

LexION Capital Management LLC

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March 26, 2015

This Brochure provides information about the qualifications and business practices of LexION Capital Management LLC (“LCM”). If you have any questions about the contents of this Brochure, please contact us at (888) 452-9355. 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.

LCM 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 about which you determine to hire or retain an Adviser.

Additional information about LCM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for LCM is 153273.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The last update of our brochure was March 20, 2014. There were no material changes made as part of this update.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Ellen Kaplan, CEO and Founder, at (888) 452-9355.

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## Item 4 – Advisory Business

LCM is owned by Ellen Kaplan and has been providing advisory services since 2010.

As of December 31, 2014 LCM managed \$57,680,500.00 on a discretionary basis and \$0 on a nondiscretionary basis.

LCM provides Investment Management Services, Employee Benefit Plan Services, Financial Planning Services, and Education Seminars, all of which are tailored to the client's needs.

### Investment Management Services:

LCM manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations, and small businesses. LCM will work with a client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. LCM uses investment and portfolio allocation software to evaluate alternative portfolio designs. LCM evaluates the client's existing investments in connection with the client's investment policy statement. LCM works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by LCM. LCM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

LCM will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. For certain investment management clients, LCM may also recommend fixed income portfolios which consist of managed accounts of individual bonds.

LCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. LCM primarily recommends portfolios consisting of passively managed asset class and index mutual funds and exchange traded funds (ETFs). In addition, for certain clients' fixed income allocations, LCM may recommend individual fixed income securities.

Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS).

LCM manages portfolios on a discretionary basis according to the investment policy selected by the client.

A client may impose any reasonable restrictions on LCM's discretionary authority, including restrictions on the types of securities in which LCM may invest client's assets and on specific securities, which the client may believe to be appropriate.

In addition to managing the client's investment portfolio, LCM may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans, and trust designs, among other things.

LCM also offers a more limited subset of Investment Management Services called "LexION Access" where LCM will provide the investment management services described above but with more limited services, including but not limited to more limited reviews and reporting (principally all web-based), access to LCM investment professionals limited only via telephone, and more limited advisory consulting access.

#### Employee Benefit Plan Services:

LCM also provides advisory services to participant-directed employee retirement benefit plans. LCM will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. LCM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

LCM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. LCM generally will review the plan's investment vehicles and investment policy as necessary.

#### Financial Planning Services:

LCM also provides advice in the form of Financial Planning. Clients purchasing this service will receive financial planning advice. Various types of reports or financial analysis may be provided to the client. The types of reports provided to clients will vary depending upon the services requested by the client.

In general, the financial analysis or report will address one or all of the following areas of concern:

- PERSONAL: Family records, budgeting, personal liability, estate information, and financial goals.
- EDUCATION: Education IRAs, financial aid, state savings plans, grants, and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan.
- TAX & CASH FLOW: Income tax and spending analysis and planning for past, current and future years. LCM may illustrate the impact of various investments on a client's current income tax and future tax liability.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning, and disability income analysis.
- RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

LCM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals, and attitudes towards risk. Related documents supplied by the client are carefully reviewed and various types of written reports may be prepared by LCM. Should a client choose to implement the recommendations in the report(s), LCM suggests the client work closely with his/her attorney, accountant, or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

#### Education Seminars:

LCM may sponsor educational seminars on various investment topics including financial planning and investment management. The seminars will provide participants with educational discussions on asset allocation, estate and retirement planning and other general financial planning/investment education topics.

### Item 5 – Fees and Compensation

In certain circumstances, all fees, account minimums, and their applications to family circumstances may be negotiable.

The specific manner in which fees are charged by LCM is established in a client's written agreement with LCM. Investment Management and Employee Benefit Plan clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the

absence of market value; client account balances on which LCM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted.

For Investment Management and Employee Benefit Plan Services, LCM will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may authorize the custodian of the client's assets to deduct LCM's fees directly from the client's account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third party administrators will calculate and debit LCM's fee and remit such fee to LCM.

A client agreement may be canceled at any time, by either party and for any reason, upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

LCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers, and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to LCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to LCM's fee, and LCM shall not receive any portion of these commissions, fees, and costs.

## Advisory Fees

### Investment Management Services:

The annual fee for investment management services will be charged as a percentage of assets under management, according to the fee schedules below:

#### All inclusive fees in relationships of less than \$1 million:

Assets under management	Annual Fee (%)
Up to \$1,000,000	1.50%

#### All inclusive fees in relationships of \$1 million - \$5 million:

Assets under management	Annual Fee (%)
First \$3,000,000	1.10%
Next \$2,000,000	1.00%

#### All inclusive fees in relationships of \$5 million or more:

Assets under management	Annual Fee (%)
First \$5,000,000	0.95%
Next \$3,000,000	0.90%
Next \$2,000,000	0.85%

#### All inclusive fees in relationships of \$10 million or more:

Assets under management	Annual Fee (%)
First \$10,000,000	0.80%
All amounts thereafter	0.75%

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

#### LexION Access:

Annual Fee (%)
1.50%



LCM imposes a minimum annual fee of \$2,500 per account for LexION Access clients.

#### Employee Benefit Plan Services:

The annual fee for employee benefit retirement plan services will be charged as a percentage of assets within the plan according to the above quoted fees for investment management services, will be payable quarterly in advance, and will be deducted by the account custodian.

#### Financial Planning Services:

Financial planning fees will be charged in one of two ways:

1. As a fixed fee, typically \$10,000, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client. 50% of this fee may be due upon signing the financial planning agreement, with an additional 25% due at the completion of a draft and 25% at final presentation.
2. On an hourly basis of \$1,000 per hour depending on the nature and complexity of each client's circumstances. Hourly fees will be billed as earned, and paid directly by the client.

#### Education Seminars:

Seminars are charged to each individual participant as a fixed fee. The seminar fee will depend on the length, nature and complexity of the seminar. In general, the seminar fee will be payable on the day of the seminar.

### Item 6 – Performance-Based Fees and Side-By-Side Management

LCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## Item 7 – Types of Clients

LCM provides services to individuals, qualified retirement plans, trusts, charitable organizations, corporations, and small businesses.

LCM generally requires a minimum annual fee of \$5,000 for Investment Management and Employee Benefit Plan Services and a minimum annual fee of \$2,500 per account for LexION Access accounts. LCM generally requires a minimum account of \$400,000 for management services of portfolios of individual fixed income securities, although individual bonds may be purchased in certain circumstances. These minimum fees and minimum account size may be negotiable under certain circumstances.

LCM requires each client to sign a services agreement before LCM will provide any services.

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

### Methods of Analysis and Investment Strategy

LCM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. LCM's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. LCM recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. LCM selects or recommends to clients' portfolios of securities, principally broadly-traded open end mutual funds, ETFs, or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, LCM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, the investment directly in conservative fixed income securities to represent the fixed income class. LCM's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that LCM's strategy seeks to minimize.

In the implementation of investment plans, LCM therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. LCM may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and LCM may offer advice

regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

LCM's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

LCM receives supporting research from consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). LCM utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to LCM.

#### Analysis of a Client's Financial Situation

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, LCM relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, LCM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

#### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by LCM may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities, and commodities. Equity securities may include large capitalization, medium capitalization, and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation, and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in LCM's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by LCM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity, and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## 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 LCM or the integrity of LCM's management. LCM has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

LCM is not involved in any other financial industry activities nor are they affiliated with any outside businesses.

## Item 11 – Code of Ethics, Participation in Client Transactions, and Personal Trading

LCM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. LCM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and

sets forth LCM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with LCM may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of LCM that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, LCM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. LCM also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

LCM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. LCM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

LCM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

It is LCM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. LCM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

LCM participates in the Schwab Advisor Services ("SAS") program offered to independent investment advisors by Charles Schwab & Company, Inc., member FINRA/SIPC, the Fidelity

Institutional Wealth Services ("FIWS") program offered to independent investment advisors, sponsored by Fidelity Brokerage Services, LLC ("Fidelity"), member FINRA/SIPC and the TD Ameritrade Institutional ("TDA") services program offered to independent investment advisors by TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. Schwab, Fidelity and TD Ameritrade are unaffiliated SEC-registered broker dealers and FINRA members. Schwab, Fidelity, and TD Ameritrade offer to independent advisors services which include custody of securities, trade execution, clearance, and settlement transactions.

The Schwab, Fidelity, or TD Ameritrade brokerage program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. LCM regularly reviews these programs to ensure that its recommendation is consistent with its fiduciary duty. These trading platforms are essential to LCM's service arrangements and capabilities, and LCM may not accept clients who direct the use of other brokers. As part of these programs, LCM receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As LCM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct LCM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that LCM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

LCM also does not have any arrangements to compensate any broker dealer for client referrals.

LCM does not maintain any client trade error gains. LCM makes client whole with respect to any trade error losses incurred by client caused by LCM.

#### Employee Benefit Plan Services

LCM does not typically arrange for the execution of securities transactions for participant-directed 401k plans as a part of this service. Transactions are executed directly through employee plan participation.

#### Financial Planning Services:

LCM's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining

volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations. LCM may recommend any one of several brokers. LCM clients must independently evaluate these brokers before opening an account. The factors considered by LCM when making this recommendation are the broker's ability to provide professional services, LCM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. LCM's financial planning clients may use any broker or dealer of their choice.

## Item 13 – Review of Accounts

### Reviews:

#### Investment Management Services

Account assets are supervised continuously and formally reviewed quarterly by Ellen Kaplan, CEO and Founder of LCM. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

LexION Access accounts are generally reviewed semi-annually.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

#### Employee Benefit Retirement Plan Services

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

## Financial Planning Services:

Financial Planning accounts will be reviewed as contracted for at the inception of the advisory relationship.

## Reports:

All investment management clients will receive monthly performance reports in written or online format that summarize the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions and current market value.

Employee benefit plan clients generally receive statements only from their account custodian.

Financial Planning clients will receive reports as contracted for at the inception of the advisory relationship.

## Item 14 – Client Referrals and Other Compensation

As indicated under the disclosure for Item 12, SAS, FIWS, and TDA each respectively provide LCM with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit LCM but may not benefit its clients' accounts. Many of the products and services assist LCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of LCM's fees from its clients' accounts, and assist with back-office functions, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of LCM accounts. The recommended brokers also make available to LCM other services intended to help LCM manage and further develop its business enterprise. These services may include consulting, publications, and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. LCM does not, however, enter into any commitments with SI, FIWS, and TDA for transaction levels in exchange for any services or products from brokers. While as a fiduciary, LCM endeavors to act in its clients' best interests, LCM's requirement that clients maintain their assets in



accounts at SI, FIWS, or TDA may be based in part on the benefit to LCM of the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by SI, FIWS, or TDA, which may create a potential conflict of interest.

LCM also receives software from DFA, which LCM utilizes in forming assets allocation strategies and producing performance reports. DFA also provides continuing education for LCM personnel. These services are designed to assist LCM plan and design its services for business growth.

## Item 15 – Custody

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank, or other qualified custodian that holds and maintains client's investment assets. LCM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16 – Investment Discretion

LCM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, LCM observes the investment policies, limitations, and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to LCM in writing.

## Item 17 – Voting Client Securities

Proxy Voting: As a matter of firm policy and practice, LCM does not accept the authority to and does not vote proxies on behalf of advisory client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. LCM, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that LCM will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct LCM to transmit copies of class action notices to the client or a third party. Upon such direction, LCM will make commercially reasonable efforts to forward such notices in a timely manner.

## Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about LCM's financial condition. LCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Ellen R. Kaplan  
LexION Capital Management LLC  
41 Madison Ave, 31st Floor  
New York, NY 10010  
(888) 452-9355

October 10, 2014

This Brochure Supplement provides information about Ellen R. Kaplan that supplements the LexION Capital Management LLC ("LCM") Brochure. You should have received a copy of that Brochure. Please contact Ellen R. Kaplan, CEO and Founder, if you did not receive LCM's Brochure or if you have any questions about the contents of this supplement.

Additional information about Ellen R. Kaplan is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 2- Educational Background and Business Experience

Ellen R. Kaplan  
Born: 1975

Education:

University of Michigan, Bachelor of Arts, 1997  
Columbia University, Masters in Business Administration, 2005

Employment:

LexION Capital Management LLC  
CEO and Founder / Chief Compliance Officer  
March 2010-Present

Sanford C. Bernstein & Co., LLC, a division of Alliance Bernstein  
Vice President & Financial Advisor  
February 2007-December 2010

Barclays Capital  
Capital Markets Associate, Fixed Income Sales and Trading  
September 2005-January 2007

### Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item for Ms. Ellen Kaplan.

### Item 4- Other Business Activities

Ms. Ellen R. Kaplan is not actively engaged in any other business activities outside of LCM.

### Item 5- Additional Compensation

There are no arrangements where a non-client provides an economic benefit to Ms. Ellen R. Kaplan for providing advisory services. Ms. Kaplan is the sole owner and officer of LCM. As such, Ms. Kaplan receives an economic benefit on the success of LCM, including new accounts and additional assets.

### Item 6 - Supervision

As disclosed, Ms. Kaplan is the sole owner and officer of LCM. There are no other officers or supervised persons at LCM. As such, Ms. Kaplan is the sole officer responsible for supervision of all advisory activities.

Ms. Kaplan can be reached at 41 Madison Ave, 31st Floor, New York, NY 10010 and by phone at (888) 452-9355.