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BROCHURE

Form ADV, Part 2A

JANUARY 1, 2016

This Brochure provides information about the qualifications and business practices of Carey, Thomas, Hoover & Breault Advisors, Inc. If you have questions about this Brochure, please contact us by email at customerservice@cthb.net, or by telephone at (800) 397-2220, or by mail at the address 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.

Carey, Thomas, Hoover & Breault Advisors, Inc., is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply that Carey, Thomas, Hoover & Breault Advisors, Inc. or any person associated with our firm has achieved a certain level of skill or training.

Additional information about Carey, Thomas, Hoover & Breault Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov, either by searching our firm name or our firm IARD/CRD number, 155330.

ITEM 2: MATERIAL CHANGES

This Item summarizes the material changes in our policies, practices, and conflicts of interest since the filing of our previous annual amendment of this Brochure on December 24, 2014.

- We have revised Item 4 to reflect that we are unable to provide continuous and regular supervisory or management services for non-discretionary accounts.
- We have revised Item 4 with respect to the RPM Program to reflect that Clients should anticipate that the initial portfolio may be comprised of mutual funds and, if suitable, exchange-traded funds (ETFs).
- We have revised Items 4 and 12 with respect to the RPM Program and the RPM-RO Program to make it clear that the Representative is the sole portfolio manager for the Client's account, makes all investment decisions, and is solely responsible for "rebalancing" the account to reflect the designated model or strategy. Envestnet does not act as portfolio manager or rebalance the Client's account.
- We have revised Item 4 to provide that when Clients impose a reasonable restriction on the types of securities we purchase for their accounts, they may suspend, modify, or revoke such restrictions by written or verbal instruction to us, as we require under the circumstances.
- We have revised Item 8 to provide that Client notices to us to designate a different portfolio for their account, to notify us of material changes in their Suitability Information, or to impose reasonable restrictions on the investment of their account, such notices shall be by written or verbal instruction to us, as we require under the circumstances.
- We have revised Item 13 to update the information with respect to the reviews the Representative and a Senior Manager conduct with respect to RPM Program and the RPM-RO Program accounts. RPM Program and RPM-RO Program accounts are reviewed regularly by the Representative assigned to the account, including at least quarterly reviews to evaluate consistency of the account with current investment objectives. RPM Program and RPM-RO Program accounts are also monitored through review of account profile information and portfolio reports. When we detect that an account exceeds internally established parameters, it is reviewed by a Senior Manager for consistency with the account's stated objectives or strategy or Portfolio. All RPM Program and RPM-RO Program accounts are reviewed at least annually by a Senior Manager for consistency with the account's stated objectives or strategy or Portfolio.

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ITEM 4: ADVISORY BUSINESS

A. This Brochure & Our Firm's Background

This Brochure provides important information about Carey, Thomas, Hoover & Breault Advisors, Inc. (referred to as the "Firm," "we," or "us"), our services, our compensation, the costs of participating in our advisory programs, and situations where our interests may conflict with the interests of our clients. We offer other investment advisory services; and those are described in our separate Form ADV Part 2A Brochure.

You should pay particular attention to the discussions about our various conflicts of interest because these can affect our judgment in managing your account, in choosing brokers to execute trades for your account, and in recommending custodians, among other important considerations.

You should also keep in mind that a number of separate businesses provide the various investment products and services described in this Brochure. These businesses' legal, contractual, and regulatory obligations differ in important ways depending on whether, in providing the product or service, they are acting as an investment adviser, broker-dealer, custodian, or insurance company.

If you have questions about the information in this Brochure, you can reach your Representative at the email address, telephone number, or street address shown in the Brochure Supplement you received from your Representative. You can reach our senior management, including our Chief Compliance Officer, at the email address, telephone number, or street address shown on the front of this Brochure.

OUR HISTORY AND OUR AFFILIATE

We are a Kansas corporation headquartered in Wichita, Kansas. Prior to 2011, our investment advisory business was operated as a division of our sister corporation, Carey, Thomas, Hoover & Breault, Inc. ("CTHB"), an SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA").

All investment advisory services are provided through this Firm. All brokerage and insurance products are provided through CTHB or through CTHB's clearing broker-dealer, or other unaffiliated companies, such as insurance companies and mutual fund companies.

National Financial Services ("NFS") serves as the clearing broker-dealer for CTHB's brokerage business and provides

custodial services for virtually all of our advisory clients. NFS is part of the Fidelity Investments family of companies, ranked among the world's largest financial services organizations, offering our clients the benefits of access to sophisticated technology and a variety of financial products and services.

OWNERSHIP

The following individuals and entity own, directly or indirectly, 25% or more of CTHB Advisors:

Direct Owner:

- CTHB Investments, Inc.

Indirect Owners:

- J. Rigby Carey
- Stephen D. Thomas
- Thomas P. Hoover
- Jeffrey A. Breault

B. Our Advisory Services

Through mid-2013, our advisory clients participated in our Tactical Asset Allocation Program ("TAA Program"). At that time, we began offering the following new investment advisory programs:

- **Rep as Portfolio Manager Program**
- **Rep as Portfolio Manager – RO Program**
- **Separately Managed Account Program**
- **Unified Managed Account Program**

All of these new programs are offered through the Envestnet Managed Account Solutions Program.

Information about the Separately Managed Account Program and Unified Managed Account Program is contained in a separate disclosure document, Part 2A Appendix I of Form ADV, Wrap Fee Program Brochure. Clients interested in the Separately Managed Account Program or Unified Managed Account Program should contact their Representative for further information.

In this Brochure, we provide information about the TAA Program, plus the Rep as Portfolio Manager Program ("RPM Program") and RPM-RO Program (referred to jointly as the "RPM Programs" where their terms and features are the same).

Please note that because the following information is necessarily general and does not address all details, clients should refer to their individual Advisory Agreement for specific terms that apply to them.

1. Tactical Asset Allocation Program

TAA PROGRAM OVERVIEW

In the TAA Program, the client's account is invested according to one of the "TAA Portfolios" available from time to time in the TAA Program. Each of the TAA Portfolios is managed according to the TAA Program "Strategy." In general, the Strategy involves buying and selling account investments based on investment signals we receive from a third-party research service.

For clients interested in the TAA Program, our Representative will obtain information regarding the client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the account that will be managed through the TAA Program, and any reasonable investment restrictions the client wishes to impose (all referred to as the "Suitability Information").

If the Representative determines the TAA Program is suitable for the account, he or she will explain the types of investments used in the TAA Program, the overall program investment objectives, the advisory fees and other costs and expenses the client should expect to incur, and the potential risks of the program, among other matters. The client must sign an Advisory Agreement to establish an account with us to participate in the TAA Program, and enter into a custodial and brokerage arrangement, as described below.

CURRENT TAA PROGRAM PORTFOLIOS

We currently manage the following two Portfolios in the TAA Program:

- High Yield Bond Fund Portfolio
- Bond Asset Allocation Portfolio;

however, we are not accepting new clients into the High Yield Bond Fund Portfolio. We are opening new TAA Program accounts only in the Bond Asset Allocation Portfolio, except in the exercise of our discretion:

We have found that the high liquidity and other characteristics of the Bond Asset Allocation Portfolio ("BAA Portfolio") make it a suitable investment for a wide range of accounts seeking income, growth and income, or growth.

Portfolios we develop for the TAA Program consist primarily of mutual funds (currently emphasizing high yield bond funds, which may be rated or unrated, of any duration or yield), money market funds, as well as government bond funds (or similar subaccounts of

approved variable annuities); and if appropriate, "sweep" arrangements where cash balances are transferred into money market funds, money market deposit accounts, or bank accounts for cash management purposes (which may be advised by or maintained with the Custodian or an affiliate of the Custodian).

Although not currently used, TAA Portfolio investments may also include: exchange-traded funds ("ETFs"); closed-end funds; unit investment trusts; and direct obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises. Clients are not required to purchase a variable annuity to participate in the TAA Program; however, certain investments are only available as subaccounts of a variable annuity.

THE STRATEGY

The principal investment strategy (the "Strategy") for the TAA Program is to attempt to minimize unfavorable performance in a falling market and to provide appreciation possibilities in a rising market by purchasing, selling, exchanging, and redeeming account investments based upon investment signals ("Signals") we receive from a third-party research service selected by us (the "Signal Provider").

The Strategy involves discretionary purchases and sales by us in and out of positions based on the Signals; it is not a "buy and hold" or long-term investment strategy (although there may be periods where positions are held for months or longer). We expect to follow the Signals in managing accounts. However, we may, in our discretion, reject, delay implementation, or modify, in whole or in part, actions suggested by a Signal and we may engage in other transactions, as we deem appropriate. There is no set minimum or maximum number of positions that will be held for an account or specific frequency that account positions will be traded.

DISCRETION OVER ACCOUNT INVESTMENTS

In the Advisory Agreement, the client grants us full authority and discretion to engage in the Strategy to manage the account guided by the TAA Portfolio, as modified by us from time to time in our discretion. We have the authority and discretion to buy, sell, exchange, redeem, or otherwise effect transactions for the client's account, to accept or reject the Signals, in whole or in part, and to allocate and reallocate the account and account investments, as we deem appropriate, in our sole discretion, without prior notice or consent of client.

We may also add to, remove, or otherwise change the mutual fund families (or funds of a particular fund family), variable annuities (or subaccounts of a variable annuity), or other investments or types of investments that comprise a TAA Portfolio or in which we invest the client's account, without prior notice or consent of the client.

We may revise the TAA Program, change the Strategy, change the investment objectives, investment allocation, or other characteristics of a TAA Portfolio, designate a different TAA Portfolio for an account, and add or close a TAA Portfolio, without prior notice or consent of the client. At least annually, we will notify client of material changes in the TAA Program.

12B-1 FEES OF MUTUAL FUNDS WE SELECT

When investing in mutual funds, we will generally invest an account in load-waived funds. However, as discussed below, we will select share classes that pay 12b-1 Fees (and in some cases, other compensation) to our affiliated broker-dealer, Carey, Thomas, Hoover & Breault, Inc., **even if that means the share class we purchase for the client's account pays higher internal expenses than another share class the account was eligible to purchase.**

* * *

IMPORTANT NOTICE ABOUT 12B-1 FEES AND OUR INVESTMENT POLICIES

When we invest in mutual funds, we generally invest in share classes for which initial sales charges have been waived ("load-waived funds"). However, it is not our objective to invest in mutual funds that have the lowest internal fees or expenses. The load-waived funds we select still charge a number of expenses against the assets of the fund, including Distribution and Shareholder Service Fees (referred to as "12b-1 Fees"), as explained below.

"Distribution Fees" are amounts that mutual funds deduct from the fund's assets to compensate brokers and others who sell fund shares and to pay for advertising, printing and mailing of prospectuses to new investors, and printing and mailing of sales literature. "Shareholder Service Fees" are amounts that funds pay as compensation for responding to investor inquiries and providing investors with information about their investments. Distribution Fees and Shareholder Service Fees are collectively referred

to as "12b-1 Fees," named for the SEC rule that adopted them.

Typically, some share classes of a mutual fund will pay 12b-1 Fees to broker-dealers for their marketing, distribution, and shareholder servicing services. The costs of the 12b-1 Fees reduce the net asset value of those shares.

By contrast, other classes of the same fund may not pay any 12b-1 Fees, and as a result, the internal expenses of those share classes will be lower and the value of the shares will be higher. The internal expenses of a share class that pays 12b-1 Fees is usually about 25 basis points higher than the expenses of a share class in the same fund that does not pay 12b-1 Fees, unless other exceptional conditions apply.

In the TAA Program, if an account is eligible to purchase shares in a class that pays 12b-1 Fees, we will purchase shares of that class, even if the account is eligible to purchase another share class without 12b-1 Fees. Consequently, as long as the account owns these shares, it will pay the higher internal expenses of the share class we purchase rather than the lower costs of the class we did not purchase.

This is a conflict of interest. As an investment adviser, we have a fiduciary obligation to disclose this conflict of interest to our clients. The Advisory Fees we charge for the TAA Program have been set, in part, after taking into account an expectation of the 12b-1 Fees to be received from the mutual fund companies. Without the 12b-1 Fees to be received by our affiliated broker-dealer, we would charge higher Advisory Fees for the TAA Program.

We believe our clients benefit from this arrangement because it permits us to charge lower annual Advisory Fees (which apply to all account investments for the entire year), even though an account will sometimes incur higher internal expenses while it owns a fund that charges 12b-1 Fees.

Although the amounts can differ from fund to fund, the 12b-1 Fees are generally 25 basis points annually (one-fourth of one percentage point). For comparison purposes only, on a \$100,000 investment, if held for an entire year, the 12b-1 Fees would be \$250.

Of course, not all mutual funds charge 12b-1 Fees. For example, money market funds and similar funds we use in the TAA Program usually do not charge 12b-1 Fees. While accounts are invested in these types of funds (which may be for periods of weeks or months each year), the client will usually not incur 12b-1 Fees.

When evaluating the overall costs of the TAA Program and the total compensation we receive, clients should consider the amount of our Advisory Fees, the internal expenses charged by the mutual fund and variable annuity companies, plus the additional 12b-1 Fee compensation our affiliated broker-dealer receives, as well as the other economic benefits our affiliated broker-dealer receives. Please refer to Item 5.C and Item 12 for further information.

* * *

2. Rep as Portfolio Manager Program

Envestnet offers an extensive range of investment advisory services and programs that other advisers, such as our firm, are able to offer to their clients. Among these services, Envestnet offers its Managed Account Solutions platform that provides access to sophisticated portfolio modeling, analysis and asset allocation tools.

Through the RPM Program, our Representatives have access to the resources of the Envestnet Managed Account Solutions platform and investment options available to help in meeting our clients' investment needs.

For clients interested in the RPM Program, our Representative will assist the client in completing an Envestnet account profile pertaining to the client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the account that will be managed through the RPM Program (all referred to as the "Suitability Information"). The client will also be allowed to impose reasonable investment restrictions on the account; provided, all restrictions must be in writing.

Based on the information provided in the client's Envestnet account profile, Envestnet will provide a proposed model allocation of the account among different market sectors. Using the Envestnet proposed model allocation as the basis, the Representative will assist the client to customize the portfolio allocation, and identify the initial investments (which will generally be comprised of mutual funds and

ETFs) that will comprise the portfolio. The Representative will also help the client to identify an investment style and strategy that are suitable for the account in view of the account's investment objective, liquidity needs, investment time horizon, and risk tolerance.

Clients should take care to ask the Representative questions about the RPM Program to be sure they understand the risks, potential rewards, fees, and expenses of the Program, as well as the strategy the Representative expects to use, and the types of investments that are expected. Where available, clients should request copies of the prospectuses for the investments expected to be used for the account, and ask questions about these investment before deciding to participate in the Program.

Subject to the Firm's overall supervision, the Representative will be responsible for: providing continuous and regular investment management services of the client's account assets; placing orders for the purchase, sale, redemption, and exchange of account assets; modifying the account's model portfolio, and periodically rebalancing by the account, all in a manner intended to achieve the account's objective.

PERFORMANCE REPORTS

Client will receive quarterly performance reports from Envestnet reporting the performance of the account, as well as at least quarterly statements from the custodian of the account reflecting all transactions in the account, including the deduction of all Advisory Fees and Program Fees.

PART OF ACCOUNT MANAGED OUTSIDE ENVESTNET PARAMETERS

The Representative and client may agree that a portion of the RPM Program account may be invested outside of the usual parameters of any allocation identified for the account. In such case, the client shall provide such instructions in writing and identify the portion of the account and any investment instructions or restrictions for such assets.

TYPES OF INVESTMENTS

The Advisory Agreement will provide that we retain the authority to recommend for the account (for non-discretionary accounts) or to invest (for discretionary accounts) in any of the following: shares of open-end investment management companies ("mutual funds"); listed or over-the-counter, domestic or foreign, common, preferred, or convertible stock; warrants; corporate debt securities; commercial paper; certificates of deposit; shares

of open-end investment management companies ("mutual funds"); shares of closed-end investment management companies or unit investment trusts ("UITs"); exchange-traded funds ("ETFs"); municipal securities; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises; and temporary "sweep" arrangements where cash balances are transferred into money market funds, mutual funds, or bank accounts. Our investment strategy and any liquidity needs and investment restrictions imposed by the client will affect the specific types of investments we purchase or recommend for the specific client's account.

3. Rep as Portfolio Manager - RO Program

Like the RPM Program, in the RPM-RO Program, the Representative has access to the sophisticated portfolio modeling and asset allocation tools and investment research available through the Envestnet Managed Account Solutions Platform. However, in the RPM-RO Program, the Representative has access to a much broader range of investments to enable the development of a fully customized portfolio.

In the RPM-RO Program, portfolios are not based on Envestnet model portfolios and are not rebalanced by Envestnet. Generally speaking, the RPM-RO Program is intended more for those clients whose investment needs would be better served by a fully customized approach, rather than one based on one of Envestnet's model portfolios. We are able to access the extraordinary investment research and analytical tools available through Envestnet to construct a customized solution for these clients.

Beginning with our Firm's own account profile, our Representatives will obtain information regarding the client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the account that will be managed through the RPM-RO Program (all referred to as the "Suitability Information"), as well as any reasonable investment restrictions the client wishes to impose.

The Representative will assist the client to identify a suitable allocation of the client's RPM-RO Program assets, and an investment style and strategy that are suitable for the account in view of the account's investment objective, liquidity needs, investment time horizon, risk tolerance, and any reasonable investment restrictions imposed by the client.

Clients should take care to ask the Representative questions about the RPM-RO Program to be sure they

understand the risks, potential rewards, fees, and expenses of the Program, the strategy the Representative expects to use, and the types of investments that are expected. Where available, clients should request copies of the prospectuses for the investments expected to be used for the account, and then ask questions about these investment before deciding to participate in the Program.

Subject to the Firm's supervision, the Representative will provide continuous and regular investment management services of the RPM-RO Program account assets consistent with such allocation, investment style and strategy, as modified from time to time by the Representative, in the Representative's discretion, in a manner intended to achieve the account's objective.

TYPES OF INVESTMENTS

The Advisory Agreement will provide that you grant us the authority to recommend for the account (for non-discretionary accounts) or to invest (for discretionary accounts) account assets in any of the following: listed or over-the-counter, domestic or foreign, common, preferred, or convertible stock; warrants; corporate debt securities; commercial paper; certificates of deposit; shares of open-end investment management companies ("mutual funds"); shares of closed-end investment management companies or unit investment trusts ("UITs"); exchange-traded funds ("ETFs"); municipal securities; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises; and temporary "sweep" arrangements where cash balances are transferred into money market funds, mutual funds, or bank accounts.

Our investment strategy and any liquidity needs and investment restrictions imposed by the client will affect the specific types of investments we purchase or recommend for the specific client's account.

PERFORMANCE REPORTS

Client will receive quarterly performance reports from Envestnet reporting the performance of the account, as well as at least quarterly statements from the custodian of the account reflecting all transactions in the account, including the deduction of all Advisory Fees and Program Fees.

4. Terms Applicable to the RPM Program and the RPM-RO Program

ADVISORY AGREEMENT AND CUSTODIAL ACCOUNT

Clients who desire to participate in the RPM Program or RPM-RO Program will enter into an Advisory Agreement to establish an account with us, and will also establish an account with NFS as the Custodian. The Advisory Agreement and other Program documents will provide that Client directs all brokerage to our affiliated broker-dealer, and its clearing broker-dealer, who will serve as the brokers for the client's account. The client will also be required to enroll as a participant in the Envestnet Managed Account Solutions platform.

DEPOSIT CASH OR CASH EQUIVALENTS

Generally, client is expected to deliver only cash or cash equivalents to the Custodian. With our consent, client may transfer securities to the Custodian, but the securities will be liquidated to cash as soon as reasonably practical. Client may not transfer or deposit to the account any securities that are not publicly traded or that cannot be promptly sold. Client will grant us and the Custodian the authority, in our respective discretion, to liquidate securities transferred into the account.

DISCRETION OVER THE ACCOUNT; AUTHORITY TO REBALANCE AND TO LIQUIDATE SECURITIES

In the Advisory Agreement, client will grant us, including the Representative, full discretion to select the investments, to designate the strategies, and to buy, sell, or otherwise invest the assets of the account, all without prior notice or consent of the client. The separate agreements with Envestnet also require the client to grant Envestnet discretion over the client's account to fulfill its administrative responsibilities.

Clients are required to grant to the Firm, Envestnet, and Representative: full discretionary investment authority to rebalance a client's account as any of them determines appropriate; to liquidate sufficient assets to pay the Advisory Fee or any costs or expenses of the RPM Program, when necessary; and to carry out any other actions that the Firm, the Representative, or Envestnet deems necessary or appropriate to fulfill their responsibilities.

NON-DISCRETIONARY ACCOUNTS

If we agree to accept a non-discretionary account, we will recommend to client the strategies and transactions for the account, and will obtain the client's consent prior to

making investments for the account; provided, even in non-discretionary accounts, the client may provide written authorization for us to make certain investments without prior consent of the client under specific circumstances. We are unable to provide continuous and regular supervisory or management services for non-discretionary accounts.

DIFFERENCES AMONG REPRESENTATIVES' ACCOUNTS

Representatives follow different investment strategies and styles, and adjust their investment selections depending on their clients' personal and financial situation, and the investment objective, risk tolerance, liquidity needs, and investment time horizon of the account they are managing.

Consequently, it is expected that the portfolios, levels of volatility, fees, expenses, returns, and performance will vary significantly among accounts managed by the same Representative and among those accounts managed by different Representatives.

The Representative will be acting on behalf of the Firm; and any discretion granted by the client to the Representative will be deemed to be granted to, and may be exercised by, the Firm. The Firm, as the Representative's supervisor, will have the authority to direct any act of the Representative in the performance of any service. Although the Representatives are supervised by the Firm and the Firm monitors the accounts of each Representative, the Firm does not direct or mandate the investment strategy or style followed by a Representative.

5. Other Services

In addition to the services described above, we may also agree to provide other advisory services upon request by a client, in which case, the client and we will enter into a written agreement describing the specific services to be provided, the terms and conditions, and the fees to be charged, all of which will be negotiated on a case-by-case basis. Our fees may be calculated on an hourly, fixed, or other basis as stated in the agreement. Our current maximum hourly rate is \$450 per hour.

6. Securities About Which We Offer Advice

We offer advice regarding a wide variety of investment products, including:

- exchange-listed or over-the-counter debt or equity securities of domestic or foreign issuers;

- money market funds, open-end investment companies (mutual funds), closed-end funds, unit investment trusts, and exchange-traded funds;
- variable life insurance, variable annuities, and their investment subaccounts;
- certificates of deposit; municipal securities;
- securities issued by the US Treasury, agencies, or government sponsored enterprises;
- option contracts on securities; and
- privately issued or publicly traded interests in limited partnerships or limited liability companies investing in real estate, oil and gas, and other businesses.

Although we advise our clients about the types of investments listed above, this list is more extensive than the types of investments we generally recommend for our clients' accounts. Please refer to Item 8 for information about the investments and strategies we typically recommend for our clients.

C. Tailored Services & Restrictions

For each of the programs, we tailor our investment management services and advice to the specific needs of the client, based on information about the client's personal and financial situation, and the account's investment objective, tolerance for risk, liquidity needs, and investment time horizon. The Representative assists the client to identify a suitable program and portfolio and will answer the client's questions about the program, the portfolio, and the client's account.

RPM Program and RPM-RO accounts are reviewed and adjusted by the Representative to reflect the account's intended allocation (as may be modified from time to time, in the Representative's discretion) according to the investment style and strategy adopted by the Representative to achieve the account's objective.

In the RPM Program and the RPM-RO Program, accounts are periodically reviewed and adjusted by the Representative (referred to as "rebalancing") to reflect their underlying model portfolio or strategy.

TAA Program accounts are managed according to the TAA Strategy and the signals received from the Signal Provider from time to time.

We permit clients to impose reasonable restrictions on the types of securities we purchase for their account by written instruction to us, and permit clients to suspend,

modify, or revoke such restrictions, which shall be written or verbal, as we require under the circumstances.

CHANGES IN CLIENT CIRCUMSTANCES

Clients are advised that changes in their personal or financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the strategy or portfolio designated for the client's account to become no longer suitable. In the event of any material change in client's personal or financial circumstances, client should contact the Representative or us promptly so that we may assist in identifying another program, strategy or other investments that better meet the client's needs.

D. Information about Wrap Programs

We have entered into an agreement with Envestnet to participate in the Managed Account Solutions Separately Managed Account Program and Unified Managed Account Program, which are wrap fee programs. In these programs, we assist our clients to select from among a roster of third-party institutional managers, or from available managers and mutual funds that Envestnet has made available through the program and to monitor the performance account performance.

Any separately engaged third-party managers (or Envestnet) will have sole responsibility for providing portfolio management services for the client's account. Clients interested in these programs will receive Part 2A Appendix I of Form ADV, Wrap Fee Program Brochure. Clients interested in these wrap fee programs may receive a copy of the Wrap Fee Program Brochure from their Representative or from our Home Office at the address shown on the front of this Brochure.

E. Managed Assets

As of November 30, 2015, we managed \$188,067,944 on a discretionary basis. We managed \$595,074 of client assets on a non-discretionary basis, for which we do not provide continuous and regular supervisory or management services.

ITEM 5: FEES & COMPENSATION

A. Advisory Fees

1. TAA Program Advisory Fees

As compensation for our investment management services through the TAA Program, the client's account will pay us quarterly in arrears the "Advisory Fees," calculated as

described below. Advisory Fees will be due and payable immediately following the end of each quarterly “Billing Period” (as defined below) or other period for which Advisory Fees are calculated, and upon termination of the Advisory Agreement. Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the account or any Managed Asset.

TAA PROGRAM BILLING PERIODS & ASSUMPTIONS

The calendar month that includes the “Effective Date” of the Advisory Agreement is the “Inception Month.” The initial Billing Period will begin on the Effective Date and end on the last day of the second calendar month following the Inception Month; subsequent three-month (quarterly) Billing Periods shall begin immediately following the end of the initial Billing Period.

The TAA Program Advisory Fee will be calculated as a percentage of the account’s “average daily value” (as described below) over the Billing Period, as stated in the client’s Advisory Agreement.

The TAA Program Advisory Fee percentage applied each Billing Period will not exceed the following (on an annualized basis), subject to the Firm’s right to amend the Advisory Agreement, and add or otherwise revise its programs, Portfolios, and Advisory Fees:

<u>Program</u>	<u>Max Advisory Fee Percentage</u>
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TAA Program	1.75% of the value of the account
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VALUATION METHOD AND VALUATION PERIOD

For the TAA Program, we calculate our Advisory Fees based using the average daily value method when the Custodian provides such values to us. However, if we do not receive the average daily balance from the Custodian, or in the event of other technological or administrative problems, Client should expect that Advisory Fees will be calculated using the closing value method (as described below).

AVERAGE DAILY VALUE METHOD

For accounts valued using the average daily value method, we will use the average daily value provided by the Custodian over the Billing Period, partial Billing period, or other period for which Advisory Fees are calculated. If the Custodian does not provide the average daily value for any period for which Advisory Fees are calculated, we may calculate such value in a manner determined by us in good faith to reflect the average value of the account maintained by such Custodian, determined as of the close of each

calendar day, during the period for which Advisory Fees are being calculated.

CLOSING VALUE METHOD

For accounts valued using the closing value method, the value shall be determined by reference to the values reflected on the Custodian’s records or available from the Custodian (including without limitation, through any electronic system made available to us) as of the close of the last trading day of a Billing Period or as of the close of the Custodian’s statement or reporting period most recently ended on or before the close of the Billing Period, as consistently applied for each Custodian.

Advisory Fees calculated with respect to account assets valued using the closing value method shall not be adjusted or prorated for additions to or withdrawals from the account during a Billing Period or as a result of account appreciation or depreciation; provided, Advisory Fees for the last Billing Period shall be calculated based on the value of the account as of the close of the last trading day the Advisory Agreement is in effect, plus the value of all withdrawals from the account (valued as of the date of each withdrawal) during such Billing Period or the immediately preceding Billing Period.

2. RPM and RPM-RO Program Advisory Fees and Program Fees

As compensation from you for our investment advisory services in the RPM Program and RPM-RO Program, we will receive the “Advisory Fees” described below.

You will also pay Envestnet a “Program Fee” to participate in the Program. As sponsor of the Program, Envestnet is responsible for administering the Program and providing services related to client profiling assistance, research and evaluation of Approved investment strategies and investments, account performance calculations, account reporting, account billing administration and other operational and administrative services to assist us in providing advisory services. Not all clients will benefit from all services from Envestnet, even though the costs of such services may be borne by all client accounts.

Exhibit A to this Brochure contains the Fee Schedule with the combined Advisory Fee Rate and Program Fee Rate (the “Combined Rates”) for each “Asset Value Tier” in the RPM and RPM-RO Programs; these are subject to negotiation.

Once the Client has decided on the allocation of their portfolio, Envestnet will prepare a Statement of Investment Selection (or similar form) that confirms the Combined

Rates that will be charged. The Client, Envestnet and we will enter into the Statement of Investment Selection (or similar form).

Clients should be aware that they will incur other costs of participating in the Programs, which are in addition to the Advisory Fees and Program Fees. For example, please refer to Item 4.C which discusses Additional Fees & Expenses Client will be charged.

CHANGES IN PROGRAM FEES WILL NOT AFFECT THE FEES CLIENT PAYS

The Statement of Investment Selection (or similar document confirming the allocation of your portfolio) will reflect the combined Advisory Fee and Program Fee Rate for each Asset Value Tier based on the aggregate value of your portfolio. You will not be charged a higher combined rate for Advisory Fees and Program Fees, even if the actual costs of Advisory Fees (as defined in the Advisory Agreement) or the Program Fees (as defined in the Program Terms and Conditions) increase. Likewise, you will not be charged less for Advisory Fees or Program Fees if the actual costs for those items decrease.

Envestnet's Brochure for the Programs indicates that for some of separate Envestnet's clients, the Program Fee will be increased or decreased depending on the particular fees charged by the particular "Model Provider" selected for the client's account. This is not the case for our Programs.

In our Programs, the Advisory Fees and Program Fees are combined and fixed once the Statement of Investment Selection is signed and do not change unless the Client requests a change to the Statement of Investment Selection or we exercise our right under the Advisory Agreement to increase fees after notice to the Client. Consequently, the Client's Combined Rates will **not increase or decrease** as a result of changes in the components of the Program Fee or changes in the allocation of the portfolio, among other factors.

Clients should understand that not all investment advisers implement the Envestnet Programs in this manner. Some investment advisers reduce the amount of Program Fees charged to the client as the costs of Model Providers decline; however, they also increase the amount of Program Fees as the costs of Model Providers increase.

We believe our fees are fair and reasonable for the services we provide, and are consistent with our fiduciary duty. We believe we can manage our Client accounts within the resources available through the Programs using our present fee arrangement.

Prospective Clients interested in programs with alternative fee arrangements may contact Envestnet directly, using the contact information on the Envestnet Wrap Fee Brochure. In that case, we will not be providing advisory services for the individual.

CALCULATION OF ADVISORY FEES

The quarterly Advisory Fees we receive are determined by first calculating the quarterly Combined Fees. The Combined Fees are then reduced by amounts contractually belonging to Envestnet and NFS (all referred to as the "Deductions"). The difference between the Combined Fee and the Deductions is our Advisory Fee for the quarter.

PAYMENT OF FEES

Advisory Fees and Program Fees are due and payable immediately at the beginning of each calendar quarter or other period for which fees are calculated (and upon termination of the Advisory Agreement, for any unpaid amounts). Advisory Fees and Program Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the account or any Managed Asset.

The Advisory Fees and Program Fees are based on the Combined Rate (as determined according to the then-current Statement of Investment Selection or similar Program document) and the value of Managed Assets as of the last trading day of the preceding calendar quarter (or for the initial calendar quarter, the value of the Managed Assets as of the last trading day of the initial quarter, prorated beginning on the Effective Date of the Advisory Agreement).

Combined Fees will be calculated based on the Combined Rate that corresponds to the Asset Value Tier of the Managed Assets as of the date for which fees are being determined, according to the then-current Statement of Investment Selection (or similar Program document). Subject to our discretion to revise practices to coordinate with Envestnet, Combined Fees may be calculated on the basis of the actual number of days in a calendar quarter or on the basis of 4 even calendar quarters, as we elect to apply on a consistent basis.

CHANGES IN FEE CALCULATION AND BILLING PROCEDURES

Clients should be aware that Envestnet will act as collection agent for our Advisory Fees and we intend to work with Envestnet, to the extent we believe reasonable, to coordinate our fee billing, calculation, and collection procedures so that they are consistent with the procedures used by Envestnet in the Managed Account

Solutions Program. Consequently, in our discretion, we may change the billing and valuation periods and assumptions for calculating combined Advisory Fees and Program Fees from those described above or in the client's Advisory Agreement, as we determine appropriate so that they reasonably reflect the procedures used by Envestnet. However, such changes will not change the Fee Rates or Asset Value Tiers, or cause the combined Advisory Fee and Program Fee Rate to exceed the maximum stated in the Fee Schedule, unless we provide Client with at least 30 days' prior notice of such changes.

FAIR VALUATION OF ASSETS

Typically, the value of an account will be based on the value reported by the Custodian on its statements (or its internal electronic system). In the event a Custodian does not value the account or any asset, or we determine a Custodian's value of the account or an asset is materially inaccurate, the account or such asset shall be valued by us in good faith to reflect its fair value. Money market accounts and bank accounts, if any, shall be valued as of the valuation date. Transactions that have not settled may be included in either the current or the following period, as determined for the account maintained with each Custodian on a consistent basis.

NEGOTIABILITY OF FEES & OTHER TERMS

For all services, we have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client's relationship with us, and to negotiate different fees, minimums, or other terms on a client-by-client basis.

When considering these matters, we usually consider the amount of assets to be placed under management by the client and related accounts, anticipated future revenues and anticipated future assets or other business from the client or related persons, and other existing or anticipated relationships. We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining fees.

Because combined Advisory Fees and other terms of our programs and services may be negotiated separately with individual clients, some accounts pay lower Advisory Fees than other accounts. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our employees and affiliates.

RISK OF LIQUIDATIONS TO PAY FEES

The Custodian will be authorized to deduct the Combined Fees directly from the client's account, without notice to the client. If sufficient cash is not available in the account to pay the Combined Fees when due, the Custodian will liquidate securities selected by the Custodian or us without prior notice to the client. If mutual funds are liquidated, the client may be charged a contingent deferred sales charge, an early redemption fee, or a fee to discourage short-term trading of fund shares. If the liquidated securities have declined in value, the client will realize a loss and lose the opportunity for future appreciation of the securities.

ACCOUNTS WITH MORE THAN ONE CUSTODIAN

For accounts with assets maintained with more than one Custodian, we will usually calculate the value of the account and the Advisory Fees separately for each Custodian, as we determine in our discretion. The valuation method and time periods used to value the account and calculate Advisory Fees will be applied consistently for each Custodian, but may differ from the valuation method and time periods used to value the account or calculate combined Advisory Fees of other Custodians.

Except when we determine the fair value of an account or asset, as provided above, account value shall be determined by reference to the valuations provided by or available from each Custodian, as of the close of the last day of each period for which Advisory Fees are calculated. If the last day of a period for which we calculate Advisory Fees is different than the last day of a Custodian's reporting or statement period, we (or Envestnet) may value the account maintained by such Custodian as of the close of the last day of the Custodian's reporting or statement date most recently ended on or before the close of the period for which Advisory Fees are calculated, as we shall select on a consistent basis for each Custodian.

DEDUCTION OF FEES FROM CUSTODIAL ACCOUNT

The Advisory Agreement and Terms and Conditions authorizes and directs the Custodian to deduct the combined Advisory Fees and Program Fees directly from the account upon receipt of our and Envestnet's instructions. As part of our agreement with Envestnet, Envestnet may act on as our paying agent to value the account and calculate and direct the payment of our Advisory Fees to us. We require clients to authorize the Custodian to deduct the combined Advisory Fees and Program Fees from the account and pay us (or Envestnet)

directly. Clients are not generally permitted to choose to have Advisory Fees billed directly to them for payment in lieu of billing the Custodian; however, this term may be negotiable in our sole discretion. The amount of the Advisory Fee deducted by the Custodian will be reflected on the Custodian's regular statements to the client.

C. Additional Fees & Expenses

The Advisory Fees are separate and distinct from a number of other expenses that accounts in the TAA Program or RPM Programs will incur. These expenses include:

- Brokerage and Investment Expenses
- Investment Company Expenses
- Cash Management Expenses
- Custodial Expenses

BROKERAGE AND INVESTMENT EXPENSES

Accounts participating in the TAA Program will generally invest in mutual funds, money market funds, variable annuity subaccounts (if client owns a variable annuity), and other types of investment company securities. Clients should not expect their account to be invested in a portfolio of individual stocks or bonds. Although many of these investments are "load-waived" investments, clients should expect that their account will incur some or all of the Brokerage and Investment Expenses described below.

For RPM Program and RPM-RO Program accounts, depending on the types of investments and the investment strategy employed, the Brokerage and Investment Expenses could be much more significant as compared to the TAA Program, particularly in the RPM-RO Program due to the greater range of investment choices, including common stock and bond investments.

The RPM Program investment choices will generally involve mutual funds, ETFs, and money market funds, but could be expanded to include unit investment trusts, common stocks, and corporate and government bonds, among others. Depending on the needs of the clients, RPM-RO investment choices could include mutual funds, money market funds, ETFs, unit investment trusts, common stocks, and corporate and government bonds, among others.

Clients interested in the RPM Program and RPM-RO Program should be sure to discuss with their Representative the investment strategy the Representative intends to follow, whether it involves frequent buying and selling of securities, and the anticipated costs of such

transactions. Your account will pay our affiliated broker-dealer transaction-related fees for each transaction, and for some transactions, it will also pay other costs that could significantly increase your overall expenses and decrease any profits from these programs.

Following are examples of some of the types of fees and expenses that are included in the Brokerage and Investment Expenses:

- our affiliated broker-dealer charges a service fee for each transaction, plus a transaction fee for all transactions except purchases involving mutual funds designated as Non-Transaction Fee funds; the service fee and transaction fee are each currently less than \$10, but may be adjusted in our discretion;
- per-trade principal trade mark-up/mark-downs, and other transaction-related costs paid to introducing and executing brokers (**including our affiliated broker-dealer**, its clearing firm, the Custodian and its affiliates), stock exchanges, electronic communications networks, and other trading intermediaries involved in executing account transactions to buy or sell securities;
- odd lot charges, transfer and other taxes, floor brokerage fees, service, handling, delivery, and mailing fees, electronic wire transfer fees, currency exchange fees, margin interest, and other expenses related to investments made or assets held for the client's account; and
- early redemption fees, excessive trading penalties, exchange fees, and surrender fees in connection with the purchase, exchange, or redemption of mutual funds and money market funds.

INVESTMENT COMPANY EXPENSES

Mutual funds, money market funds, ETF's, UIT's, and variable annuities (each referred to as a "fund") deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund. These internal expenses generally include recordkeeping fees, and transfer and sub-transfer agent fees, among others. Variable annuity internal expenses also include a mortality expense, as described in the prospectus. All of these represent indirect expenses that are charged to the fund's shareholders.

Frequently, these internal expenses also include "Distribution Fees." These amounts are deducted from the fund's assets to compensate brokers who sell fund shares, as well as to pay for advertising, printing and mailing

prospectuses to new investors, and printing and mailing sales literature.

Mutual fund internal expenses also commonly include "Shareholder Service Fees" which are amounts deducted from the fund's assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution Fees and Shareholder Service Fees are referred to collectively as "12b-1 Fees," named after the SEC rule that adopted them. The 12b-1 Fees are calculated for each class of shares of a fund, and are calculated as a percentage of the total assets attributable to the share class. The 12b-1 Fees, investment management fees, and other ongoing expenses are described in the fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus Fee Tables to help compare the annual expenses of different funds.

ETFs are a type of investment company that aims to achieve the same return as a particular market index. They can be either open-end companies or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

We may use ETFs to achieve market exposure consistent with the index on which the ETF is based. Investment returns and principal value will fluctuate so that an account's ETF shares, when sold, may be worth more or less than the original cost.

Mutual funds may also impose a contingent deferred sales charge ("CDSC") or short-term trading fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The CDSC or redemption fee is generally one percent. Similarly, variable annuities may charge a substantial penalty for early redemption or cancellations.

CASH MANAGEMENT FEES AND EXPENSES

Cash in a client's account that is awaiting investment or reinvestment may be invested in cash balance, money market fund, or deposit account at the Custodian (or their affiliate), pursuant to an automatic cash "sweep" program.

Our affiliated broker-dealer may receive compensation based on the balances of client accounts in such sweep accounts. The possibility of compensation provides an incentive for us to invest client accounts to increase the compensation our affiliate receives. Our affiliated broker-dealer may also receive compensation from money market funds or deposit accounts used for cash management purposes, and this also provides an incentive for us to invest the account so as to increase this compensation, which may not necessarily represent the best investment of the client's assets.

CUSTODIAL EXPENSES

Clients must pay the cost of services provided by their Custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the account; (2) making and receiving payments with respect to account transactions and securities; (3) maintaining custody of account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the client's account. The Custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the Custodian (or its affiliates) or by asset-based fees for investments settled into the Custodian's accounts, or both. The specific fees and terms of each Custodian's services are described in the client's separate Custodial Agreement.

EVALUATE ALL COSTS OF OUR PROGRAMS

When evaluating the overall costs and benefits of our investment programs, clients should consider not just our Advisory Fees, but also the potential Brokerage and Investment Expenses, the Mutual Fund and ETF Expenses, and the Cash Management Fees and Expenses. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of our services.

PURCHASES OF SIMILAR PRODUCTS AND SERVICES FROM OTHER FIRMS

Clients can generally purchase similar investment products or services through other firms that are not affiliated with us. Our Advisory Fees and the other costs of our programs are likely higher than amounts charged by other advisers or financial services firms for similar services and who may provide better performance or lower risk.

Clients may also purchase mutual funds, variable annuities, or other investment products or services directly from mutual fund companies and insurance companies. The

products may be available on a low or “no-load” basis. Although we do recommend “load-waived” mutual fund share classes, they may carry 12b-1 Fees higher than a client may be able to obtain through a client’s direct purchases from a fund company.

If a client chooses to purchase investments directly or through another intermediary, the client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the client’s financial situation, investment objectives, risk tolerance, and liquidity needs.

Please refer to Item 12 for additional information regarding brokerage, transaction, and other fees and expenses clients will incur.

D. Fees In Advance & Refunds

Clients in the TAA Program will not be asked to prepay Advisory Fees. However, Advisory Fees in the RPM Program and RPM-RO Program are payable quarterly in advance; provided, in no event will we ask or require prepayment of Advisory Fees of more than \$1,200 per client six months or more in advance.

An Advisory Agreement may be terminated by the client or us at any time upon notice to the other, as provided in the Advisory Agreement.

If Client terminates the Advisory Agreement within five (5) business days of the Effective Date, Client shall receive a full refund of any prepaid fees. If this Agreement is terminated more than five (5) business days after the Effective Date, any prepaid Advisory Fees shall be prorated based on the number of days this Agreement was in effect during such quarter and the unused portion shall be refunded to Client within 30 days; any earned but unpaid Advisory Fees owed to us will be immediately due and payable upon termination.

After an Advisory Agreement has been terminated: client will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by our affiliated broker-dealer and any executing or carrying broker-dealer; client will be responsible for monitoring all transactions and assets; and neither our affiliate nor we shall have any obligation to monitor or make recommendations with respect to the account or those assets.

E. Compensation from the Sale of Securities and Other Products

Each of our officers and Representatives is separately registered as a broker-dealer representative of our affiliated broker-dealer, and many are also appointed as agents for various life insurance companies.

Below, we discuss a number of situations in which our affiliated broker-dealer and our Representatives (in their separate capacities as registered representatives of our broker-dealer affiliate or as agents of unaffiliated insurance companies) will receive compensation (separate from our Advisory Fees) if a client buys or sells a security or insurance product.

TAA PROGRAM

For accounts participating in the TAA Program, we generally recommend “load-waived” classes of mutual fund shares, to the extent the account qualifies to purchase such shares. However, accounts will incur “ticket charges” paid to our affiliated broker-dealer for all mutual fund transactions in their account.

Additionally, as we explained more fully in Item 4.B, we have set the amount of our Advisory Fees based, in part, on the expectation of our affiliated broker-dealer receiving 12b-1 Fees from the mutual fund investments we make available through the TAA Program. When selecting among the available mutual funds in which to invest a client’s account, we will invest the account in the mutual fund share class that pays 12b-1 Fees to our affiliated broker-dealer, even though the share class we select carries higher internal expenses than another share class in the same fund that the account qualified to purchase (but which would not pay 12b-1 Fees to our affiliate).

RPM PROGRAM AND RPM-RO PROGRAM

Accounts participating in the RPM Program should expect more frequent purchases and sales of securities than they may have been accustomed to if they have participated in the TAA Program. Depending on the types of securities and investment strategy selected for an account, it is expected that our affiliated broker-dealer and our Representatives will earn higher service fees, transaction fees, and other transaction-related compensation from the purchase and sale of securities in RPM Program and RPM-RO Program accounts, as compared to TAA Program accounts. They will also receive 12b-1 Fees on fund investments. In general, we would expect the transaction-related expenses of most RPM-RO Program accounts to be higher than those of RPM Program accounts.

Depending on the program, the Representative for accounts in the RPM Programs will have discretion to purchase securities through our affiliated broker-dealer. Typically, the funds the Representative selects will charge the client's account 12b-1 Fees, and this will be paid to our affiliated broker-dealer and shared with the Representative.

Clients are under no obligation to accept any recommendation made by a Representative or by our affiliated broker-dealer to purchase any securities, insurance, or other investment products. If a client wishes to purchase such products, they may complete the purchase through any duly licensed and authorized broker-dealer, insurance agency or other financial services firm.

UNAUTHORIZED TRANSACTIONS; HOME OFFICE CONTACT

Clients should be aware that in the discretionary management programs (the TAA Program, the RPM Program, and the RPM-RO Program), the client will not be contacted in advance prior to the Representative exercising discretion to purchase securities, and in that case, the client will not have the opportunity to review the investments prior to the Representative placing the trade. If you receive a confirmation of a transaction or a statement that shows a transaction that you believe is not authorized by the terms of your Agreement with us, or if you believe a Representative has otherwise exceeded his or her authority, you should contact the Firm immediately at the address or telephone number shown on the front of this Brochure.

NO REDUCTION OR OFFSET OF ADVISORY FEES

We do not reduce or offset Advisory Fees by any 12b-1 Fees or other sales-related compensation our affiliated broker-dealer receives from any clearing firm, Custodian, other brokers, custodians, fund companies or product sponsors based on or as a result of a client's purchase or sale of securities, insurance, or other investment products, or based on the value of a client's account, free credit balance, margin account balance, or retirement account balances.

The potential for our affiliated broker-dealer and our Representatives to receive compensation from client purchases of investment products may impair our objectivity and provide an incentive to place our interests, the interests of our affiliated broker-dealer, and the interests of our Representatives ahead of the interests of our clients. To address this conflict of interest:

- we disclose the conflict to our clients in this Brochure;
- we collect and maintain adequate information about our clients and their accounts, including their financial circumstances, investment objectives, and risk tolerance, and we conduct regular account reviews to confirm the designated portfolio is suitable;
- we periodically review holdings and strategies to identify significant disparities indicative of unusual treatment; and
- we educate our employees regarding our fiduciary responsibilities, regardless of fee arrangement.

Please refer to Item 12 for information regarding our brokerage practices.

ITEM 6: PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT

We are required to disclose in Item 6 certain information about any "performance-based" fee arrangements with clients, and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

Because we do not have any performance-based fee arrangements with our clients, we do not have further disclosures for Item 6.

ITEM 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

OUR CLIENTS

We provide investment advisory services to the following types of clients:

- individuals, including high net worth individuals
- pension and profit sharing plans
- trusts, estates, and charitable organizations
- corporations and other businesses

MINIMUM ACCOUNT SIZES

We have established the following minimum account sizes, subject to negotiation, as discussed in Item 5.

<u>Investment Program</u>	<u>Account Minimum</u>
TAA Program	\$50,000
RPM Program	\$100,000*
RPM-RO Program	\$100,000*

* Please note that RPM portfolios may be customized to the individual needs of a customer. In some cases, this may result in the client selecting investments, strategies or managers with a higher minimum account size

MINIMUM PROGRAM FEES

The RPM Program and RPM-RO Program impose an annual minimum Program Fee of \$100 per account. In some cases, the annual minimum Program Fee may be higher due to the selection of investments, strategies, or managers for the account.

We will not open a new account where the minimum Program Fee is expected to exceed the actual amount of expected amount of Program Fees, unless you acknowledge the risk of such excess of the minimum Program Fees over the actual Program Fees. However, we do not generally close an account previously opened because the minimum Program Fee exceeds the actual Program Fee. You may terminate the account at any time according to the terms of the Advisory Agreement, as described above.

Minimum fees are expressed in annual amounts, but are determined and assessed based on the account asset value at the beginning of each quarter. For example, if an account has a \$100 minimum annual account Program Fee, it will be assessed a minimum of approximately \$25 every quarter. Therefore, if a client has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for an account to be assessed a minimum fee for a particular quarter even if at the end of the year a look back over the account's average balance for the entire year would have placed it above the minimum asset value threshold.

ITEM 8: METHODS OF ANALYSIS, STRATEGIES & RISK OF LOSS

A. Methods of Analysis

TAA PROGRAM

We will generally invest TAA Program accounts in the following types of investments: mutual funds (generally, high-yield bond funds) or similar high-yield bond subaccounts of variable annuities (if the account owns or purchases a variable annuity); cash; money market funds; short-term government bond funds; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises.

We rely on the Signals we receive from our third-party Signal Provider and our evaluation of available and appropriate mutual funds (or other Portfolio investments) in managing accounts. In addition to the investment recommendations provided by the Signal Provider, we conduct our own internal evaluation and selection of appropriate fund families and allocation of client account assets.

TAA Program investments may be selected or recommended on the basis of any or all of the following criteria: performance history; asset class and industry sector; the track record, management style and philosophy of the investment manager; the security's fee structure; the fund company's policies and limitations regarding excessive trading and penalties for early redemptions; the size of the investment in comparison to the size of the issuer; the fund company's trading restrictions, and our and our brokers' ability to place and execute orders and maintain records in an efficient manner, at reasonable costs. We may receive and rely on historic financial and other data from sources we deem to be reliable.

RPM PROGRAM AND RPM-RO PROGRAM

For RPM Program and RPM-RO Program accounts, the Representative may recommend any one or more of the following: listed or over-the-counter, common, preferred, or convertible stock; warrants; corporate debt securities; certificates of deposit; shares of open-end investment management companies ("mutual funds"); shares of closed-end investment management companies or unit investment trusts ("UITs"); exchange-traded funds ("ETFs"); municipal securities; obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored enterprises; and temporary "sweep" arrangements where cash balances are transferred into money market funds, mutual funds, or bank accounts.

Each Representative is permitted to adopt his or her preferred method of analysis in developing the portfolios and selecting the securities for their RPM Program and RPM-RO Program accounts.

THE ENVESTNET RESEARCH AND ANALYTICAL TOOLS

In using the research and analytical tools available through the Envestnet Managed Account Solutions platform, the Representative will rely on the research and performance information provided by Envestnet through the Managed Account Solutions platform in reaching decisions to recommend, select, and replace various investments and investment managers. Envestnet conducts research with respect to the managers and the various types of separately managed account strategies ("RPMs"), model

portfolios (“Third Party Models”), and mutual funds, unit investment trusts, real estate investment trusts, and ETFs (collectively “Funds”) they manage. Envestnet provides information regarding each manager’s investment discipline and approach.

Below, we describe the processes that Envestnet has represented to us that it follows in the selection and review of strategies and investments we would consider for our accounts in the RPM Program and RPM-RO Program. We have not independently verified these procedures.

Envestnet provides access to two types of SMA strategies, Third Party Models, and Funds: those that are “Approved” and those that are merely “Available.”

APPROVED STRATEGIES, MODELS AND FUNDS

For the Approved SMA strategies, Third Party Models, and Funds, Envestnet has represented that it follows proprietary screening and evaluation processes that focus on quantitative factors such as historical performance and volatility, as well as factors such as a manager’s reputation and approach to investing. Envestnet conducts periodic evaluations of the managers. Envestnet has represented that it verifies the information provided by the managers by comparing it to other data from publicly available sources, as well as through proprietary technical, quantitative, and qualitative analyses, including attribution analysis and risk analysis.

We do not audit, verify, or guarantee the accuracy, completeness, or methods of calculation of any historic or future performance or other information provided by Envestnet or any manager. There can be no assurance that the performance information from Envestnet, any manager, or other source is or will be calculated on any uniform or consistent basis, or has been or will be calculated according to or based on any industry or other standards.

Envestnet evaluates managers specializing in each of the following asset categories: equities (both domestic and foreign); corporate debt; commercial paper; certificates of deposit; municipal securities; mutual funds; real estate investment trusts; government securities; options; and futures. The investment professionals at the investment management firms are a primary source of information to Envestnet providing quantitative and qualitative information. In addition, Envestnet employs several publicly available databases from independent sources. These databases are used to verify the information provided by the managers. However, Envestnet does not independently review the performance calculations of asset managers and

performance information of the managers may not be calculated on a uniform basis.

MANAGER REVIEW AND APPROVAL

The manager approval process differs for RPMs, mutual funds, and ETFs. Both RPMs and mutual funds are reviewed using Envestnet’s proprietary research methodology. This process uses the PMC Quantitative Risk/Return Ranking Model with three or five (depending on Envestnet’s peer group) years of actual monthly performance to select managers that perform at the top of their peer group. Any manager and mutual fund available on the Envestnet platform that ranks in the top 40% of its peer group as measured against all managers in the appropriate set of Morningstar categories is added to the Approved universe. Approved managers and mutual funds that fall below the top 50% list are removed from the Approved list and revert to the Available list unless overridden by the PMC Manager Research team and approved by Envestnet’s “PMC Investment Committee.” ETFs have their own approval process described in a section below.

Envestnet’s approach combines the following three sources of information in an optimal approach to benchmark analysis: Morningstar peer grouping analysis, statistical search for potentially better-fitting benchmarks, and the manager’s self-declared benchmark.

PMC’s proprietary Quantitative Risk/Return Ranking Model uses the following key characteristics based on historical returns: (i) Consistent Active Value – Portfolios that have consistently beaten their benchmark over time; (ii) Effective and Consistent Risk Control – Portfolios that have consistently tracked their respective benchmark over time (iii) An Efficient Risk/Return Profile – Portfolios that have generated meaningful active returns relative to the risk taken.

In addition to this quantitative-based approval process, the Envestnet research analysts work to provide additional insight across this approved universe by strategically performing additional analytics, including but not limited to: (i) manager interviews to gain a clearer understanding of the investment process; (ii) holdings-based analysis using a factor model to calculate performance attribution; (iii) finding statistically significant alpha scores using a custom Returns-Based Style Analysis (RBSA) process and advanced statistical techniques (based on “Monte Carlo simulation”) to calculate the confidence intervals for the manager’s alpha. PMC research analysts contact managers they determine should be examined and conduct interviews to help evaluate if the factors pertinent to a successful investment organization and strategy are changing. Some of

the topics that may be covered include: (i) organizational stability; (ii) investment personnel tenure and experience (iii) an understanding of the financial economics employed in the investment selection process that creates consistent active value; (iv) an understanding of the benchmark risk control philosophy and methods (v) systems and trading capabilities.

EXCEPTIONS AND CONFLICT OF INTERESTS

PMC may make exceptions for managers on the Approved list. For these exceptions, Envestnet analysts use the qualitative and quantitative tools listed described above to make the determination that while the manager does not make the 50% cut-off list described above, the manager otherwise warrants to remain on the Approved list. For example, the SMA strategy may not have a track record of sufficient length, but the portfolio manager has a proven track record. Envestnet's "PMC Investment Committee" approves or disapproves all exceptions and can remove managers from the Approved list at any time within its sole discretion.

Manager's that have a significant affiliation with a client of Envestnet or are a direct client of Envestnet must be reviewed as exceptions and must be approved by the PMC Investment Committee to ensure that Envestnet has confidence in recommending these managers as "Approved." Like any other exception, the PMC Investment Committee can remove managers from the Approved list at any time within its sole discretion.

Envestnet acts as portfolio manager for several of the strategies that are available through the Managed Account Solutions platform. There is a conflict because Envestnet's affiliated PMC Investment Committee has rated as "Approved" investment strategies and products, including investments in the PMC mutual funds in which Envestnet or one of its affiliates is the portfolio manager or otherwise materially interested.

Envestnet believes the conflict of rating a PMC or Sigma proprietary strategy as "Approved" is mitigated because these products are based on a "manager-of-managers" approach. In this regard, this type of strategy combines underlying asset managers or Funds and are not acting as traditional "stock-pickers." Should the PMC Investment Committee lose confidence in one of the underlying asset managers or Funds, that asset manager or Fund is replaced with one that better complements the overall portfolio. We draw our clients' attention to the fact that this argument does not necessarily address the conflict of interest to recommend or approve a PMC product that would indirectly benefit an indirect affiliate of Envestnet.

AVAILABLE STRATEGIES, MODELS AND FUNDS

For the "Available" SMA strategies, Third-Party Models and Funds, Envestnet has not performed due diligence and has not reviewed the investment strategy. Envestnet makes no recommendations concerning the use of them. Instead, the Firm would be responsible for determining that whether we have sufficient information about Available SMA strategies, Third-Party Models and Funds to select them for use with clients.

We do not expect to use the SMA strategies, Third Party Models, or Funds that are listed as "Available" unless we already have a relationship or knowledge of those products.

OTHER METHODS OF ANALYSIS REPRESENTATIVES MAY USE

In addition to relying on the analysis provided by Envestnet, following are typical methods of analysis that Representatives may adopt; however, clients should inquire of their specific Representative the particular method the Representative intends to use in managing the client's account. Each Representative may adopt the method of analysis he or she deems appropriate for the particular portfolios and strategies being managed.

Fundamental Analysis: Fundamental analysis involves analyzing a company's income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. The fundamental analysis school of thought maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and company developments may result in significant price fluctuations that can lead to investor losses.

Technical Analysis: Technical analysis seeks to identify price patterns and trends in financial markets and attempt to exploit those patterns. Technical analysts follow and examine indicators such as price, volume, moving averages, and market sentiment.

Mutual fund and ETF Analysis: In analyzing mutual funds, we look at the experience and track record of the portfolio managers to determine if they have demonstrated

the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds. We monitor the mutual funds in an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds to determine whether the client is receiving adequate value for these fees and expenses.

A risk of our mutual fund and ETF analysis is that, as in all investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds in a client's account may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the client's portfolio. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

MANAGEMENT OF ACCOUNT UNTIL WE RECEIVE NOTICE

Unless and until the client notifies us to designate a different portfolio for their account, to notify us of material changes in their Suitability Information, or to impose reasonable restrictions on the investment of their account, we will continue to manage the account according to the Suitability Information in our records. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of the account so that appropriate changes can be made. Such notices shall be written or verbal, as we shall require under the circumstances.

RISKS OF INACCURATE INFORMATION

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

B. Investment Strategies & Risks

For the methods of analysis and strategies we use, we have identified the material risks we believe are involved. Of

course, we cannot guarantee these are the only risks of investing through our programs.

ASK QUESTIONS ABOUT OUR PROGRAMS

When deciding whether to participate or to continue to participate in one of our programs, prospective or current clients should feel comfortable that they have an understanding of how our programs work, the strategies we use, the risks of those strategies, the kinds of investments we use, the fees and expenses they will pay and the compensation we (and our affiliated broker-dealer) will receive, and the conflicts of interests that can potentially affect the advice we give.

We urge prospective clients to ask questions if they do not understand any of these points.

1. TAA Program

LACK OF DIVERSIFICATION IN THE TAA PROGRAM

The TAA Strategy does not attempt to diversify the client's account; at any time, all or most of the account assets may be invested entirely in debt securities (particularly high yield debt securities) or securities that are subject to the similar risks. The lack of diversification increases the risk of loss.

INTEREST RATE RISK

Interest rates may go up, causing the value of debt securities held by an account (or by any mutual fund, money market fund, or variable product owned by the account) to decline. This is known as interest rate risk, which may be greater for securities with longer maturities. Again, this is a known risk factor for the TAA Program, and potentially a risk factor for RPM program accounts depending on specific allocations.

CREDIT RISK

The issuer (or other obligor) of a security owned by the account (or by any mutual fund, money market fund, or variable product owned by the account) may fail to pay principal or interest, or otherwise default, or may be perceived to be less creditworthy, or the security's credit rating may be downgraded, or the credit quality or value of any underlying asset may decline. This is known as credit risk. This risk is greater for high yield securities than for securities of higher credit quality. accounts participating in the TAA Program will generally invest in high yield securities.

PREPAYMENT RISK

During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the account (or any mutual fund, money market fund, or variable product owned by the account) to reinvest in lower yielding securities. This is known as call or prepayment risk.

EXTENSION RISK

During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (a calculation of a security's future payments designed to measure sensitivity to interest rate changes), increase the security's sensitivity to interest rate changes and reduce the value of the security. This is known as extension risk.

LIQUIDITY RISK

From time to time, as a result of economic, market, or issuer-specific reasons, one or more investments held by the account may become difficult to sell at a favorable price, and in certain adverse markets or economic conditions, may become difficult to sell at any price. The causes of a loss of liquidity may not be related to any specific adverse changes in the business of a particular issuer. These examples of liquidity risk.

RISK OF ERRORS IN INVESTMENT DECISIONS

There is a risk that our judgment about the attractiveness, relative value, or potential appreciation of a particular market sector or security, or about the timing of investment purchases or sales, may prove to be incorrect, resulting in losses to the account.

RISKS RELATED TO SIZE OF THE FIRM'S ASSETS UNDER MANAGEMENT

There is a risk that accounts in the TAA Program may acquire, in the aggregate, a material percentage of the outstanding securities of a mutual fund, particularly where the fund's total assets is relatively small. In this situation, if a sell signal is received, we may encounter difficulty in selling all of such securities at a favorable price, or at the same time. Alternatively, we may not be able to acquire sufficient securities so that all accounts in a particular Portfolio are able to participate in such investments.

MUTUAL FUND POLICIES ON MARKET TIMING AND EXCESSIVE TRADING

Mutual funds and variable product issuers often maintain policies prohibiting market timing or short-term trading in mutual funds or subaccounts, and prohibit transactions for the purpose of market timing. Excessive trading into and out of a fund or subaccount can disrupt portfolio management strategies, harm fund or subaccount performance by forcing the fund or subaccount to hold excess cash or to liquidate certain portfolio securities prematurely and increase expenses for all investors, including long-term investors who do not generate these costs. Funds or subaccounts that invest in high yield securities or invest in securities that are valued using fair value pricing methods may be particularly susceptible to the risks of market timing or short-term trading strategies.

To limit the negative effects of excessive trading, many funds and variable product issuers have adopted restrictions on account transactions. For example, policies may provide that if an account redeems (including exchanges) \$5,000 or more of a fund or subaccount, that account will be prevented (or "blocked") from purchasing (including exchanges) shares or units for 30 calendar days after the redemption. These policies may also provide that restrictions do not apply to transactions made through asset allocation or other our programs.

We do not intend to engage in excessive trading contrary to the policies stated in the prospectus of any fund or variable product. However, in the TAA Program, we may engage in short-term trading of fund or subaccount positions that will subject accounts to a fund's or variable product's temporary "blocking" of purchases or exchanges. If during any period when an account is blocked by a fund or variable product issuer we receive a signal to engage in transactions that are blocked by the fund or subaccount, such signal will not be followed. As a result, the account may not reflect the Portfolio or the holdings of accounts that were not blocked, and performance may be adversely affected. accounts that are blocked will be rebalanced to reflect the Portfolio designated for the account when we are reasonably able after the end of the blocked period.

If a fund or variable product issuer believes that any of the Firm's accounts has engaged in excessive trading, the fund or variable product issuer may reject orders for all accounts, and refuse to process purchase orders for any account managed by us. A fund or issuer may also require liquidation of accounts that it believes engage in excessive trading or that are managed by a financial intermediary (including us) that engages in excessive trading in other accounts. Although we believe that blocking will not occur

frequently, it has occurred in the past, and there can be no assurance that an account will not be blocked or required to liquidate. There is a risk of economic losses if an account is blocked or required to liquidate.

The TAA Strategy involves purchases and exchanges of fund or subaccount positions which will cause accounts to be charged exchange fees by the mutual fund or variable product issuer, and potentially by the account Custodian. In addition, mutual funds and variable product issuers may charge early redemption fees for sales occurring within periods of 30 to 90 days following a purchase. Early redemption fees can occur due to the timing of Signal Provider signals, withdrawals by the client, or from us redeeming shares to pay Advisory Fees.

In selecting or recommending mutual funds or variable products, we take into consideration possible restrictions on exchanges, exchange fees, and early redemption fees, but assumes no responsibility for any potential or actual losses resulting from any restrictions or for any such fees. clients will be solely responsible for all exchange fees and early redemption fees that occur from management of the account.

RISK OF DELAYS IN TAA ACCOUNTS

For a variety of reasons, there may be periods of time when we will not be able to trade a TAA account. For example, accounts may require several weeks after the TAA Advisory Agreement is signed by all parties before we will be able to enter trades with the Custodian (and such period may be lengthened as a result of delays by client or third parties in transferring assets to the Custodian). Similarly, accounts that are transferred between Custodians, or whose registrations are changed, or that change Portfolios may experience periods during which we will not be able to trade the account. Further, there will likely be periods when we are not able to trade an account as a result of the Firm's administration, review, portfolio management, trade execution, or other handling of that account or the account for other clients.

During periods when we are not able to trade the account, we may receive a Signal that we may not be able to effect. As a result, the account may incur losses that would not have been incurred, or may miss profits or opportunities that would have been realized, if the account had been traded.

Following such periods, we will endeavor to trade the account and effect transactions so that the account reflects the Portfolio designated for the account, but such transactions may result in immediate losses for the

account. We assume no responsibility for losses or missed profits or opportunities resulting from: the account not being traded during any such period; engaging in transactions so that an account reflects the Portfolio; or from implementing any instruction from the client.

Advisor does not guarantee that transactions will occur within any minimum period of time following receipt of a Signal or that transactions for any account will occur at the same time as transactions for other accounts. We will attempt, when reasonably able, to move all clients promptly following receipt of a Signal, but clients should expect that delays will occur, transactions for particular accounts may be delayed until after transactions for other accounts have been effected, and losses may be incurred or profits or opportunities may be missed, all at the risk (and potential benefit) of the client. Although with respect to any particular Signal or transaction, certain accounts may not be treated the same as other accounts, We will implement procedures to avoid particular accounts being treated unfairly over reasonable periods of time.

RISKS OF HIGH YIELD BOND FUNDS

TAA accounts may invest all or most of the account assets in high yield bond funds. These funds invest in securities that are considered speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield securities tend to be very volatile, and these securities are less liquid than investment grade securities. For these reasons, a client's investment in the Portfolio is subject to greater or additional risks as compared to investments in investment-grade securities, including the following, for example:

- increased price sensitivity due to changing interest rates or a deteriorating economic environment;
- greater risk of loss due to default or declining or perceived credit quality;
- adverse company-specific events are more likely to render the issuer unable to make interest and/or principal payments; and
- a negative perception of the high yield market could develop, depressing the price and liquidity of high yield securities. This negative perception could last for a significant period of time.

Clients should consider these matters carefully and review the prospectus for such funds prior to selecting a Portfolio that includes high yield bond funds. Significant investments in Portfolios that include high yield bond funds should not

be considered by clients who are unable to bear the risks of these investments.

RISKS OF GOVERNMENT BOND FUNDS

Accounts may invest in mutual funds whose portfolios may consist largely of any one or more of the following:

- bills, bonds, notes, or other obligations issued the U.S. Treasury, and obligations issued or guaranteed by agencies and instrumentalities of the U.S. government, such as the Government National Mortgage Association and Federal Housing Administration; and
- obligations guaranteed by government sponsored entities, such as the Federal Home Mortgage Corporation and the Federal National Mortgage Association, among others, which are not funded by congressional appropriations, and whose obligations are neither guaranteed nor issued by the U.S. Government (and, therefore, have a greater risk of loss).

These mutual funds may invest in securities with broad ranges of maturities and average portfolio duration and maturity, as well as varying interest, payment and reset terms. These securities may carry fixed rates, adjustable rates, floating rates, or inverse floating rates, and may have contingent, deferred, payment-in-kind or auction rate features, any of which may contribute to increased volatility or risk of loss.

C. Risk of Loss and Other Risks

The risks described below apply to all of our programs.

RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and clients may lose money on their investments. We ask that clients work with us to be sure we understand their willingness and financial ability to bear the risks of their current investments and the investments we recommend for their account.

INSOLVENCY OF BROKERS AND OTHERS

Clients will be subject to the risk of failure of the brokerage firms that execute their trades, the clearing firms that such brokers use, and the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

MARGIN TRANSACTIONS

Although not expected to be used frequently, there may be occasions when the client's account will use a margin account offered by the Custodian to borrow sufficient funds to purchase a security for an account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that clients should understand. We do not expect to use significant amounts of margin or other leverage in our strategies; however, certain types of transactions may or must be executed through a "margin account."

In volatile markets, security prices can fall very quickly. If the net value of a client's account (less the amount the client owes to the broker) falls below a certain level, the broker will issue a "margin call" and the client will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, the client must pay interest on the margin balance owed to the broker until it is repaid in full. The amount of margin interest will diminish the client's profits and in some cases could cause net losses in the client's account.

ALLOCATION OF INVESTMENT OPPORTUNITIES

At times, there will be limited supply of an investment and we will be required to decide which accounts will be able to purchase the investment. Although we do not receive allocations of initial public offerings of stock (IPOs), this would be an example of a situation where demand for an investment opportunity could far outweigh supply. When supply is not sufficient to meet demand, we will be required to decide how which account will participate, and to what extent, in the allocation of the amount of the security we are able to acquire.

In determining which portfolios or accounts will participate or receive an allocation of a limited investment opportunity, we may consider and give greater weight to, among other factors, any one or more of the following factors: asset class or type of security; identity and industry sector of the issuer; market and economic conditions; quantity of the security available to us; available cash, liquidity needs, size, and investment objective of the eligible accounts; effective, current, or target yields, returns, spreads, coupon, duration, or credit quality; volatility (as measured by standard deviation, by comparison against a benchmark or index, or by other measures selected by us); actual, estimated, or target rates of return targets; liquidity, tax position, and investment restrictions; and current performance relative to target benchmarks compared to

other portfolios or accounts relative to their target benchmarks. Such factors may be calculated, derived, or estimated by us or any third party or data source we believe is reasonably reliable.

Although the selection of one or more portfolios or accounts to participate in a particular investment opportunity may, in that instance, work to the benefit of the participating portfolios or accounts (and to the detriment of any non-participating portfolios or accounts), we will use reasonable efforts to manage all accounts and portfolios fairly and non-preferentially over time.

RISK OF TRADE ERRORS

On infrequent occasions, an error may be made in a transaction for an account. For example, a security may be erroneously purchased for an account instead of sold. In these situations, if we are responsible for such error, our policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

CHANGES IN THE PORTFOLIOS

We may change, add, or remove portfolios (and the objectives or strategy of any portfolio) from time to time, without prior notice to the client. If a portfolio is changed or removed, we will designate for the account a suitable remaining portfolio, and will notify the client that such designation has occurred. If the client objects to such designation, we may terminate the Advisory Agreement and liquidate the account.

RISKS OF MARKET, ECONOMIC, POLITICAL, OR REGULATORY EVENTS

As a general matter, the values of account assets may fall due to changes in general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. The values of securities may fall due to factors affecting a particular issuer or the securities market as a whole. This is a particular risk of high yield debt securities, and a known risk for the TAA Program. The risk to a portfolios in the RPM programs will depend on the specific portfolio allocation.

ITEM 9: DISCIPLINARY INFORMATION

We are required to disclose in Item 9 information about legal or disciplinary events involving the Firm or our management that may be material to evaluation of our advisory business or the integrity of our management.

- Regulator: KS SECURITIES COMMISSIONER
- Date: 06/12/2002
- Employee: Thomas Hoover
- Description: On 11/3/2008, Mr. Hoover was found to have not properly supervised an ex-employee and was required to pay a monetary fine in the amount \$10,000

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Each of the Representatives is registered as a broker-dealer registered representative of our affiliated broker-dealer, which is owned by our parent company, CTHB Investments, Inc. When transacting the purchase or sale of securities, our affiliated broker-dealer and the Representative will receive transaction-related compensation. When they sell mutual funds, they will receive 12b-1 Fees and other asset-based compensation, as described in the prospectuses for those products; not all mutual funds pay 12b-1 Fees.

For accounts managed through the TAA Program, although most investments will be made in load-waived funds or similar securities for which the account will not pay an initial sales charge or commission, clients should expect that some investments in their TAA Program account will be made in investments for which our affiliated broker-dealer and the Representative will receive 12b-1 Fees and other asset-based compensation.

For accounts managed through the RPM Program or RPM-RO Program, the facts will vary with the particular portfolio allocation, strategy and investment style for each account; however, generally, clients should expect accounts to engage in more frequent transactions than in the TAA Program and to incur higher transaction-related expenses (e.g., service fees and transaction fees) for which our affiliated broker-dealer and our Representative will earn additional compensation, and other transaction-related costs (e.g., principal trade mark-up/mark-downs) for which our affiliated broker-dealer and Representatives does not earn additional compensation.

As part of our fiduciary obligation to put the interests of our clients ahead of our own, we have adopted the following steps to address these conflicts of interests:

- we disclose the existence of these material conflicts of interest that arise from the incentive for our Representatives and affiliated broker-dealer to earn additional compensation from our advisory clients, over and above the Advisory Fees we receive;
- we disclose to clients that they are not obligated to purchase any securities, insurance, or other investment products or services from our Representatives or our affiliated broker-dealer;
- we request clients to provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the advisory account that will be managed by us, and any reasonable investment restrictions the client wishes to impose, and we conduct regular reviews of account investments;
- we require that our employees seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask employees to certify information regarding their disclosed outside employment activities; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

RECOMMENDATION OR SELECTION OF OTHER ADVISERS

We are required to disclose if we recommend or select other investment advisers for our clients and if so, whether we receive any compensation that creates a material conflict of interest. We must also disclose if we have other business relationships with those advisers that create material conflicts of interest, and describe the conflicts and how we address them.

We do not recommend or select other advisers, except in connection with the Envestnet Managed Account Solutions Program. We do not receive any direct compensation from Envestnet (or NFS) in connection with the recommendation of any of the advisers available through the Envestnet Program. All direct compensation is paid in the form of the Advisory Fees that are paid by the client. With respect to the RPM Program and RPM-RO Program,

our affiliated broker-dealer and our Representatives receive the 12b-1 Fees, and other transaction-related compensation for their roles as introducing broker-dealer and registered representatives for the client accounts.

Nonetheless, through the Envestnet Program, we do have access to the various research and portfolio modeling tools that are part of the Envestnet Managed Account Solutions platform, which tools we would not have access to if we did not refer clients to the Envestnet Program.

Consequently, to the extent we may value the use of the Envestnet tools and research, there is a conflict for us to act in our own economic best interest, rather than in the best interest of our clients, by recommending and selecting Envestnet and its roster of advisers so we will continue to have access to the Envestnet tools and research and do not have to arrange or pay for these services from our separate funds.

We address this conflict of interest by disclosing it in this Brochure. We also monitor our accounts and evaluate the quality and costs of the services provided by Envestnet and the third-party managers who provide portfolio management services for our clients to determine whether our recommendation or selection of them continues to meet our fiduciary obligations.

Although we continue to believe that our selection of Envestnet and the third-party managers meets our fiduciary obligations and is in the best interests of our clients, it is possible that our judgment could be materially affected by our desire to continue using the Envestnet services.

ITEM 11: CODE OF ETHICS, CLIENT TRANSACTIONS & PERSONAL TRADING

A. Code of Ethics

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes our fiduciary responsibilities to our clients, and our procedures in supervising the personal securities transactions of our supervised persons who have access to information regarding client recommendations or transactions ("access persons").

A copy of our Code of Ethics is available to our clients and prospective clients. You may request our Code of Ethics by email at customerservice@csthb.net or by calling us at (800) 397-2220.

We owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

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

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where we reasonably believe the interests of our clients will not be materially adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our employees.

Our Code of Ethics prohibits the misuse of material non-public information. While we do not believe that we have any particular access to material non-public information regarding publicly traded companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity.

The Firm and its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with the Firm's Code of Ethics. In doing so, the Firm or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Neither the Firm nor any Representative has any obligation to purchase or sell, or to recommend for purchase or sale, any security which the Firm or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless such conduct is a fiduciary obligation.

CONFIDENTIALITY OF CLIENT INFORMATION

Protecting the confidentiality of our customers' nonpublic information is paramount for the Firm. As such, we have

instituted policies and procedures to ensure that nonpublic customer information is kept confidential. We do not disclose nonpublic personal information about our clients or former clients to any nonaffiliated third parties, except as provided pursuant to our privacy policies or as required by or permitted by law.

In the course of servicing a client's account, the Firm may share client information with service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. The Firm and our affiliated broker-dealer will share information about the client, the client's account, and account activity, and each has agreed to keep such information confidential.

B. Recommendations Involving Our Financial Interests

We are required to disclose in Item 11 if we recommend that clients invest in securities in which the Firm or our employees have a material financial interest.

We do not make any such recommendations to our clients.

C. Investments in Securities We Recommend to clients

Individuals associated with the Firm may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of the Firm that no person employed by the Firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients. Subject to the Code of Ethics, the Firm and its employees are permitted to trade for their own accounts side-by-side and in block transactions with the Firm's clients in the same securities, and at the same time. We have adopted the procedures described in Item 11.D to address the actual and potential conflicts of interest raised by our policies.

D. Investments Around Time of Client Transactions

Subject to the procedures in this section 11.D, the Firm and its employees are permitted to trade for their own accounts side-by-side with clients in the same securities at or around the same time as clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for client accounts. The Firm, its employees, and its affiliates may buy or sell securities for their personal accounts identical to the securities recommended to clients. We have adopted the

procedures described below to address the conflicts of interest arising from our policies described in Items 11.C and 11.D:

- the Firm prohibits employees from purchasing or selling securities (other than mutual funds or other securities that are not treated as “reportable securities”) immediately prior to client transactions, in order to prevent employees from benefitting from transactions placed on behalf of advisory accounts;
- no director, officer, or employee of the Firm shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry;
- no director, officer, or employee of the Firm shall knowingly prefer his or her own interest to that of an advisory client;
- the Firm maintains records of securities held by the Firm and its access persons. These holdings are reviewed on a regular basis by the Investment Committee;
- the Firm emphasizes the unrestricted right of the client to decline to implement any advice it has rendered (except where the Firm has entered an order pursuant to its exercise of discretionary authority);
- the Firm requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices; and
- any individual not in observance of the above may be subject to discipline, including termination.

ITEM 12: BROKERAGE PRACTICES

A. Factors in Selecting Brokers

In Item 12, we describe the factors that we consider when selecting brokers for discretionary accounts and recommending brokers for non-discretionary accounts. We also describe the conflicts of interest that can affect our decisions and the steps we take to attempt to address these conflicts.

1. Research and Other Soft Dollar Benefits

Our selection or recommendation of brokers is directly affected by the fact that our Firm is under common control with CTHB, which is a registered broker-dealer.

Our officers, representatives, and employees are also officers, representatives and employees of our affiliated broker-dealer. We are intimately familiar with the operations of CTHB and its clearing broker-dealer, NFS, and are able to place orders, assist clients, resolve questions, and administer accounts very efficiently through CTHB and NFS.

Clients should be aware, however, that even though this arrangement is very efficient for us, we have an obligation to evaluate the brokers we select (including any affiliated with us) on a continuing basis to determine that our selections are appropriate for our clients and consistent with our fiduciary responsibilities. An arrangement that is best for our firm is not necessarily best for you.

We review our broker selections (including our affiliate) on a continuing basis to determine if our selections are reasonable and consistent with our fiduciary responsibilities. In selecting brokers, we consider the full range and quality of the broker’s services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. We will not recommend a broker solely on the basis of the lowest possible commission cost, but rather, we will determine whether the broker has the ability to provide the best overall qualitative execution considering all factors.

The reasonableness of a broker’s compensation is based on its ability to provide professional services, competitive commission rates, research, and related services that will help us in providing investment services to our clients. Consequently, we may recommend a broker that provides useful brokerage, research, and related services, even though a lower commission may be available from a different broker.

Our affiliated broker-dealer and its clearing firm make available to our firm advanced technology, support, and service that assist us in managing and administering our advisory accounts, including technology that:

- provides communication services that support
 - communication of trade instructions
 - post-trade matching
 - routing of settlement instructions

- access to electronic client account records and data;
- facilitates trade execution and allocation of aggregated trade orders for multiple client accounts;
- provides research, pricing and other market data; and
- with respect to the Envestnet programs, provides in-depth research, analysis, and investment tools with respect to the managers, securities, and strategies from which the Representative will develop and manage the client's account.

We depend on our affiliated broker-dealer for access to shared office space and equipment, for electronic services, and for continued registration of the Representatives as registered representatives; and we depend on our affiliated broker-dealer's registered representatives to refer clients to our investment advisory programs.

With respect to the Envestnet research, analysis and investment tools, these are indispensable to participating in the Envestnet programs. We would not be able to participate in the Envestnet programs without access to these resources, which are made available to us as a result of our affiliated broker-dealer's clearing relationship with NFS. We have no obligation to refer clients to Envestnet or NFS, however, it is unlikely that we would continue to have access to the Envestnet tools if we did not refer clients to the Envestnet programs.

Importantly, the availability of these useful services creates a financial incentive for us to choose these brokers to execute trades for our clients' accounts so that we can continue to receive all of these services, and avoid paying for them separately at our own expense. Our interests conflict with our clients' interests in obtaining the lowest possible execution costs.

Although we strive to address this conflict in a manner consistent with our fiduciary duty, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures to analyze periodically the services and programs provided by or available through our brokers, to evaluate the usefulness of these services in relation to the costs of the services, and to assess the overall quality of the services.

LOWER COSTS AVAILABLE FOR SIMILAR SERVICES

We offer no assurance that the Advisory Fees, transaction costs, or investment expenses our clients will incur by using our firm as their investment adviser, or by using our affiliated broker-dealer and its clearing firm as brokers for their accounts will be as low as the fees or investment expenses charged by other firms for similar services. It is

likely that lower costs are available for similar services from other advisers, brokers or custodians, and by paying lower costs, clients could significantly improve their long-term performance.

BROKERAGE SERVICES DO NOT BENEFIT SPECIFIC ACCOUNTS

We do not attempt to put a dollar value on the services received from our affiliated broker-dealer or its clearing firm by each account, nor do we attempt to allocate or use the services received for the benefit of specific accounts, or attempt to use any particular item to service all accounts. We will use the services we receive to assist in managing accounts not maintained with the broker-dealer whose commissions were used to pay for such services. The services and support we receive from broker-dealers are used to help our Firm to fulfill its overall client obligations. Clients will likely pay commissions or other transaction costs that will be used to pay for services that are not used to benefit their account.

2. Brokerage for Client Referrals

We are required to disclose whether, in selecting or recommending a broker, the broker (or a third party) refers clients to us. If so, we must disclose certain additional matters.

Our affiliate's clearing firm (the Custodian) does not refer clients to us. However, our affiliate and its registered representatives are our primary source of client referrals. All of our investment adviser representatives are registered representatives of our affiliated broker-dealer.

Please refer to the preceding portions of Item 12 for discussion of the numerous conflicts of interest related to the Firm's selection of our affiliated broker-dealer as broker for client accounts.

3. Directed Brokerage

Brokerage arrangements in the RPM Program and the RPM-RO Program are handled on the basis of "directed brokerage subject to most favorable execution." This means that the Client directs all portfolio managers of the account's assets to place purchase and sale orders through our affiliated broker-dealer and NFS (or other broker-dealer affiliate of Fidelity Investors).

When a client directs the use of a particular broker-dealer, the portfolio manager will not aggregate their orders with the orders of clients at other brokers. Orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular

broker. As a result, the client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of client orders, as discussed in Item 12.B. Further, when the portfolio manager is directed to use a particular broker-dealer, it will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers.

Consequently, clients should understand that the direction to place orders with a broker-dealer may result in the portfolio manager not achieving most favorable execution of the client's transactions. This practice may cost the client more than if the portfolio had discretion to select another broker-dealer. A disparity may arise such that clients who direct brokerage may pay higher overall transaction costs and receive less favorable prices than clients who do not direct brokerage.

Notwithstanding the directed brokerage provision of the Envestnet program, the Advisory Agreement will also provide that the portfolio manager will have the authority to effect transactions for the account with a broker, dealer, or bank not participating in the Envestnet programs (a "non-program broker"), if the portfolio manager believes that "best execution" may be obtained through such non-program broker. A non-program broker may include a broker-dealer that is affiliated with Envestnet or a third-party manager that participates in the Envestnet programs.

In placing orders with a non-program broker, the portfolio manager's primary objective will be to obtain prompt execution of orders at the most favorable prices reasonably obtainable. In doing so, the portfolio manager may consider a number of factors, including, without limitation, the overall direct net economic result to the Client, the financial strength, reputation and stability of the non-program broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all, the availability of the broker to stand ready to execute possibly difficult transactions in the future and other matters involved in the receipt of brokerage services.

In these circumstances, the Client's account will be charged the separate brokerage commissions and other transaction costs of the non-program broker.

B. Aggregation of Transactions

For the TAA Program, the Firm's Investment Committee acts as the portfolio manager and makes all decisions with respect to the aggregation or "block" trading of orders.

For the RPM Program and RPM-RO Program, each Representative acts as the portfolio manager for the accounts he or she manages.

The Advisory Agreement authorizes, but does not require, the account's portfolio manager to aggregate orders of more than one client for the same security into "block trades." Proprietary accounts of our firm or its supervised persons (employees) may participate in block orders on the same basis as clients.

For certain types of investors and accounts, the ability to have their orders aggregated into a "block order" with other clients can offer economic benefits, including the potential for volume discounts on their orders, potentially timelier execution, a potential reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. For accounts that purchase individual securities, such as stocks or bonds, the broker may be able to negotiate price improvements for block orders.

Block orders are not an important feature of the TAA Program because there is no opportunity for price improvement when investing in mutual funds, money market funds, or variable annuity subaccounts; the purchase price is always set at the next closing fund NAV. Similarly, TAA Program accounts would not receive a reduction of transaction charges.

For the RPM Program and RPM-RO Program, however, we anticipate the Representatives may invest in individual securities that may benefit from aggregating orders. However, each Representative has the discretion to choose whether to aggregate his or her client's orders. Further, the use of block orders is affected by the timing of the purchase or sale orders for the same security in other accounts managed by the same Representative. Consequently, depending the type of security, economic factors, and market conditions, there may be very few or no block orders for an account.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price (which will be NAV for all mutual fund securities), and the securities purchased or net proceeds received are allocated pro rata among the accounts in proportion to their respective orders placed that trading day.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based

on the clients of a particular Representative, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, performance relative to a benchmark, performance relative to other accounts in the same strategy or portfolio, or a desire to avoid “odd lots” (an amount of a security that is less than the normal unit of trading for that security).

ITEM 13: REVIEW OF ACCOUNTS

A. Account Reviews

TAA Program accounts are reviewed regularly by the Representative assigned to the account, and at least annually by the Investment Committee (or a senior manager of the Firm). The accounts are reviewed at least quarterly by the Representative to evaluate consistency of the account with current investment objectives, and at least annually by the Investment Committee (or Senior Manager) for consistency with target allocation and weighting according to the Portfolio designated for the account.

RPM Program and RPM-RO Program accounts are reviewed regularly by the Representative assigned to the account, including at least quarterly reviews to evaluate consistency of the account with current investment objectives. RPM Program and RPM-RO Program accounts are also monitored through review of account profile information and portfolio reports. When we detect that an account exceeds internally established parameters, it is reviewed by a Senior Manager for consistency with the account’s stated objectives or strategy or Portfolio. All RPM Program and RPM-RO Program accounts are reviewed at least annually by a Senior Manager for consistency with the account’s stated objectives or strategy or Portfolio.

For the TAA Program and the RPM Program and RPM-RO Program, at least annually, the client will be contacted to ask if there have been any changes in the account’s financial situation or investment objectives, or if the client wishes to impose or modify any reasonable account restrictions.

More frequent reviews can be triggered by significant market or economic factors, or if the client notifies the Representative of changes in the client’s financial situation, large withdrawals or significant deposits, or changes in the account investment objectives, liquidity needs, or risk tolerance. The Investment Committee will be responsible for overseeing all reviews.

B. Client Reports

Clients participating in the TAA Program, RPM Program, or RPM-RO Program will receive monthly or quarterly account statements and confirmations from their Custodian. RPM Program and RPM-RO Program clients will receive performance reports from Envestnet. We do not provide client reports. Please refer to Item 15 for further information about account statements.

ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

A. Arrangements with Third Parties

As described in Item 12, our affiliated broker-dealer and its clearing firm provide many services on which we depend in offering advisory services to our clients in an efficient and cost-effective manner. While there is no direct linkage between the investment advice we give and the programs sponsored by these brokers, it is likely we would no longer have access to these services if we did not select these brokers for our discretionary accounts or recommend their services to our non-discretionary accounts. Consequently, we have an incentive to act in our own economic best interest, rather than in the best interest of our clients, by recommending and selecting these firms so we do not have to arrange or pay for these services from our separate funds.

We address this conflict of interest by disclosing it in this Brochure. We also monitor our accounts and evaluate the quality and costs of the services provided by our affiliated broker-dealer and its clearing firm to determine whether our selection and recommendation of them for our client accounts continues to meet our fiduciary obligations. Although we continue to believe that our selection of our affiliated broker-dealer and its clearing is appropriate for our clients, our judgment may be materially affected by our dependence on the services and referrals provided by our affiliated broker-dealer, its registered representatives, and its clearing firm.

Please refer to Items 10 and 12 for further information about the products, services, and economic benefits we receive from our affiliated broker-dealer and its clearing firm and the extent of our dependence on them.

Additionally, please refer to Item 10 for information regarding the research and investment tools made available to us as a consequence of referring clients to the Envestnet Managed Account Solutions Program, the conflict of interest that arises from the incentive to have access to

such research and tools which we would otherwise be required to pay for out-of-pocket, and the steps we have taken to address this conflict of interest and place the interests of our clients ahead of our own.

B. Referral Arrangements with Third Parties

We do not refer clients to third-party advisers, except as described in Item 10 in connection with the Envestnet Managed Account Solutions Program. Please refer to the discussion under “Recommendation or Selection of Other Advisers.”

ITEM 15: CUSTODY & ACCOUNT STATEMENTS

Clients will receive account statements directly from the Custodian on at least a quarterly basis showing all transactions in their TAA Program or RPM Program or RPM-RO Program account during the reporting period. Clients should review the Custodian’s statements carefully.

We do not provide account statements to clients. If a client receives any document that purports to be from us and refers to the value of an asset shown on a Custodian’s statement, we urge the client to compare the information with the Custodian’s statement and contact our Chief Compliance Officer immediately by telephone at (800) 397-2220.

ITEM 16: INVESTMENT DISCRETION

Generally, in all of our investment programs we require clients to grant us full authority and discretion, on the client’s behalf and at the client’s risk to buy, sell, exchange, redeem, and retain investments, and exercise such other powers as we deem appropriate to manage the account. We have full discretion to: open, close, and modify portfolios in any program; adjust or change the investment allocations of a portfolio, the asset classes that comprise a portfolio, the percentage that any asset class represents of a portfolio, or the mutual funds or other securities comprising any asset class; and remove, replace, or add to the managers or other third parties, if any, that manage or provide research, model portfolios, buy and sell signals, or other information or services used in creating, allocating, reallocating, or managing a client’s account.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on our discretionary authority (such as restrictions on the type of securities held in their account), such limitations must be

included in the Advisory Agreement or otherwise submitted to us in writing. The Client may change these limitations, as desired, by written instruction to us by email to customerservice@cthb.net, by telephone at (800) 397-2220, or by mail to the address shown on the cover page of this Brochure. All grants of discretionary authority must be in writing.

The RPM Program and RPM-RO Program agreements with Envestnet also require the client to grant Envestnet discretion over the client’s account to fulfill its administrative responsibilities. The terms of the client’s grant of discretion are negotiated separately between the client and Envestnet.

We may, in our sole discretion, agree to accept accounts that will be managed on a non-discretionary basis, on terms we will negotiate separately with the Client. Clients should be aware that because we must obtain Client consent prior to placing trades for non-discretionary account, this will usually result in trades for the account being entered after trades have been executed for our discretionary accounts. This will cause orders for the non-discretionary account to be filled later (and potentially, at less advantageous prices), or not to be filled on the same day as orders for discretionary accounts.

Orders for non-discretionary accounts will typically not be included in block orders with discretionary accounts, and these accounts will not receive the benefits of sharing execution costs or using an average price account, as used with orders for discretionary accounts. Consequently, the transaction costs, the quality of execution, and overall performance of non-discretionary accounts may be less favorable, as compared to discretionary accounts.

ITEM 17: VOTING CLIENT SECURITIES

We require the Client to retain responsibility for voting all account securities. We will not vote proxies, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a Client may instruct us in writing to forward to the Client or to a third-party materials we receive pertaining to proxy solicitations or similar matters. Upon receipt of the Client’s written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard proxy and related materials.

Clients may obtain proxy materials by written request to the account’s Custodian. For information about how to obtain proxy materials from a Custodian, Clients may

contact us by email to customerservice@cthb.net, or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate actions.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held for a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation.

If desired, a Client may instruct us in writing to forward to the Client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent by email to customerservice@cthb.net, or by mail to the address shown on the cover page of this Brochure.

The terms of a RPM Program or RPM-RO Program Client's account agreement with Envestnet may contain terms regarding the voting of proxies. These terms must be separately negotiated between the client and Envestnet.

C. Bankruptcy within Past Ten Years

Advisers who have been the subject of a bankruptcy petition during the past ten years must disclose certain information about the matter.

We have never been the subject of a bankruptcy petition.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of \$1,200 Six Months or More in Advance

Investment advisers who accept fees of more than \$1,200 per client, six months or more in advance are required to provide their clients an audited balance sheet.

Because we do not accept pre-paid fees exceeding \$1,200 per client, six months or more in advance, we have not provided a balance sheet.

B. Disclosure of Certain Financial Conditions

SEC-registered investment advisers who have custody or discretion over client funds or securities, or who require prepayment of fees exceeding \$1,200 six months or more in advance must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients.

There is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

EXHIBIT A - FEE SCHEDULES & MINIMUM ANNUAL FEES

REP AS PORTFOLIO MANAGER PROGRAM (RPM)
REP AS PORTFOLIO MANAGER-REPORTING ONLY PROGRAM (RPM-RO)

(Terms have the same meanings as provided in the Advisory Agreement to which these Fee Schedules are an exhibit.)

Rep as Portfolio Manager Fee Schedule
 (Combined Advisory Fees and Program Fees)

Asset Fee Tier	Combined Fee Rate*
Up to \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	.90%
Over \$5,000,000	.75%

The RPM Program has a minimum account size of \$100,000.

Rep as Portfolio Manager – RO Program Fee Schedule
 (Combined Advisory Fees and Program Fees)

Asset Fee Tie	Combined Fee Rate*
Up to \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	.90%
Over \$5,000,000	.75%

The RPM-RO Program has a minimum account size of \$100,000.

* Combined Fee Rate combines the Advisory Fee Rate payable to Adviser under the Advisory Agreement and the rate for Program Fees payable to Envestnet under the Terms and Conditions of the Envestnet Program. The Envestnet Form ADV Part 2 Brochure describes the Program Fee in more detail. Fees are calculated on a per account basis unless accounts are designated as part of a household. Mutual funds, ETFs and alternative investments charge fees, including 12b-1 fees, for investing the pool of assets in the investment vehicle. Please see the prospectus or disclosure document for information regarding these fees.

Brokerage transactions executed for accounts in the RPM Program and RPM-RO Program incur service fees, transaction fees, and other transaction-related expenses. Our affiliated broker-dealer will receive a portion of these amounts as compensation, and it, Envestnet (or Envestnet's broker-dealer) will receive 12b-1 fees from mutual funds in which Clients invest. Our Advisory Fees are not reduced or offset by any compensation received by our affiliated broker-dealer or its representatives.

Minimum Annual Fees

We charge the following minimum annual Advisory Fee per account. Envestnet charges the following minimum annual Platform Fee.

Minimum Annual Advisory Fee		Minimum Annual Platform Fees	
RPM Program	RPM-RO Program	RPM Program	RPM-RO Program
\$1,500	\$1,500	\$150	\$150

The minimum fees are expressed as annual amounts, but are determined and assessed quarterly. An account may be assessed a minimum fee for a particular quarter even if the account's average balance for the entire year is above the minimum asset value.