



# Investment Advisor Brochure 403(b)

FORM ADV Uniform Application for Investment Advisor Registration  
Part 2A: Investment Advisor Brochure – 403(b)  
CRD# 157461  
March 2015

This brochure provides information about the qualifications and business practices of Envoy Advisory, Inc. and its supervised personnel. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. 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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training. Additional information about the firm and its representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Envoy Advisory, Inc., Registered Investment Advisor • (888) 879-1376 • (719) 268-2711 • Fax (719) 268-2716  
[www.EnvoyFinancial.com](http://www.EnvoyFinancial.com) • 4194 Royal Pine Drive, Colorado Springs, CO 80920-1556*

## **Item 2: Material Changes**

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

Item 4 & 5: Advisory Business, Fees, and Compensation section on page 1

Envoy Advisory, Inc. is now charged with the oversight and management of the Basic Choice Client Portfolios available on the Envoy Choice Individual Retirement Platform and consultative services for Employers and Plan Sponsors.

Previously, these responsibilities were provided by a sub-advisory agreement with Capstone Asset Management an independent investment advisor headquartered in Houston Texas.

The last annual update of this Brochure was dated March 2014.

## **Item 3: Table of Contents**

<b>Item 1: Cover Page</b>	<b>i</b>
<b>Item 2: Material Changes</b>	<b>ii</b>
<b>Item 3: Table of Contents</b>	<b>ii</b>
<b>Items 4 &amp; 5: Advisory Business, Fees, and Compensation</b>	<b>1</b>
<b>Item 6: Performance-Based Fees and Side-by-Side Management</b>	<b>5</b>
<b>Item 7: Types of Clients</b>	<b>5</b>
<b>Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss</b>	<b>5</b>
<b>Item 9: Disciplinary Information</b>	<b>7</b>
<b>Item 10: Other Financial Industry Activities and Affiliations</b>	<b>7</b>
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>7</b>
<b>Item 12: Brokerage Practices</b>	<b>7</b>
<b>Item 13: Review of Accounts</b>	<b>8</b>
<b>Item 14: Client Referrals and Other Compensation</b>	<b>8</b>
<b>Item 15: Custody</b>	<b>9</b>
<b>Item 16: Investment Discretion</b>	<b>9</b>
<b>Item 17: Voting Client Securities</b>	<b>9</b>
<b>Item 18: Financial Information</b>	<b>9</b>
<b>Item 19: Envoy Privacy Policy</b>	<b>10</b>
<b>Item 20: MG Trust Company, LLC, Privacy Policy</b>	<b>10</b>
<b>Misc: Additional Information</b>	<b>11</b>

## Items 4 & 5: Advisory Business, Fees, and Compensation

Established in late 2010, Envoy Advisory, Inc., ("Envoy Advisory") provides investment advisory services predominately to plan sponsors of 403B and 401K retirement plans and their participants. These services are primarily offered via the *Envoy Choice: 403b Retirement Plan*; the firm's custodial platform. The platform is a fee-only advisory platform available for 403(b) ERISA and non-ERISA retirement plans, 401(k) plans, and Church Plans. As these Choice Plan accounts are fee-based, all purchases are made without a sales charge. In the industry, this means purchases are made at net asset value ("NAV"). You, as clients or prospective clients are encouraged to read this brochure and other similar items of disclosure for a full understanding of the services we provide. Questions related to this material may be addressed directly with the firm.

The firm extends investment advice to plan sponsors as to the optimal mix of investment options and sub-advisers to be included in the plan offerings. These recommendations are made based on the results of the plan's Investment Policy Statement which determines the appropriate risk-reward trade-off. Envoy Advisory seeks to create a suitable and well-diversified portfolio designed to enhance portfolio returns and minimize risk. The firm looks at a sub-adviser or fund's performance history, manager tenure and track record, and relative performance against peer groups. Investment objectives of the funds must be consistent with the objectives of the plan. All clients receive financial planning services as part of the firm's investment advice.

Envoy Advisory's *Envoy Choice: 403(b) Retirement Plan* offers participants two types of advisory services: a Basic Portfolio, provided on all accounts, and (an) optional Professionally Managed Account Program(s):

**Envoy Advisory, Inc.:** Envoy Advisory provides the allocation/glide path and fund selection expertise for the Basic Client Portfolios available on the Envoy Choice Platform. Envoy Advisory will also consult with Employers and Plan Sponsors to provide a suggested composition for a Basic Fund List. Envoy Advisory will consult with the Plan Sponsor, when they desire to expand or develop a unique list of fund options to meet their plans unique needs.

**Basic Client Portfolio:** When choosing the Basic Client Portfolio, you are charged 0.25% annually or 0.02083% per month.. You will receive customized asset allocation/glide path and fund selection expertise.

Your Basic Client Fund List is a non-discretionary account using eligible investment options selected by your Employer. You make the investment decisions in your account and you have the ability to transfer freely among eligible investment options (subject to any restrictions) without a sales charge. An Envoy Advisory representative will offer to review your account with you periodically upon request. This review provides the ability for you to update your Representative or your account online concerning your financial situation, investment objectives and investment restrictions. It is also a time to assure that the portfolio is aligned with your current objectives.

The Annual Basic fee for your Employer Plan is identified on your *Envoy Choice: 403(b) Retirement Plan* Application and will be assessed on a monthly basis. It is based on the value of all your account assets as of the close of business on the last business day of each calendar month. The Basic Fee is billed in advance for the next calendar month and is deducted within 15 days after the month end. The first billing period shall not occur until after the end of the first calendar month in which there are assets in the Basic Client Portfolio. This means you will not be billed on a pro rata basis for any assets that are invested in the program prior to the end of the first calendar month. Correspondingly, in the event you wish to withdraw assets from the account or you elect to terminate this Agreement within a calendar month, no pro rata refund will be issued for any current month fees.

## Basic Level Fees

Assets Under Management	Percentage-based Fee (annually)	Actual Charge (monthly)
i. \$0-500,000	0.65%	0.0542%
ii. \$500,001-1,000,000	0.58%	0.0483%
iii. \$1,000,001-2,500,000	0.48%	0.0400%
iv. \$2,500,001-5,000,000	0.39%	0.0325%
v. \$5,000,001-\$10,000,000	0.37%	0.0308%
vi. \$10,000,001-\$15,000,000	0.35%	0.0292%
vii. Over \$15,000,000	0.34%	0.0283%
v. Basic fees are assessed based on Plan assets and each breakpoint level is charged the applicable fee as noted above		
v. Plans using ETF investment options are charged an additional 0.17% annual fee or 0.01417% Monthly		

## Professionally Managed Account Programs

In addition to the Basic Client Portfolios and the Basic Fund list, you may elect to have some or all of your assets managed in one or more of Envoy Advisory's Professionally Managed Account Programs as indicated on your *Envoy Choice: 403(b) Retirement Plan* Application. You retain all authority to start or stop a Professionally Managed Account Program at any time, or change a model.

There is an additional cost for a Professionally Managed Account Program, called the Asset Management Fee, based on the particular Professionally Managed Account Program(s) selected. You will be charged this fee on the assets in the Professionally Managed Account Program *in addition to* the Basic Fee. The Professionally Managed Account Programs offered within the *Envoy Choice: 403(b) Retirement Plan* platform have been chosen by your Employer. These Professionally Managed Account Programs diversify plan assets according to assigned disciplines that seek to minimize the risk of losses often associated with an undiversified portfolio. As much as mutual funds are already diversified across a number of stocks and bonds, for instance, there are many asset classes that may not be represented in a particular mutual fund. By diversifying across a number of asset classes, the risk to the portfolio may be lowered. All transactions in the Professionally Managed Account Program purchase the mutual funds at net asset value (no sales charge).

Based on your overall risk profile and financial situation, you choose a Professionally Managed Account Program(s) and Model(s). Purchases, sales, exchanges, reallocations and/or rebalancing are done in response to the decisions of the Asset Manager managing the Professionally Managed Account Program. Envoy Advisory may, at our discretion, terminate an Asset Manager, cancel or amend any instructions provided by an Asset Manager. In addition, Envoy Advisory may cancel or replace a selected Professionally Managed Account Program or Model(s) if such original Professionally Managed Account Program or Model(s) is (are) no longer available.

## Managed Account Fee (in addition to the Basic Fee)

For those participants who select a Professionally Managed Account Program, the fees will be deducted from the participants' accounts based on the following fee schedule:

Assets Under Management	Percentage-based Fee (annually)	Actual Charge (monthly)
i. \$0-100,000	0.60%	0.0500%
ii. \$100,001-500,000	0.45%	0.0375%
iii. \$500,001-1,000,000	0.30%	0.0250%
iv. Over \$1,000,000+	0.20%	0.0167%
v. Asset Management Fees are assessed at the participant account level and each breakpoint level is charged the applicable fee noted above.		

Professionally Managed Account Programs Available Through  
Envoy Choice 403(b) Retirement Plan

Professionally Managed Account Program	Model	Account Minimums	Expected Portfolio Management
Risk Based	Conservative Moderate Conservative Moderate Moderate Aggressive Aggressive	Minimum investment is \$150 per month or \$5,000	Calendar Based

**This modeling may be applied to funds restricted to a specific fund family, a category of funds such as Faith Based, or selected from a wide variety of fund families.**

Money Personality's Portfolios

Program selected by the Participant and separate fees paid by the participant are withheld from the account being record kept on their behalf for the plan. Fees charge for selecting Money Personalities Portfolios are 0.85% annually or 0.0708% monthly

Additional Information about Your Asset Management Fee(s)

Envoy Advisory's Basic Client Portfolio and Professionally Managed Account Programs may also be offered on multiple Envoy Advisory platforms and the fee for these same services may vary.

Asset Management Fees are in addition to these other fees (as paid by the investor): (1) any transaction costs charged by the investment company, if any; (2) any internal management fees, redemption fees or other expenses charged by the mutual fund; (3) custodian fees; and (4) any retirement plan recordkeeping, reporting or administrative fees, charged by the custodian or recordkeeping provider, etc.

Fees will impact the performance of your investment. Some investment options impose short-term trading redemption and/or low balance fees. Although Envoy Advisory makes efforts to avoid a fund's short-term redemption fees, you may incur these fees as part of the management of your assets. In the event that you cancel any Program, Envoy Advisory retains the right to retain refund amounts of less than \$25.

Envoy Advisory also offers other similar advisory programs administered by third parties. There is no financial inducement by Envoy Advisory, its Asset Managers or its Representatives to recommend one fund or investment company over another.

Envoy Advisory's Responsibility

Due to stated determinants for fund and investment company inclusion on this platform, the investment selections for the Basic Client Portfolio and Professionally Managed Account Programs are limited to those investment options that are recommended by Envoy Advisory and approved by the Envoy Advisory Investment Oversight Committee..

Envoy Advisory has a responsibility to ensure that all Professionally Managed Account Programs offered by us are managed according to the stated Model. Envoy Advisory has the authority to reject or modify any instructions initiated by the Asset Manager within the Professionally Managed Account Programs. If a Professionally Managed Account Program or Model ceases to be available in the Program, Envoy Advisory will notify you in writing, and will move your assets into a Professionally Managed Account Program or Model with a commensurate level of risk that has been approved by your Employer and meet the requirements of the Employer Plan.

You will also be provided the opportunity to choose a different Professionally Managed Account Program or models or to terminate the Program in accordance with the terms of the Agreement. Envoy Advisory selects Asset Managers on the basis of their asset allocation management experience and dedication to their respective disciplines. You may execute written or verbal instructions to change Professionally Managed Account Programs and/or models. In doing so, you accept that these program changes fall within your overall risk tolerance and accept any new fee schedule(s), if applicable, for the chosen program(s). You acknowledge that requests to execute these instructions, received in conjunction with a scheduled program exchange,

rebalance or reallocation will be executed at Envoy Advisory's discretion and as directed by the Professionally Managed Account Program.

### **Description of Asset Managers**

Envoy Advisory selects Asset Managers on the basis of their asset allocation management experience and dedication to their respective disciplines. Descriptions of Envoy Advisory's Asset Managers and the methodologies for the Professionally Managed Account Programs follow. You may have selected one or more Asset Managers.

Please consult your Representative for greater detail regarding the Asset Managers, the Professionally Managed Account Programs and Models available to you. Envoy Advisory's Professionally Managed Account Program is managed to the risk level of the chosen portfolio. Program managers are not responsible to manage to the specific needs or objectives of an individual investor. For this reason, the selection or replacement of an appropriate Professionally Managed Account Program is your sole responsibility.

Certain Asset Managers do not charge Envoy Advisory a separate fee for the recommendations and advice provided to Envoy Advisory for these accounts. Instead, these Asset Managers are typically compensated directly or indirectly by the affiliated funds. These affiliated/proprietary funds may compose some or all of Envoy Advisory's Professionally Managed Account Program Models.

For further information on the investment options implemented in each of these Professionally Managed Account Programs, you may obtain and read the fund prospectus by going to the Envoy Web Portal [[www.retirementlogin.com/envoy](http://www.retirementlogin.com/envoy)], sign in, and follow the instructions detailed in the Resource Center section entitled *Risk-Based Allocation Portfolios*. You will be directed to the website of the fund company where you will find the prospectus for your particular investment. You may also request a copy from your Representative.

### **Professionally Managed Account Program Costs, Fees & Notes**

Fee schedules for Envoy Advisory administered Professionally Managed Account Programs are reflected above. All fees and minimums are negotiable at the discretion of Envoy Advisory. Fund family availability will change at the discretion of Envoy Advisory. In each Professionally Managed Account Program, the Asset Management Fee(s) will typically be deducted first from a money market position or from the fund position with the highest balance. Fees are deducted monthly in advance, based on the value of your assets under management as of the close of business on the last business day of the preceding month. The product sponsor does not verify that the amounts liquidated or withdrawn to pay the advisory fee is exact or correct.

Investors with assets in more than one Professionally Managed Account Program may qualify for a lower Asset Management Fee. There are ways that you are eligible to receive a lower Asset Management Fee: (1) Breakpoint Discount - Envoy Advisory offers a declining fee schedule based on the total assets within a selected Professionally Managed Account Program. (See table above for these breakpoints).

### **Short-term Trading/Low Balance Fees**

Some investment options impose short-term trading redemption and/or low balance fees. Many investment companies have imposed trading account restrictions and redemption fees of up to 2% for active trading or exchanging in and out of the funds in a fund family. This could affect Envoy Advisory's and its Asset Manager's ability to properly manage a participant's portfolio. Envoy Advisory will attempt to minimize the number of managed accounts that incur these additional redemption fees; however, we cannot eliminate the possibility that a managed account may be charged this redemption fee if Envoy Advisory or the Asset Manager believes that it is in your best interest to redeem within a restricted time period.

Most funds do not restrict the number of redemptions or exchanges in their money market account. Since Envoy Advisory charges its Basic and Asset Management fee(s) on a monthly basis, Envoy Advisory has established a 2% minimum money market position in most Models and shall deduct all monthly management fees first from available money market positions in order to alleviate the imposition of a potential redemption fee from any other account.

### **Disclosures**

As the mutual fund shares used in the Basic and Professionally Managed accounts are retirement plan share classes, no mutual fund shares will count towards rights of accumulation

or any other aggregated value used for pricing of mutual funds retail shares that may be owned by the participant.

There is no assurance that a diversified portfolio will produce better returns than an undiversified portfolio, nor does diversification assure against market loss. Investment return and principal value will fluctuate so that accounts under management, when redeemed, may be worth more or less than original cost.

Past performance cannot guarantee future results. Investing in international investments involves special risks, including the possibility of substantial volatility due to events such as currency fluctuation and political uncertainties.

Periodic Investments Plans (into any of the Programs described herein) such as salary deferral contributions, automatic purchases, loan repayments, and/or systematic exchange programs shall be directed to the funds in the managed portfolio as directed by you. When additions or withdrawals occur in your managed accounts, Envoy Advisory may not exchange, rebalance or reallocate the model portfolio until the next scheduled Strategic change or Tactical move.

Clients may request to terminate their Professionally Managed contract with Envoy Advisory, in whole or in part, by providing advance written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. The written agreement may not be assigned or transferred without client consent. Plan assets are held at MG Trust Company, LLC ("MG Trust"). In certain instances, individual, non-retirement related accounts may approach Envoy Advisory to buy various investment options. These investment transactions are executed in an account set up at Charles Schwab & Co, Inc. All fees are subject to negotiation.

You should be aware that the financial markets are constantly changing. The terms and conditions of your agreement with Envoy Advisory will not change without explicit notice to you; however, periodically information contained in this brochure will change. Accordingly, you are entitled to a copy of this brochure upon request. In addition, you will have access to your advisory accounts at any time via Envoy Advisory's website, and you will receive, at a minimum, Quarterly consolidated statements.

Envoy Advisory is wholly owned by TMX Enterprises, Inc., a holding company owned equally by firm President and CCO, Bethany Palmer, and firm CEO, Bruce Bruinsma. As of December 31, 2014, the firm managed \$182,457,061 in non-discretionary assets.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

As Envoy Advisory's advisory services do not incorporate performance fees or the offering of any additional investment services, side-by-side management does not apply to those services rendered by the firm.

## **Item 7: Types of Clients**

Envoy Advisory's *Envoy Choice: 403(b)/401(k) Retirement Plan* Platform is available to participants in 403(b), 401(k) ERISA, non-ERISA, and Church qualified retirement plan accounts that use MG Trust, as Custodian. See the Fee Schedule Table(s) in Item 4 for account minimums on Envoy Advisory's Professionally Managed Account Program(s). Envoy Advisory may, from time to time, amend the minimum restrictions for the Professionally Managed Account Programs.

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

### **Envoy Advisory utilizes basic modern portfolio theory**

Envoy Advisory develops risk and return forecasts and creates model portfolios with certain asset classes that attempt to maximize return for a given level of risk. All programs utilize a Strategic asset allocation discipline using a Modern Portfolio Theory approach to investing that mixes fundamental asset classes into target portfolios. These Professionally Managed Account Programs generally rebalance at a fixed point in time, be it monthly or semi-annually.

The Basic Client Portfolio and Professionally Managed Account Programs offered in *Envoy Choice: Retirement Plan* offers various investment options in-line with the current regulations. Envoy Advisory has other advisory programs that are administered by third parties that can

manage other investments, such as stocks, bonds and variable annuities, and ETFs. By law, certain types of 403(b) retirement plans may only be limited to open end mutual funds, fixed and variable annuities.

The selection and monitoring of the specific investment options associated with the different asset classes is conducted by members of Envoy Advisory's Asset Management Department. All decisions of Envoy Advisory's Asset Management Department are overseen by Envoy Advisory's Investment Committee.

### Analysis

Envoy Advisory engages Asset Managers to manage the asset allocation Models within their stated disciplines and Model objectives. Envoy Advisory has chosen Asset Managers with a diverse range of investment methodologies, which include principles of Modern Portfolio Theory, mean variance optimization, fundamental, charting, technical and cyclical analysis in formulating their allocation strategies and models. Synopses of the professional Asset Managers methodologies are noted above in Item 4: Advisory Business, Fees, and Compensation.

### Sources of Information

The buy, sell, hold, rebalance and/or reallocation decisions for your chosen model(s) are determined by the Asset Manager's analysis and recommendations. Envoy Advisory and its third party Asset Managers utilize various sources of information, including professional financial software programs and trade periodicals, as well as other industry data and research prepared by third parties, to provide its managed services and to oversee the performance and consistency of management of all Asset Managers.

### Investment Strategies

Envoy Advisory's Professionally Managed Account Programs are designed for long-term investing. With the exception of Envoy Advisory's Basic Client Portfolios, which are managed to the investor's risk level, most of Envoy Advisory's Professionally Managed Account Programs manage assets striving to minimize risk, not maximize return. Each Model is managed to the stated risk level. Current allocation strategies include Strategic, Tactical or combined Strategic and Tactical disciplines.

Strategic disciplines use a Modern Portfolio Theory asset allocation approach to investing that mixes fundamental asset classes into a target portfolio. The models utilizing a Strategic asset allocation discipline generally rebalance at a fixed point in time, be it monthly or semi-annually. These Professionally Managed Account Programs are not designed to protect against immediate or severe market fluctuations, and trading adjustments may only occur on a monthly or semi-annual basis. Envoy Advisory and/or the Asset Manager may replace certain investment selections periodically, but has no responsibility to move a Strategic Model out of the market in times of market decline.

Envoy Advisory's Professionally Managed Account Programs utilizing a Tactical discipline attempt to take advantage of short- and intermediate term market inefficiencies/opportunities with the goal of managing market volatility. Changes in Tactical Models are at the discretion of the Asset Manager and will occur in direct response to market conditions corresponding to the objectives of the Model. The overall objective of these Models is also striving to minimize risk, not maximize return.

It is important that you carefully review the Managed Account Program information to insure that you have selected the appropriate Professionally Managed Account Program(s) and Model(s) consistent with your objectives and risk tolerance. The Programs may use various asset classes of mutual funds or ETFs with various levels of market risk, including equity, fixed income, cash, international and real estate. Where you have placed assets in Envoy Advisory's Basic Client Portfolio, firm principals will monitor all investment recommendations by Asset Managers.

**Risk of Loss:** Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long term purchase approach. Questions regarding these risks and/or increased costs may be directed to the firm and its representatives.



## Item 9: Disciplinary Information

Pursuant to Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to provide their client's with disclosure as to any legal or disciplinary activities deemed material to the clients evaluation of the adviser. Envoy Advisory and its personnel is not the subject of any applicable disciplinary, regulatory, criminal, civil, or other such reportable history at this time. Further background review of both the firm and its personnel may be found by visiting the SEC's Investment Adviser Public Disclosure website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 10: Other Financial Industry Activities and Affiliations

Envoy Advisory is a subsidiary of TMX Enterprises, Inc. ("TMX"). In addition, Envoy TPA and Recordkeeping, Inc., Envoy Securities, LLC (FINRA member broker dealer), and Envoy Financial, Inc. (marketing and communications) are independent companies providing separate and distinct services to plan sponsors and individuals.

The principle business of Envoy Advisory is related to the giving of investment advice to Plan Sponsors and Participants through investment advisory services and consultation with Investment Decision Makers of the Plan Sponsors including the Retirement Plan Oversight Committee of the Employer. Envoy Advisory also provides investment advice to Plan Participants and Investors. Due to the nature of the retirement plan business, most Plan Sponsor clients of Envoy Advisory are also clients of one of more of the affiliated entities listed above. Envoy Advisory does not receive, nor does it pay, compensation for the referral of clients to, or from, Envoy Advisory from/to any of these affiliated companies.

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

As a fiduciary, Envoy Advisory accepts our responsibility to (i) put your interests first, (ii) act with the utmost good faith, (iii) provide full and fair disclosure of all material facts, (iv) not to mislead you, and (v) avoid all conflicts of interest to you. This brochure and our course of conduct with you are intended to fulfill our fiduciary duty.

Pursuant to Rule 204 (A)-1 of the Investment Advisers Act of 1940, Envoy Advisory has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for employees of the firm. The Code of Ethics defines the firm's fiduciary duties and obligations and sets forth the firm's practice of supervising the personal securities transactions of employees who maintain access to client information.

In order to monitor such activities, Envoy Advisory collects and maintains records of employee securities holdings and transactions. The firm also reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest. Envoy Advisory's goal is to provide you with the share class identified by the investment company as appropriate for Asset Managed Accounts. This share class may be a share class, such as, Class F, E, S, R, or other share class. You should also be aware that the firm, and either its employees and Representatives may, from time to time, hold directly or indirectly the same fund positions, annuities, stocks, bonds or asset management models that are recommended to clients.

When completing any personal investment activities, all Representatives and employees must adhere to the standards of business conduct. This means a Representative or employee must place the interests of investors first at all times; conduct all personal securities transactions consistent with the Code of Ethics and in such manner as to disclose any actual or potential conflicts of interest, avoid any abuse of an individual's position of trust and responsibility, not take inappropriate advantage of their positions, comply with applicable securities laws and regulations, and maintain confidentiality of investor's financial circumstances.

Envoy Advisory shall not be obligated to offer any Accounting, Legal or Tax advice with respect to the management of your Account. You may request a full copy of Envoy Advisory's Code of Ethics from your Representative or from Envoy Advisory's Compliance Department.

## Item 12: Brokerage Practices

The firm measures and selects investment options based upon various criteria, such as the expense ratio, performance, and the manager's tenure. Generally these funds will not carry a

separate sales charge (load), but in certain cases there may be additional charges to your account in the form of a deferred sales or surrender charge. Accordingly, clients are encouraged to review their account statements on a regular basis to fully understand the cost and expense involved with investing in the selected investment options. Envoy Advisory does not receive or solicit client referrals from broker-dealers or other qualified custodians.

Where the firm is primarily engaged in the purchase and sale of funds for retirement accounts, such trades are not aggregated. Buy/sell orders typically execute at the end of each trading day at the closing Net Asset Value of the funds involved. Although rare, trade errors will be resolved in your favor where and whenever possible.

Where the firm may manage accounts not subject to a retirement plan, these accounts will typically be directed to a managed platform offered and administered by Charles Schwab & Co, Inc. Envoy Advisory will recommend the services of Charles Schwab based upon their reputation, user-friendly systems, and the firm's experience with Schwab. Accordingly, clients should note that they may not receive the best available price per transaction and that less expensive services may be found elsewhere.

Envoy Advisory does not receive any research or other related services from any broker-dealer in exchange for client-based transactions — no soft dollar arrangements.

### Item 13: Review of Accounts

The Investment Committee oversees Envoy Advisory's Professionally Managed Account Programs. The CEO of Envoy Advisory is ultimately responsible for all advisory policies and decisions and can accept or reject the recommendations of the Investment Committee. The Investment Committee meets, at minimum, 4 times per year, and additionally as needed, to perform the following roles on Envoy Advisory's behalf:

- The selection of Professionally Managed Account Programs/Asset Managers offered by Envoy Advisory;
- The monitoring of Professionally Managed Account Programs/Asset Managers offered by Envoy Advisory;
- The removal of Professionally Managed Account Programs/Asset Managers offered by Envoy Advisory;
- The review of current allocations relative to the discipline and risk level of the Asset Managers;
- The comparison of advisory results to predetermined benchmarks to monitor whether the Asset Manager's discipline is providing value to investors;
- The ongoing due diligence of Professionally Managed Account Programs/Asset Managers;
- The fair and competitive pricing of all advisory services;
- The fund selection, fund replacements, or changes in allocation.

You will receive an electronic account statement from Envoy Advisory at least quarterly. Periodic purchases, such as payroll contributions, if any, and fees liquidated from money market funds, will be confirmed quarterly. All other transactions or exchanges implemented in the Program pursuant to this Agreement will be confirmed as they occur.

### Item 14: Client Referrals and Other Compensation

Envoy Advisory does not compensate others for client referrals. The *Envoy Choice: Retirement Plan* platform has been specifically designed for ERISA, non-ERISA and Church Employer plans that wish to ensure full compliance with ERISA duties and best practices and responsibilities for all fiduciaries and parties in interest. As such, the menu of investment companies and mutual funds available to Employers on the *Envoy Choice: Retirement Plan* platform has been limited to those funds and securities that offer NAV or no load pricing to participants. Furthermore, in an effort to level the ongoing compensation to Envoy Advisory, so as not to create an inducement that Envoy Advisory or its Representatives may offer one fund over another, funds on this platform have a Distribution Plan (Rule 7 12b-1 Plan) that may pay the dealer an annual distribution fee equal to approximately 0.25% on the value of the assets.

In addition to Employer retirement plan assets managed on the *Envoy Choice: Retirement Plan* platform, Envoy Advisory may also act as agent or advisor for a participants' other assets, such

as IRA, college savings assets, savings, insurance or other financial plan needs. The statements and disclosures below apply to all potential assets handled by Envoy Advisory on behalf of the participant.

### **Product and Pricing Choice**

Envoy Advisory's Product Sponsors have been chosen based on their ability to offer products that meet the financial needs of our investors. With the ever-expanding array of products and services and the complexity associated with many of today's product choices, Envoy Advisory Representatives are dedicated to assisting you in finding the right investment product. Envoy Advisory has limited the product choices and product sponsors available to you and our Representatives so that we can better prepare our Representatives with product knowledge and information to better serve you. Envoy is not compensated by sponsors at this time.

### **Item 15: Custody**

Envoy Advisory is deemed to have custody of client assets solely because it deducts advisory fees from client accounts. Other than these client-authorized fee deductions, the firm does not maintain or accept custody of client funds or securities.

All securities, funds, and other assets are held with the selected broker-dealer or custodian of record. Accordingly, clients are encouraged to review their statements regularly.

### **Item 16: Investment Discretion**

Envoy Advisory does not have discretionary authority over client accounts. Envoy Advisory cannot place transactions in your account without first obtaining your consent. Further, Envoy Advisory does not have the authority to hire or replace independent Asset Managers without first obtaining your consent.

The independent Asset Managers have discretionary authority, based on your prior written consent, to determine which investment options shall be bought and sold.

Within *Envoy Choice: Retirement Plan's* Basic Client Portfolio Program, neither Envoy Advisory nor the Representative has discretion or power of attorney. You are responsible for the investment decisions in your account and are limited to the investment choices provided to you by your Employer. See Item 14 for information about Compensation to Envoy Advisory over and above the Basic and Asset Management fees.

Should you discover an error, omission, or exception, or fail to receive a confirmation following an anticipated or requested transaction, you must notify Envoy Advisory or the Representative immediately. Envoy Advisory will assume that confirmations and statements are correct, unless you notify us within ninety (90) calendar days of the transaction date. Neither Envoy Advisory nor your Representative will assume financial liability if an error is not reported to us within 90 calendar days of the transaction date.

After 90 days, Envoy Advisory may correct the error, but neither Envoy Advisory nor the Representative can accept responsibility for market fluctuations or other related expenses incurred due to the error. You should direct all communications regarding the Program to your Representative.

### **Item 17: Voting Client Securities**

Envoy Advisory will not vote proxies on behalf of client accounts. All proxy statements will be delivered to the participant directly by MG Trust. Clients may contact Envoy Advisory if they have questions about a particular solicitation; however, clients retain the authority and responsibility for the voting of all proxies.

### **Item 18: Financial Information**

Pursuant to Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to a client's decision in choosing an investment adviser. At this time, Envoy Advisory does not accept or receive prepayment of fees of more than \$1,200 per client six months or more in advance of service, maintain any financial hardships, or operate under any other

adverse conditions that might impair its ability to meet its contractual obligations to clients. Should this change in the future; the firm will provide the proper notifications and disclosure as necessary.

## Item 19: Envoy Privacy Policy

**What We Collect.** Envoy and its affiliates are committed to safeguarding customer personal and financial information in the strictest confidence. In order to provide you with individualized service, we collect certain public and nonpublic personal information about you that you provide on applications or other forms, whether in writing, in person, by telephone, electronically or by any other means, as well as information about your account. This may include your name, address, phone number, date of birth, Social Security number, assets, income, purchases, sales and account balances.

**How Your Personal Information Will Be Handled.** We collect this data to continually offer you the products and services you need to help meet your investment objectives and to effect, administer or enforce transactions you authorize. We do not sell your information to anyone.

To better serve you, we may disclose your information to:

- Our independent contractor representatives, their affiliated businesses, clearing firms, insurance companies, mutual funds, third-party administrators, broker/dealers and investment advisors that provide services to you on our behalf.
- Subsidiary affiliates that have been organized to assist in the conduct of our business, and as otherwise permitted by law.
- Companies that perform administrative or marketing services on our behalf, such as transfer agents or printers. These companies will use this data only for the services for which we hired them and are not permitted to share or use this information for any other purpose.
- Your employer with respect to employer-retirement plan assets only, as applicable.

**How We Safeguard Your Information.** With regard to our internal security procedures, we restrict access to your personal and account information to those employees who need to know. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

**How We Protect You Online.** Our concern for the privacy of our investors also extends to those who utilize our website. Envoy is the sole owner of the information collected on this site. We will not sell, share or rent this information to others in ways not disclosed in this statement.

**What You Can Do.** For your protection, we recommend that you do not provide your account information to anyone. If you become aware of any suspicious activity relating to your account, please contact us immediately. **If you have questions about our policy or require additional copies of this notice, please call Envoy. You can also print a copy of this privacy notice from our website at [www.EnvoyFinancial.com](http://www.EnvoyFinancial.com).**

## Item 20: MG Trust Company, LLC, Privacy Policy

At MG Trust Company, LLC, protecting your privacy and the confidentiality of your personal information is important to us. We value your business and the trust you put in us. To offer you trust products and services you seek, we collect, maintain and use information about you. To help you better understand how your personal information is protected at MG Trust Company, LLC, we are providing you with the following statement describing our practices and policies with respect to the privacy of your customer information. In the event you terminate your customer relationship with us, or become an inactive customer, we will continue to adhere to the policies and practices described in this notice.

**Information We Collect About You.** As your trust institution, we collect, retain and use nonpublic personal information about individual current and former customers to provide products and services to our customers. We may collect the following categories of nonpublic personal information about you:

- Information we receive from you and your agents, through applications you complete for our products or services or other forms;

- Information about your transactions with us, our affiliates or with nonaffiliated third parties; and
- Information we receive from your agent or from consumer reporting agencies.

**Information We Disclose About You and To Whom.** We do not disclose any nonpublic personal information about our customers or former customers to non-affiliated third parties, except as permitted or required by law.

**Information We Share To Provide You with Better Products and Services.** From time-to-time, we may disclose nonpublic personal information about you to companies that perform services on our behalf or to other financial institutions with which we have a joint service agreement. In the instances where MG Trust utilizes the assistance of these companies, we will require them to be contractually obligated to protect the confidentiality of your non-public personal information. The nonpublic personal information we may provide to these companies includes:

- Information we receive from you on applications or other forms, such as name, address, social security number and assets or securities we may hold for you.
- Information about your transactions with us, our affiliates or with nonaffiliated third parties, such as your account balance, payment history, parties with whom you engage in financial transactions, and credit usage; and
- Information we receive from consumer reporting agencies or governmental agencies.

**We Protect Your Information.** The protection of your nonpublic personal information is of utmost importance to us. That is why MG Trust Company, LLC maintains strict practices and procedures to safeguard your privacy in accordance with this privacy policy. We restrict employee access to customer information to only those who have a business reason to know such information, and we educate our employees about the importance of confidentiality and customer privacy.

We appreciate the opportunity to serve your trust services needs. We pledge to follow the policies, safeguards and guidelines as described in this notice, and to protect the confidentiality of your information. Your relationship is very important to us, and we will take great care to honor these commitments to you. Thank you for choosing MG Trust Company, LLC.

This notice applies only to nonpublic personal information about individuals who obtain trust products or services primarily for personal, family or household purposes.

This notice shall be effective December 1, 2009.

The Matrix Financial Solutions, Inc. group of companies includes:

MG Trust Company, LLC  
Matrix Settlement & Clearance Services, LLC  
MG Advisory Services, LLC  
MSCS Financial Services, LLC  
Optech Systems, Inc.  
Prima Capital Holding, Inc.  
Matrix Communications Technologies, LLC

**For More Information.** If you have any questions regarding our Personal Information Privacy Protection Policy, please visit our Internet site at [www.mgtrustronline.com](http://www.mgtrustronline.com).

## Misc: Additional Information

Privacy Policy: Envoy Advisory prohibits the disclosure of client-related non-public and/or personal information to third parties except as authorized by the client or as otherwise provided by law. A copy of the firm's policies reflecting same may be obtained by request.