees are reminded that this information may not be used in a personal or professional capacity. A copy of Adviser's Code of Ethics is available to its advisory clients and prospective clients. You may request a copy by email sent to clewis@detalus.com, or by calling Adviser at 314-997-3191.

Adviser's Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Adviser's employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Adviser and/or individuals associated with Adviser may buy or sell for their personal accounts securities identical to or different from those recommended to clients. In addition, related access persons of Adviser may have an interest or position in a certain securities which may also be recommended to a client. Adviser's affiliated companies may receive compensation for originating and servicing private loans offered to advisory clients. Please see Item 10. *Other Financial Industry Activities and Affiliations* above for a detailed explanation of these relationships and important conflict of interest disclosures.

Adviser's affiliated broker-dealer, Detalus Securities, and Adviser's principals who are registered representatives of Detalus Securities, may receive brokerage and insurance commissions and referral fees in connection with securities recommended to advisory clients. See Item 12. *Brokerage Practices* and Item 14. *Client Referrals and Other Compensation*.

Item 12. Brokerage Practices

Selection of Broker Dealers. Institutional clients may establish their own custodial and brokerage relationships. Adviser will use only those broker-dealers approved by an institutional client in advance to execute fixed income trades in the client's account. When selecting among a list of broker-dealers approved by the client to execute a trade, Adviser will consider a number of factors, including price, availability of products, and ability to execute the trades in a timely and otherwise satisfactory manner. Reasonableness of the compensation charged by broker-dealers is typically judged by looking at the prevailing rate for the trade at issue and determining whether the broker-dealer to be used is competitive with the same. Adviser typically recommends its affiliated broker-dealer, Detalus Securities, due to Detalus Securities' past track record of obtaining competitive pricing with timely and accurate execution of trades. Adviser weighs several factors in its selection of broker-dealers, and focuses on cost and trade execution. Adviser's affiliated broker-dealer introduces a potential conflict of interest due to the common ownership of both companies. Adviser reviews from time to time the cost of utilizing Detalus Securities as broker compared to commission rates and transaction fees charged by other independent broker-dealers to confirm that Detalus Securities remains competitive.

Although Adviser believes that the commission rates charged by Detalus Securities are competitive, they may not be the lowest commission rates available to clients. For example, clients may be able to execute transactions at much lower rates available through a discount broker-dealer. In addition to commissions, Detalus Securities charges transaction fees and other fees, such as a service fee, and SEC and exchange fees. Fees may vary from client to client due to the particular circumstances of the transaction, additional or differing levels of servicing required, or as otherwise contractually agreed upon with clients. Pershing and Detalus Securities may change their commission schedule and transaction and service fees without advance notice to Adviser. Copies of current commission schedules are available upon request.

No Soft Dollars. Adviser has not entered into arrangements where it directs clients' brokerage transactions to a broker-dealer who provides research services to Adviser, so-called "soft dollar arrangements."

Item 13. Review of Accounts

Reviews. Client portfolios are monitored on a regular basis. Client accounts that receive Executive Portfolio Management services typically are reviewed at least monthly. Accounts are reviewed in the context of the investment objectives and guidelines of each client as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's institutional needs, or the market, political or economic environment. Client accounts are reviewed by John Smith, Nick Trentmann, Brandon Janosky, and Ismail Ghodbane, each a Portfolio Manager of Adviser.

Reports. In addition to the monthly statements and confirmations of transactions that each client receives from its custodian, Adviser typically provides monthly reports to clients that summarize account performance, provide interest rate analyses and market outlook.

Item 14. Client Referrals and Other Compensation

Adviser may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to Adviser. Whenever Adviser pays a referral fee, Adviser requires the Solicitor to provide the prospective

client with a copy of Adviser's Brochure and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with Adviser;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the referral fee; and
- whether the fee paid to Adviser by the client will be increased above Adviser's normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to Adviser by clients referred by Solicitors are not increased as a result of any referral.

Item 15. Custody

Each client receives periodic account statements directly from its custodian. Adviser urges clients to carefully compare the information provided in these reports to ensure that all account transactions, holdings and values are correct and current. Adviser does not have actual or constructive custody of client accounts, funds, or securities.

Item 16. Investment Discretion

Adviser does not provide discretionary asset management services.

Item 17. Voting Client Securities

As a matter of firm policy, Adviser does not vote proxies on behalf of clients or provide consulting assistance regarding proxy issues to clients. Clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Each client is responsible for instructing its custodian(s) to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Item 18. Financial Information

Adviser does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, Adviser is not required to include a financial statement.

Item 19. Requirements for State-Registered Advisers

Because Adviser is registered with the SEC, this Item is inapplicable to Adviser.