

Designs By Hyannis, LLC

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Brochure

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**99 Derby Street
Hingham, Massachusetts 02043**

This brochure provides information about the qualifications and business practices of Designs By Hyannis, LLC (“DBH”). If you have any questions about the contents of this brochure, please contact us at (508) 776-5913. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about DBH also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to DBH as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

This is DBH's initial filing.

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Item 4 Advisory Business

- A. Designs By Hyannis, LLC (“DBH”) is a limited liability company formed on August 24, 2015 in the State of Delaware. DBH became an SEC registered Investment Adviser Firm in September 2015.

B.

INVESTMENT ADVISORY SERVICES

DBH provides discretionary investment advisory services on a wrap fee basis. (See discussion below). If a client determines to engage DBH on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody).

WRAP PROGRAM

DBH may provide discretionary investment management services on a wrap fee basis in accordance with DBH’s investment management wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, DBH is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees, and in some instances, fees charged by independent managers and/or separately managed accounts. However, clients may be responsible for, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, fees charged by independent managers and/or separately managed accounts (when such managers require the client to enter into a dual contract relationship) odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to DBH and are between the client and the account custodian). The current annual Program fee ranges from negotiable to 2.00%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client’s investment portfolio. In limited circumstances, DBH may choose to offer its investment management services on an annual flat fee basis.

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both DBH’s Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. When managing a client’s account on a wrap fee basis, DBH shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by DBH for participation in

the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Conflict of Interest: Because Program transaction fees and/or commissions are being paid by DBH to the account custodian/broker-dealer, DBH could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent requested by a client, DBH may be engaged to provide a client with a onetime financial plan without ongoing investment management services on a stand-alone separate fee basis. DBH's planning and consulting fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis, and from \$500 to \$1,000 on an hourly basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging DBH to provide planning or consulting services on a stand-alone basis, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with DBH setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to DBH commencing services.

If requested by the client, DBH may recommend the services of other professionals for implementation purposes, including certain of DBH's representatives in their individual capacities as registered representatives of a broker-dealer and/or their individual capacities as licensed insurance agents. (See disclosure at Item 10.C). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from DBH. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client's responsibility to promptly notify DBH if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/ evaluating/ revising DBH's previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, DBH may provide consulting services regarding non-investment related matters, such as estate planning, insurance, etc. Neither DBH, nor any of its representatives, serves as an attorney or an accountant and no portion of DBH's services should be construed otherwise. To the extent requested by a client, DBH may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of DBH's representatives in their individual capacities as registered representatives and/or licensed insurance agents, as discussed below.

The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from DBH. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client's responsibility to promptly notify DBH if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising DBH's previous recommendations and/or services.

Fee Differentials. As indicated below, DBH shall price its services based upon various objective and subjective factors. As a result, DBH's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by DBH to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Private Investment Funds. DBH may provide investment advice regarding unaffiliated private investment funds. DBH's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of DBH calculating its investment advisory fee. DBH's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that DBH references private investment funds owned by the client on any supplemental account reports prepared by DBH, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

Independent Managers/Separately Managed Accounts. DBH generally recommends that clients authorize the active discretionary management of all or a portion of their assets by and/or among certain independent investment manager(s) and/or separately managed accounts ("Independent Manager(s)"). To the extent applicable, DBH shall recommend Independent Managers consistent with the client's investment objectives. Factors which DBH shall consider in recommending Independent Managers include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The specific terms and conditions under which the client engages an Independent Manager may be set forth in a separate contract between the client and the Independent Manager. Also, when required, the client shall receive a copy of the Independent Manager's disclosure Brochure. As noted above, when an Independent Manager requires the client to enter into a dual contract relationship, the Independent Manager's fee shall be separate from and in addition to the Program fee charged by DBH.

However, DBH shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance, for which DBH shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager.

Use of Mutual Funds. Most mutual funds are available directly to the public. Thus, a client or prospective client can obtain many of the mutual funds that may be recommended and/or utilized by DBH independent of engaging DBH as an investment advisor. However, if a client or prospective client determines to do so, he/she/it will not receive the benefit of DBH's initial and ongoing investment advisory services.

Retirement Rollovers: A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). DBH may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by DBH. As a result, DBH and its representatives may earn an asset-based fee (*see **Please Note*** below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to DBH (unless you engage DBH to monitor and/or manage the account while maintained at your employer). DBH has an economic incentive to encourage an investor to roll plan assets into an IRA that DBH will manage or to engage DBH to monitor and/or manage the account while maintained at your employer. There are various factors that DBH may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus DBH's, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to rollover plan assets to an IRA managed by DBH or to engage DBH to monitor and/or manage the account while maintained at your employer. **Please Note:** If DBH's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.

Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), DBH may maintain cash positions for defensive purposes.

All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating DBH's advisory fee.

Please Note: When the account is holding cash positions, those cash positions will be subject to the same fee schedule as set forth below in Item 5. DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.

Client Obligations. In performing its services, DBH shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify DBH if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising DBH's previous recommendations and/or services.

Disclosure Statement. A copy of DBH's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. DBH shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, DBH shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on DBH's services.
- D. DBH does not provide investment management services on a non-wrap fee basis. If a client determines to engage DBH on a wrap fee basis the client will pay a single fee for bundled services (i.e. asset management, brokerage, custody) (See Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need.

Please Note: When managing a client's account on a wrap fee basis, DBH shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted.

Conflict of Interest: Because Program transaction fees and/or commissions are being paid by DBH to the account custodian/broker-dealer, DBH could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

- E. As of September 3, 2015, DBH had \$0 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

WRAP PROGRAM

DBH provides investment management services on a wrap fee basis in accordance with DBH's investment management wrap fee program (the "Program"). Under the Program, DBH is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees and in some instances, fees charged by independent managers and/or separately managed accounts (clients will receive an Independent Manager's advisory agreement and Disclosure Statement should DBH choose to engage a manager who will charge a separate fee in addition to the Program fee). The current annual Program fee ranges from negotiable to 2.00%, depending upon the amount and type of the Program assets. The services offered under, and the corresponding terms and conditions pertaining to the Program are discussed in the Wrap Fee Program Brochure.

The Wrap Fee Program Brochure is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both DBH's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to choosing to participate in the Program.

FINANCIAL PLANNING AND CONSULTING SERVICES FEES

To the extent requested by a client, DBH may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. DBH's planning and consulting fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis, and from \$500 to \$1,000 on an hourly basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have DBH's advisory fees deducted from their custodial account. Both DBH's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of DBH's investment advisory fee and to directly remit that management fee to DBH in compliance with regulatory procedures. In the limited event that DBH bills the client directly, payment is due upon receipt of DBH's invoice. DBH shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the client's assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, DBH shall generally recommend a broker-dealer/custodian to the client to custody their investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Please Note: Participants in the Program will not incur brokerage commissions and/or transaction fees in addition to the Program fees. However, clients may incur, relative to all mutual fund and exchange

traded fund purchases, charges imposed at the fund level (e.g. management fees, IRA and qualified retirement plan fees, surrender charges and other fund expenses).

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the executing broker-dealer will charge a fee (commission, mark-up/mark-down) and a separate “tradeaway” and/or prime broker fee will be charged by the account custodian. DBH’s Program fee is inclusive of such fees and client will not incur any additional expense when tradeaway and/or prime broker fees are charged.

- C. DBH’s annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the client’s assets on the last business day of the previous quarter. To the extent that aggregate client deposits or withdrawals during a particular billing period meet or exceed \$50,000, a prorated adjustment will be added or subtracted from the following quarter’s calculated fee to compensate for the change in the amount of client assets under management during the previous quarter.

The *Investment Advisory Agreement* between DBH and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, DBH shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of DBH’s representatives, in their individual capacities, as registered representatives of Purshe Kalan Sterling (“PKS”), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through PKS, PKS will charge brokerage commissions to effect securities transactions, a portion of which commissions PKS shall pay to DBH’s representatives, as applicable. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, PKS, as well as DBH’s Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from PKS presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from DBH’s representatives. DBH’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
2. **Please Note:** Clients may purchase investment products recommended by DBH through other, non-affiliated broker dealers or agents.
3. DBH does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products

DBH recommends to its clients.

4. When DBH's representatives sell an investment product on a commission basis, DBH does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, DBH's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage DBH to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from DBH's representatives on a separate commission basis.

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

Neither DBH nor any supervised person of DBH accepts performance-based fees.

Item 7 Types of Clients

DBH's clients shall generally include individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans.

DBH generally requires a minimum asset level of \$500,000 for investment advisory services. DBH, in its sole discretion, may waive or reduce its minimum asset requirement or charge a lesser investment 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, negotiations with client, etc.). Please Note: Certain Independent Managers utilized by DBH, may impose more restrictive account requirements and billing practices than in place at DBH. In these instances, DBH may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager.

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

- A. DBH may utilize the following methods of security analysis:
 - Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
 - Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)
 - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

DBH may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by DBH) will be profitable or equal any specific performance level(s).

- B. DBH's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis DBH must have access to current/new market information. DBH has no control over the dissemination rate of market information; therefore, unbeknownst to DBH, certain analyses may be compiled with stale information, severely limiting the value of DBH's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

DBH's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, DBH may also implement and/or recommend the use of option strategies. The use of options has a high level of inherent risk. Accordingly, the decision as to whether to employ option strategies is left totally to the discretion of client.

Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by DBH shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio.

Please Note: Although the intent of the options-related transactions that may be implemented by DBH is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce

principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct DBH, in writing, not to employ any or all such strategies for their accounts.

- C. Currently, DBH primarily allocates client investment assets among various independent managers, separately managed accounts, individual equity, fixed income securities, mutual funds and/or exchange traded funds on a discretionary basis in accordance with the client's designated investment objective(s).

From time to time, and only in those cases where the client is eligible to do so, DBH may recommend participating in initial and secondary public offerings ("IPOs"). In addition to the risks set forth above, given the nature of such offerings they may have more volatility in price than existing equities that are currently traded and have a trading history. Accordingly, the decision as to whether to participate in initial or secondary offerings is left totally to the discretion of client.

Item 9 Disciplinary Information

DBH has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of PKS.** As disclosed above in Item 5.E, certain of DBH's representatives are also registered representatives of PKS, a FINRA member broker-dealer.
- B. Neither DBH, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Registered Representatives of a Broker Dealer.** As disclosed above in Item 5.E, certain of DBH's representatives are registered representatives of PKS, a FINRA member broker-dealer. Clients can choose to engage DBH's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. As disclosed above, certain of DBH's representatives are licensed insurance agents. These individuals may recommend the purchase of insurance-related products on a commission basis.

Conflict of Interest: The recommendation by DBH's representatives, that a client purchase a securities or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from DBH's representatives or affiliates. Clients are reminded that they may purchase securities or insurance products recommended by DBH through other, non-affiliated registered representatives of a broker-dealer or insurance agents, respectively. DBH's Chief Compliance Officer

remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

- D. DBH does not receive, directly or indirectly, compensation from Independent Managers that it recommends or selects for its clients.

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

- A. DBH maintains an investment policy relative to personal securities transactions. This investment policy is part of DBH's overall Code of Ethics, which serves to establish a standard of business conduct for all of DBH's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, DBH also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by DBH or any person associated with DBH.

As disclosed above, DBH may recommend participation in initial and secondary offerings to eligible clients. In such cases, offerings may be available in limited quantities wherein DBH may need to allocate shares to clients in a lesser proportion than as requested by the client. These situations create a potential conflict of interest and in such cases DBH will manage such conflicts through applicable policies and procedures.

- B. Neither DBH nor any related person of DBH recommends, buys, or sells for client accounts, securities in which DBH or any related person of DBH has a material financial interest.
- C. DBH and/or representatives of DBH may buy or sell securities that are also recommended to clients. This practice may create a situation where DBH and/or representatives of DBH are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if DBH did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of DBH's clients) and other potentially abusive practices.

DBH has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of DBH's "Access Persons". DBH's securities transaction policy requires that an Access Person of DBH must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Each quarter, Access Persons shall provide a summary of their personal transactions to the Chief Compliance Officer or his/her designee. Each Access Person must also provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's

current securities holdings at least once each twelve (12) month period thereafter on a date DBH selects.

- D. DBH and/or representatives of DBH may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where DBH and/or representatives of DBH are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, DBH has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of DBH's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that DBH recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct DBH to use a specific broker-dealer/custodian), DBH may recommend certain broker-dealer/custodians. Prior to engaging DBH to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with DBH setting forth the terms and conditions under which DBH shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that DBH considers in recommending a broker-dealer/custodian, investment platform and/or mutual fund sponsor include historical relationship with DBH, financial strength, reputation, execution capabilities, pricing, research, and service. 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although DBH will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. DBH's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close. As noted above, DBH does not offer investment management services on a non-wrap fee basis. Accordingly, participants in the Wrap Program will not incur brokerage commissions and/or transaction fees in addition to the Program fees.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, DBH may receive from broker-dealer/custodian(s) without cost (and/or at a discount) support services and/or products, certain of which assist DBH to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by DBH may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by DBH in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist DBH in managing and administering client accounts. Others do not directly provide such assistance, but rather assist DBH to manage and further develop its business enterprise. Clients should be aware, however, that DBH's receipt of economic benefits from a broker-dealer/custodian creates a conflict of interest since these benefits may influence DBH's choice of broker-dealer/custodian over another that does not furnish similar support.

Specifically, DBH may receive the following from a broker-dealer/custodian:

- A credit of up to \$350,000 to be used toward qualifying start-up and transition costs incurred during the first two years following DBH's launch;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- 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.

DBH's clients do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer/custodian as result of this arrangement. There is no corresponding commitment made by DBH to any broker-dealer/custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

2. DBH does not receive referrals from broker-dealers.
3. DBH does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and DBH will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by DBH. As a result, 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.

Please Note: In the event that the client directs DBH to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher

commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through DBH.

DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that DBH provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless DBH decides to purchase or sell the same securities for several clients at approximately the same time. DBH may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among DBH'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 be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. DBH shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom DBH provides investment supervisory services, account reviews are conducted on an ongoing basis by DBH's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise DBH of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with DBH on an annual basis.
- B. DBH may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. DBH may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, DBH may receive an indirect economic benefit from a broker-dealer/custodian it recommends to clients. DBH, without cost (and/or at a discount), may receive support services and/or products from a broker-dealer/custodian.

DBH's clients do not pay more for investment transactions effected and/or assets maintained at these broker-dealer/custodian(s) as result of these arrangements. There is no corresponding commitment made by DBH to any particular broker-dealer/custodian or

any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to DBH by either an unaffiliated or an affiliated solicitor, DBH may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from DBH's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to DBH by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of DBH's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between DBH and the solicitor, including the compensation to be received by the solicitor from DBH.

Item 15 Custody

DBH shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. DBH may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that DBH provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by DBH with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of DBH's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage DBH to provide investment advisory services on a discretionary basis. Prior to DBH assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming DBH as the client's attorney and agent in fact, granting DBH full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage DBH on a discretionary basis may, at anytime, impose restrictions, in writing, on DBH's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe DBH's use of margin, etc.).

Item 17 Voting Client Securities

- A. DBH does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact DBH to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. DBH does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. DBH is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. DBH has not been the subject of a bankruptcy petition.

ANY QUESTIONS: DBH's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.