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This Brochure provides information about the qualifications and business practices of Pathlight Investors, LLC. If you have any questions about the contents of this Brochure, please contact M.J. Nodilo at (602) 795-7612. 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.

Pathlight Investors, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about Pathlight Investors, LLC is also available on the SEC's web site at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Since our last filing on July 8, 2014, we have made the following material changes to our Form ADV Part 2A:

We have updated Item 4 to reflect our assets under management as of December 31, 2014.

Additional information about Pathlight Investors, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Pathlight Investors, LLC is 151479. The SEC's web site also provides information about any persons affiliated with Pathlight Investors, LLC who are registered, or are required to be registered, as investment adviser representatives of Pathlight Investors, LLC.

Item 3 - Table of Contents

Item 2 - Material Changes	2
Item 3 - Table of Contents	3
Item 4 - Advisory Business Introduction.....	5
1. Financial Planning.....	5
2. Investment Management and Wealth Management Services	6
Additions and Withdrawals to Accounts.....	6
Item 5 - Fees and Compensation.....	6
1. Wealth Management Fee.....	7
2. General Negotiable Disclosure	8
3. Fees Charged by Financial Institutions.....	8
4. Fee Debit	8
5. Fees for Management During Partial Quarters of Service	9
Item 6 - Performance Based Fee and Side by Side Management	9
Item 7 - Types of Client(s).....	9
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	9
1. Investment Strategies	9
2. Methods of Analysis	10
3. Risks of Loss.....	11
Mutual Funds and Exchange Traded Funds (ETFs).....	11
Market Risks	11
Management Through Similarly Managed Accounts.....	12
Risk of Loss	12
Item 9 - Disciplinary Information	12
Item 10 - Other Financial Industry Activities and Affiliations.....	12
Item 11 - Code of Ethics, Participation or Interest in Client Accounts and Personal Trading	13
1. Participation or Interest in Client Accounts	13
2. Personal Trading.....	14
3. Responsibility	14
4. Privacy Statement	15
5. Conflicts of Interest	15
6. Suitability.....	15
Item 12 - Brokerage Practices	15

1. Best Execution	15
2. Soft Dollars	16
Software and Support Provided by Financial Institutions.....	16
3. Brokerage for Client Referrals.....	17
4. Directed Brokerage	17
5. Trading.....	17
Item 13 - Review of Accounts	18
1. Reviews.....	18
2. Reports	18
Item 14 - Client Referrals and Other Compensation.....	18
Item 15 - Custody.....	18
Item 16- Investment Discretion	19
Item 17- Voting Client Securities.....	19
Item 18 - Financial Information.....	20
Glossary of Key Terms	21

Item 4 - Advisory Business Introduction

Pathlight Investors, LLC (“Pathlight”) provides to its clients institutional-quality advice, research, and investment management. Our investment philosophy is steeped in the value-investor discipline which focuses on quality investments. We believe this focus results in portfolios that are less volatile, more concentrated, and produce results that clients desire – protection of capital in challenging markets and growth in upward moving markets. We do not manage to a benchmark, have little interest in benchmark weightings, and focus exclusively on investments that meet our strict criteria. We believe portfolio management is as much about risk management as it is about finding the next great idea.

Pathlight is an investment adviser providing financial planning, consulting, and investment management services. Prior to engaging Pathlight to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Pathlight setting forth the terms and conditions under which Pathlight renders its services (collectively the “Agreement”). Neither Pathlight nor the client may assign the Agreement without the consent of the other party. A transaction that does not result in a change of actual control or management of Pathlight is not considered an assignment.

The firm has been in business since November 18, 2009. Patsy L. Nodilo, Martin J. Nodilo, and Adrian J. Larson are the principal owners.

As of December 31, 2014, Pathlight has approximately \$233,000,000 of assets under management in 561 accounts. \$188,000,000 of these assets in 505 accounts is managed on a discretionary basis and \$45,000,000 in 56 accounts is managed on a non-discretionary basis.

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

1. Financial Planning

Pathlight may provide its clients with a broad range of comprehensive financial planning services, which may include retirement and business planning, investments, insurance, education, estate planning, and tax and cash flow analysis. These services are included with our Investment Management Services. There is not a separate fee for any financial planning services.

In performing its services, Pathlight 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. Pathlight may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Pathlight recommends its own services. The client is under no obligation to act upon any of the recommendations made by Pathlight under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Pathlight itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Pathlight’s recommendations. Clients

are advised that it remains their responsibility to promptly notify Pathlight if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Pathlight's previous recommendations and/or services.

2. Investment Management and Wealth Management Services

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

Pathlight primarily allocates clients' investment management assets among individual equity and debt securities, and exchange-traded funds ("ETFs"). Pathlight also provides advice about any type of investment held in clients' portfolios. Pathlight may also use covered options in a customized approach for each client.

Pathlight also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Pathlight 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. Pathlight does not sell insurance products. We are a fee only asset management firm.

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

Clients are advised to promptly notify Pathlight if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Pathlight's management services.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to Pathlight's right to terminate an account. Clients may withdraw account assets on notice to Pathlight, subject to the usual and customary securities settlement procedures. However, Pathlight designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5 - Fees and Compensation

Pathlight offers its services for a fee based upon assets under management.

1. Wealth Management Fee

Pathlight provides wealth management services which generally include a broad range of comprehensive financial planning services as well as discretionary and/or non-discretionary management of investment portfolios in accordance with the investment objective(s) of the client. As needed, Pathlight will develop a comprehensive financial plan and/or provide ongoing financial planning services which take into consideration business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. Pathlight renders these services for an annual fee based upon a percentage of the market value of the assets being managed. Pathlight's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Pathlight does not, however, receive any portion of these commissions, fees, and costs. Pathlight's annual fee is prorated and charged quarterly, in either advance or arrears, based upon the average daily balance of the assets in the previous quarter. The annual fee for our model portfolios ranges between 0.50% and 1.25%, per the following fee schedule:

Quality Growth & Equity Accounts

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
Up to \$499,999.....	1.25%
\$500,000 – \$999,999.....	1.00%
\$1,000,000 – \$4,000,000.....	0.75%
Above \$4,000,000	0.60%

Growth & Income Accounts

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
Up to \$499,999.....	1.05%
\$500,000 – \$999,999.....	0.85%
\$1,000,000 – \$4,000,000.....	0.65%
Above \$4,000,000	0.50%

Certain pre-existing clients may be subject to a different fee schedule.

The fee schedule for our non-model accounts range from 1.00 – 1.65% as outlined in the schedule below. Fees may be negotiable based upon certain circumstances and prior relationships.

Fee Schedule

Assets	Annual Fee
Up to \$99,999	1.65%
\$100,000 - \$249,999	1.50%
\$250,000 - \$499,999	1.40%
\$500,000 - \$999,999	1.30%
\$1,000,000 - \$1,999,999	1.20%
Above \$2,000,000	1.00%

2. General Negotiable Disclosure

Pathlight, 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.).

3. Fees Charged by Financial Institutions

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

Pathlight may only implement its investment management recommendations after the client has arranged for and furnished Pathlight with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, any other broker-dealer recommended by Pathlight, 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 shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Pathlight's fee.

4. Fee Debit

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

5. Fees for Management During Partial Quarters of Service

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

The Agreement between Pathlight and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. The Agreement may be terminated at any time upon receipt of written notice to terminate by either party to the other, which written notice must be manually signed by the terminating party. Termination of this Agreement will not affect (i) the validity of any action previously taken by us under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) your obligation to pay us fees that have already been earned under this Agreement. Upon the termination of this Agreement, we will not have any continuing obligation to take any action. Pathlight's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that Pathlight reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Pathlight 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.

Item 6 - Performance Based Fee and Side by Side Management

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

Item 7 - Types of Client(s)

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

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

1. Investment Strategies

Pathlight employs two primary investment strategies: Quality Growth and Growth & Income.

The Quality Growth strategy seeks to provide long-term capital appreciation with less volatility than the broad markets. Its intent is to protect capital in challenging, downward trending markets, while also participating in growth cycles. It is managed to clearly defined objectives, not a benchmark. These objectives are: Protection of Capital, Rising Income, and Long-term Growth. In managing to these objectives, Pathlight executes on a disciplined philosophy to meet these goals. The strategy typically invests in the common stocks of high quality businesses. Pathlight defines quality as consistent

earnings/cash flow generators, those with a long operating history and pay cash dividends, employ low to reasonable leverage, and whose stock trades at a reasonable price to our predicted future value. The Investment Team considers typical fundamental metrics of valuation, while also incorporating subjective and macro beliefs into the process. The team pays close attention to sector allocation not related to a benchmark, but rather to understand the risks inherent to each sector and how the timing of the business cycle affects industries. Unique to most value-focused investors is the consideration of the macro environment. While we seek to own investments that are undervalued and have growth potential, we recognize the impact human behavior, global economics, and macro events can have on markets. Developing these macro beliefs aids the decision making process with respect to the amount of equity exposure, geographic exposure, and sector allocation.

The Growth and Income strategy is Pathlight's most customized portfolio. It seeks to provide an asset allocation that is specific to each client's need and risk tolerance. The G&I portfolio adds fixed income investments to our cornerstone Quality Growth portfolio. This addition of fixed income typically results in an allocation in the range of 30-70%, again determined by client suitability and the investment environment. For more information on the equity portion of this portfolio, see the Quality Growth description. Pathlight's investment philosophy on fixed income investing is quite simple: do not take excessive risk. The firm typically invests its clients in treasury, agency, municipal and investment grade corporate bonds and holds them to maturity. This strategy is less concerned with price fluctuations and is more focused on repayment at maturity, while receiving a fair interest payment.

2. Methods of Analysis

Pathlight primarily employs a fundamental method of investment analysis, which involves understanding the financial condition and competitive position of a company. Pathlight will analyze the financial strength, capabilities of management, quality of earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendation it makes 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.

Pathlight may also use technical and charting to determine appropriate strategies for clients.

Technical Analysis and charting is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Margin Transaction
- Option writing, including covered, uncovered and spread option strategies.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

3. 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.

Market Risks

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

Management Through Similarly Managed Accounts

Pathlight may manage portfolios by allocating portfolio assets among various individual equity and debt securities, ETFs and mutual funds on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In so doing, Pathlight buys, sells, exchanges and/or transfers shares of mutual funds / securities based upon the investment strategy.

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

The investment strategy may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to Pathlight’s clients may be limited. For example, various mutual funds or insurance companies may limit the ability of Pathlight to buy, sell, exchange or transfer securities consistent with its investment strategy. As further discussed in response to Item 12B (below), Pathlight allocates investment opportunities among its clients on a fair and equitable basis.

Risk of Loss

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principle is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economics, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

Item 9 - Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. Pathlight does not have any information to disclose here about the firm or any of their investment advisors.

Item 10 - Other Financial Industry Activities and Affiliations

Pathlight is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Pathlight does not have any required disclosures to this Item. However, each principal of the Firm maintains affiliations with one or more local organizations. Patsy Nodilo is an Advisory Council Member The Assistance League-Phoenix, M.J. Nodilo is an Active Member of The Thunderbirds, and Adrian Larson is Active Member of the Executive Council Charities.

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

Pathlight has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Pathlight or any of its associated persons. The Code of Ethics also requires that certain of Pathlight'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 Pathlight's Code of Ethics, none of Pathlight's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Pathlight's clients.

When Pathlight 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 Pathlight 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.

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

Clients and prospective clients may contact Pathlight to request a copy of its Code of Ethics

1. Participation or Interest in Client Accounts

Pathlight may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact

- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices
- Participating in Client accounts

You may request a copy of the firm's Code of Ethics by contacting M.J. Nodilo.

2. Personal Trading

Pathlight has established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

- We shall not buy or sell securities for our personal portfolio(s) where this decision is substantially derived, in whole or in part, from our role as an Investment Advisory Representative of Pathlight Investors, LLC, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.
- We emphasize your unrestricted right to decline to implement any advice rendered.

However, some securities trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records as required.

In addition, open-end mutual funds and/or investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value. Therefore, purchases of mutual funds and/or variable insurance products by an advisor are not likely to have an impact on the prices of the fund in which you invest. These types of transactions are not prohibited by our policies and procedures.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. Pathlight will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

3. Responsibility

It is the responsibility of all supervisory personnel to ensure that we conduct business with the highest level of ethical standards and in keeping with our fiduciary duties to you. Pathlight must put your interests first and refrain from having outside interests that conflict with your interests.

4. Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to it in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. Pathlight also requires other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

5. Conflicts of Interest

Pathlight has a duty to disclose potential and actual conflicts of interest. We have a duty to report potential and actual conflicts of interest to management. Gifts (other than de minimis gifts, which are usually defined as having a value under \$100.00) should not be accepted from persons or entities doing business with us.

Pathlight acts in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. Pathlight will seek to allocate investment opportunities according to what we believe is appropriate for each account. Pathlight strives to do what is equitable and in the best interest of all the accounts we advise.

6. Suitability

Pathlight shall only recommend those investments that we believe are suitable for you based upon your particular situation and circumstances. In addition, you must notify us of any significant changes in your situation or circumstances so that we can respond appropriately.

Item 12 - Brokerage Practices

1. Best Execution

As discussed above, in Item 5, Pathlight generally recommends that clients utilize the brokerage and clearing services of Schwab.

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

The commissions paid by Pathlight's clients comply with Pathlight'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 Pathlight determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among

others, the value of research provided, execution capability, commission rates, and responsiveness. Pathlight seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

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

Pathlight places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Pathlight may use broker-dealers other than *Schwab* to execute trades for client accounts maintained at *Schwab*, but this practice may result in additional costs to clients so that Pathlight is more likely to place trades through *Schwab* rather than other broker-dealers. *Schwab's* execution quality may be different than other broker-dealers.

2. Soft Dollars

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

Software and Support Provided by Financial Institutions

Pathlight may receive from Schwab, without cost to Pathlight, computer software and related systems support, which allow Pathlight to better monitor client accounts maintained at Schwab. Pathlight may receive the software and related support without cost because Pathlight renders investment management services to clients that maintain assets at Schwab.

Additionally, Pathlight may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional 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.

Schwab has also provided a loan to Pathlight to assist its business operations, and the loan is guaranteed by M.J. Nodilo, Patsy Nodilo and Adrian Larson, principals of the Pathlight. The terms of the loan require that management fees to Pathlight be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before Pathlight may have access to that fee payment. The loan agreement contains various representations by Pathlight, including that it will maintain \$140 million in assets under management, and various events of default, including that Pathlight will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Pathlight's ability to perform services for its advisory clients.

Some of the products, services and other benefits provided by Schwab, including the Schwab Institutional Business Loan noted above, benefit Pathlight and may not benefit Pathlight's client accounts. Pathlight's recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to Pathlight, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

3. Brokerage for Client Referrals

Pathlight does not receive any compensation or incentive for referring Clients to certain broker-dealers for brokerage trades.

4. Directed Brokerage

The client may direct Pathlight 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 Pathlight 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 Pathlight (as described below). As a result, the 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. Subject to its duty of best execution, Pathlight may decline a client's request to direct brokerage if, in Pathlight's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

5. Trading

Transactions for each client generally will be effected independently, unless Pathlight decides to purchase or sell the same securities for several clients at approximately the same time. Pathlight 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 Pathlight's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Pathlight's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Pathlight determines to aggregate client orders for the purchase or sale of securities, including securities in which Pathlight's Supervised Persons may invest, Pathlight shall generally do 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. Pathlight shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Pathlight determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this

may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Pathlight 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.

Item 13 - Review of Accounts

1. Reviews

For those clients to whom Pathlight provides investment management services, Pathlight 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 Pathlight provides financial planning services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Pathlight's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Pathlight and to keep Pathlight informed of any changes thereto. Pathlight shall contact 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.

2. Reports

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.

Item 14 - Client Referrals and Other Compensation

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

Item 15 - Custody

Pathlight does not have physical custody of any accounts or assets. However, Pathlight may be deemed to have custody of client accounts if Pathlight has the ability to deduct client fees from the custodian. Pathlight's Agreement and/or the separate agreement with any Financial Institution may authorize Pathlight through such Financial Institution to debit the client's account for the amount of Pathlight's fee and to directly remit that management fee to Pathlight in accordance with applicable custody rules.

The Financial Institutions recommended by Pathlight 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 Pathlight. The Custodian will provide you immediate transaction confirmations and monthly statements, either by mail or electronically per your request. Monthly statements list the total value of the account at the start and end of the month and itemize all transactions and security positions. For taxable accounts, the Custodian will provide you consolidated year-end summary statements including IRS forms 1099 and other tax-related forms, as applicable.

Pathlight urges clients to carefully review such statements and notify Pathlight of any discrepancies.

Pathlight is not allowed to make alterations or amendments to the custodian's statement. This preserves the integrity of the Custodian's statement and provides you with an independent appraisal of the account.

Item 16- Investment Discretion

Pathlight may be given the authority to exercise discretion on behalf of clients. Pathlight 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. Pathlight is given this authority through a power-of-attorney included in the agreement between Pathlight and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Pathlight takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Item 17- Voting Client Securities

As a matter of firm policy and practice, Pathlight Investors, LLC does not have any authority to and does not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. Pathlight may provide advice to you regarding your voting of proxies. Pathlight is authorized to instruct the Custodian to forward you copies of all proxies and shareholder communications relating to your account assets.

Item 18 - Financial Information

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

Glossary of Key Terms

Adviser – Pathlight Investors, LLC

Advisor – Your individual representative at Pathlight Investors, LLC

Asset Allocation – The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate and cash, to optimize the risk/reward tradeoff based on an individual's or institutions specific situation and goals; a key concept in financial planning and money management.

Asset-class investment portfolios – An asset class is a grouping of similar investments whose prices tend to move together. Asset classes can be defined on a very general level, such as stocks or on a more specific level, such as American silver producing companies. The concept of asset classes is important because one of the goals when building an investment portfolio is to use different asset classes which are not correlated with each other.

Diversification – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio. Volatility is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

Exchange-Traded Funds (ETFs) – A type of an investment company (either an open-end company or UIT) whose objective is to achieve the same return as a particular market index. ETFs differ from traditional open-end companies and UITs, because, pursuant to SEC exemptive orders, shares issued by ETFs trade on a secondary market and are only redeemable from the fund itself in very large blocks (blocks of 50,000 shares for example).

Expense Ratio – the fund's total annual operating expenses (including management fees, distribution (12b-1) fees, and other expenses) expressed as a percentage of average net assets.

Fees— a list of all fees associated with different products we offer are listed below:

1. **Account Fee**— A fee that some funds separately impose on investors for the maintenance of their accounts. For example, accounts below a specified dollar amount may have to pay an account fee.
2. **Management Fee** — fee paid out of fund assets to the fund's investment adviser or its affiliates for managing the fund's portfolio, any other management fee payable to the fund's investment adviser or its affiliates, and any administrative fee payable to the investment adviser that are not included in the "Other Expenses" category. A fund's management fee appears as a category under "Annual Fund Operating Expenses" in the Fee Table.

3. **Operating Expenses** — the costs a fund incurs in connection with running the fund, including management fees, distribution (12b-1) fees, and other expenses.
4. **Purchase Fee** — a shareholder fee that some funds charge when investors purchase mutual fund shares. Not the same as (and may be in addition to) a front-end load.
5. **Redemption Fee** — a shareholder fee that some funds charge when investors redeem (or sell) mutual fund shares. Redemption fees (which must be paid to the fund) are not the same as (and may be in addition to) a back-end load (which is typically paid to a broker). The SEC generally limits redemption fees to 2%.
6. **Sales Charge (or "Load")** — the amount that investors pay when they purchase (front-end load) or redeem (back-end load) shares in a mutual fund, similar to a commission. The SEC's rules do not limit the size of sales load a fund may charge, but FINRA rules state that mutual fund sales loads cannot exceed 8.5% and must be even lower depending on other fees and charges assessed.

Index Fund — describes a type of mutual fund or Unit Investment Trust (UIT) whose investment objective typically is to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, the Russell 2000 Index, or the Wilshire 5000 Total Market Index.

Investment Adviser — generally, a person or entity who receives compensation for giving individually tailored advice to a specific person on investing in stocks, bonds, or mutual funds. Some investment advisers also manage portfolios of securities, including mutual funds.

Investment Goals — objective or target, usually driven by specific future financial needs. Some common goals for an individual are: saving for a comfortable retirement, saving to send children to college, managing finances to enable a home purchase, minimizing taxes, and maximizing return on investments given a certain risk tolerance, and estate or trust planning.

Investment Objectives — The financial goal or goals of an investor. An investor may wish to maximize current income, maximize capital gains, or set a middle course of current income with some appreciation of capital. Defining investment objectives helps to determine the investments an individual should select.

Mutual Fund — the common name for an open-end investment company. Like other types of investment companies, mutual funds pool money from many investors and invest the money in stocks, bonds, short-term money-market instruments, or other securities. Mutual funds issue redeemable shares that investors purchase directly from the fund (or through a broker for the fund) instead of purchasing from investors on a secondary market.

NAV (Net Asset Value) — the value of the fund's assets minus its liabilities. SEC rules require funds to calculate the NAV at least once daily. To calculate the NAV per share, simply subtract the fund's liabilities from its assets and then divide the result by the number of shares outstanding.

No-load Fund — a fund that does not charge any type of sales load. Not every type of shareholder fee is a "sales load," and a no-load fund may charge fees that are not sales loads. No-load funds also charge operating expenses.

Portfolio — an individual's or entity's combined holdings of stocks, bonds, or other securities and assets.

Profile — summarizes key information about a mutual fund's costs, investment objectives, risks, and performance. Although every mutual fund has a prospectus, not every mutual fund has a profile.

Prospectus — describes the mutual fund to prospective investors. Every mutual fund has a prospectus. The prospectus contains information about the mutual fund's costs, investment objectives, risks, and performance. You can get a prospectus from the mutual fund company (through its website or by phone or mail). Your financial professional or broker can also provide you with a copy.

Risk Tolerance — the extent to which an investor is willing to accept more risk in exchange for the possibility of a higher return. An investor with a high risk tolerance is likely to invest in securities, such as stocks in startup companies, and is willing to accept the possibility that the value of his/her portfolio will decline, at least in the short-term. An investor with a low risk tolerance, on the other hand, tends to invest predominantly in stable stocks and/or highly-graded bonds. One's risk tolerance is subjective and may vary according to age, needs, goals, and even personal dispositions

You — the client