

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of HINSDALE ASSOCIATES, INC. If you have any questions about the contents of this brochure, please contact us at: 630-325-7100, or by email at: MURBIK@HINSDALEASSOCIATES.COM. 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.

(Hinsdale Associates, Inc., holds itself out as a Federally Registered Investment Advisor. This registration does not imply any level of special skill or training or approval by the Securities and Exchange Commission.)

Additional information about HINSDALE ASSOCIATES, INC. is available on the SEC's website at www.adviserinfo.sec.gov

March 1, 2014

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone #630-325-7100 at: 630-325-7100 or by email at: MURBIK@HINSDALEASSOCIATES.COM.

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Advisory Business

Firm Description

HINSDALE ASSOCIATES, INC., and its predecessors were founded in 1980.

HINSDALE ASSOCIATES, INC. provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

HINSDALE ASSOCIATES, INC. is strictly a fee-only financial planning and investment management firm. The firm, however, does receive commissions for purchasing or selling annuities and insurance products. The client is under no obligation and is free to purchase those products from us or any other licensed insurance professional. Further, additional compensation to the applicant in the form of marketing support or business expenses may be provided to the applicant by an insurance company. This represents a

material conflict of interest because the applicant may have an incentive to recommend certain insurance products. The applicant does not receive an advisory fee with respect to those products which it receives a commission. It is noted that any products that are commissionable are expressly excluded from the fee schedule charged to investment management clients. The firm is affiliated with discount brokers whose transaction compensation remains with that firm and is not at anytime paid or soft dollar arrangements given to Hinsdale Associates, Inc. No finder's fees are accepted.

HINSDALE ASSOCIATES, INC. is not directly or indirectly compensated for client referrals.

Investment advice is an integral part of financial planning. In addition, HINSDALE ASSOCIATES, INC. advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, with the client making the final decision on approval of investment strategy. HINSDALE ASSOCIATES, INC. will work within agreed upon parameters, and at its discretion will purchase and sell investments placed in the client's portfolio. The client will always have authority to change or modify any decisions, directions or strategies implemented on the client's behalf by HINSDALE ASSOCIATES, INC. HINSDALE ASSOCIATES, INC. does not act as a custodian of client assets. The client always maintains asset control. HINSDALE ASSOCIATES, INC. places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of an initial financial plan. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken as well as weekly email communications covering market activity and portfolio recommendations. More frequent reviews are available, as well as detailed quarterly reports on all investment activity, performance and investment costs.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

Michael A. Urbik is a 100% stockholder.

Types of Advisory Services

HINSDALE ASSOCIATES, INC. provides investment supervisory services, also known as asset management services; manages investment advisory accounts and furnishes investment advice through consultations. Periodicals

about securities, special reports, issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities can be provided at the client's request.

On more than an occasional basis, HINSDALE ASSOCIATES, INC. furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust advice that often include estate planning.

HINSDALE ASSOCIATES, INC. does not provide timing service.

As of DECEMBER 31, 2012, HINSDALE ASSOCIATES, INC. manages approximately \$150,088,993 in assets for approximately 237 clients.

Approximately \$150,088,993 is managed on a discretionary basis, and zero is managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The minimum fee is \$300 and is negotiable and is not necessarily charged, meaning, it maybe incorporated into the future investment management relationship. Since financial planning is a discovery

process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary.

Advisory Service Agreement

Most clients choose to have HINSDALE ASSOCIATES, INC. manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning and estate planning; as well as the implementation of recommendations within each area.

The Maximum Advisory Service Agreement fee is based on a percentage of the investable assets under management according to the following schedule:

- * 1.00% on the first \$2,000,000 per annum;
- .75% on the next \$3,000,000 (from 2,000,001 to 5,000,000); and
- .50% on the next \$5,000,000 (from \$5,000, 001 to \$10,000,000)
- .375% on all assets above \$10,000,001

*Debt portfolios charge .75% and declining from there.

The annual fee is negotiable (minimum not to be below .35% regardless of account size). The applicant considers the following factors in negotiating fees: Clients with multiple accounts; size of account; a prior or existing relationship with the applicant; a client's particular needs or financial characteristics. Because fees may vary, clients with existing accounts may be charged fees that do not match precisely with the foregoing fee schedule or fees paid by other clients. All fee schedules are applied to the fair market value of the assets managed by the applicant as of the end of each quarter, as may be reasonably determined by the custodian under the terms of the applicant's standard form advisory agreement. Meaning, all fees are charged in arrears subject to the aforementioned schedule. Further, pro-bono work provided to some close friends and family members may not be charged an advisory fee.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Retainer Agreement

There is no retainer agreement.

Investment Management Agreement

An *Investment Management Agreement* may be executed when financial planning is not provided as part of the relationship. The annual fee for an *Investment Management Agreement* is subject to the aforementioned schedule.

Tax Preparation Agreement

We will be happy to provide upon request pertinent tax information as it relates to our work as an investment manager, specifically realized capital gains and losses, interest and dividends and deductible investment expense.

Hourly Planning Engagements

HINSDALE ASSOCIATES, INC. can provide hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$300.

Asset Management

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee or commission for stock and bond trades. HINSDALE ASSOCIATES, INC. does not receive any compensation, in any form, from the broker or any fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through HINSDALE ASSOCIATES, INC.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying HINSDALE ASSOCIATES, INC. in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, HINSDALE ASSOCIATES, INC. will refund any unearned portion of the advance payment.

HINSDALE ASSOCIATES, INC. may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, HINSDALE ASSOCIATES, INC. will refund any unearned portion of the advance payment.

Fees and Compensation

Description

HINSDALE ASSOCIATES, INC. bases its fees on a percentage of assets under management or hourly charges if applicable.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable.

Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected in five days upon quarterly report presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed upon completion of and delivery of the financial plan.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

HINSDALE ASSOCIATES, INC., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning

capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

New Advisory Service Agreement fees are calculated on a formula basis and adjusted for complexity of individual situations. *The formula is based on gross income, gross assets and other financial considerations.*

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. Further, though the applicant will use no-load funds some of those funds impose a short term redemption fee if the fund is not held for a specific period of time (usually 6 months). Potentially, in the course of our reallocation the sale of one of these funds causes such a redemption fee that cost is charges to the client account. These fees are in addition to the fees paid by you to HINSDALE ASSOCIATES, INC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

HINSDALE ASSOCIATES, INC. reserves the right to stop work on any account that is more than 30 days overdue. In addition, HINSDALE ASSOCIATES, INC. reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in HINSDALE ASSOCIATES, INC.'s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 10 days.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

HINSDALE ASSOCIATES, INC. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Description

HINSDALE ASSOCIATES, INC. generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$100,000 of assets under management, which equates to an annual fee of \$1,000.

When an account falls below \$100,000 in value, no minimum fee is charged, the existing percentage is applied.

HINSDALE ASSOCIATES, INC. has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable time. Other exceptions will apply to employees of HINSDALE ASSOCIATES, INC. and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, cyclical analysis and relative valuation.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that HINSDALE ASSOCIATES, INC. may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "Schwab Link" service, Advisor Intelligence, TD Ameritrade Advisor Services, World Wide Web, and third party sell-aide research.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have in the last 34 years, have had two legal issues related to past investment clients.

#1 – In October 2004, the State of Illinois expanded registration to include all Federally registered RIA's to not only do a notice filing, but register individually, all persons directly or indirectly giving investment advice and pay \$150 fee per person. Hinsdale Associates, Inc., was unaware, and therefore, overlooked this requirement. Upon re-registration with the State of Illinois, we agreed to the admission and paid a fine of \$10,000 and \$1,500 administrative costs. The matter is now resolved and are in good standing with the state of Illinois.

#2 – In March of 2004, an arbitration case was brought by Mrs. Jean Bush as part of a civil action case incorporating a variety of defendants. The following is a brief summary of the circumstance and result: Ms. Bush came to Hinsdale Associates after donating stock to a charity who is a client of Hinsdale Associates. She requested the management of her account. Upon review, Hinsdale Associates was unable to comply due to the form current assets were in (load, back end loaded funds and proprietary variable annuities, all of which have significant surrender charges if moved to our Institutional fee based no load platform). Review, comment and suggestions were offered, there was no formal agreement, contract or compensation paid to Hinsdale Associates. The assets were custodied as a courtesy to Mrs. Bush, to prevent viewing by her former broker. At a later date, she solicited support to prepare legal action against her former broker. Upon declination, Hinsdale Associates was named in the suit for arbitration. The suit had no merit, the hearing was set for 9/12/2005, settlement occurred on 8/22/05, requested by broker dealer to avoid additional costs. Settlement was paid by broker dealer with no findings of wrong doing and settled with prejudice. We expect formal expungement from Hinsdale Associates in the future.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

HINSDALE ASSOCIATES, INC. is **not** registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Affiliations

HINSDALE ASSOCIATES, INC. does not have any affiliated arrangements.

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

Code of Ethics

The employees of HINSDALE ASSOCIATES, INC. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

HINSDALE ASSOCIATES, INC. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the HINSDALE ASSOCIATES, INC. *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of HINSDALE ASSOCIATES, INC. is Michael A. Urbik. He reviews all employee trades each quarter. His trades are reviewed by William K. Lynch. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

HINSDALE ASSOCIATES, INC. does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. HINSDALE ASSOCIATES, INC. recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

HINSDALE ASSOCIATES, INC. recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab and Company and TD Ameritrade. HINSDALE ASSOCIATES, INC. is an advisor with Charles Schwab and Company and TD Ameritrade. In selecting or recommending brokers or dealers, the applicant's overriding objective is to seek for the client the best combination of price and execution. The best net price, giving effect to brokerage commissions, if any, and other transaction

costs are normally important factors, but a number of other judgmental factors may be considered. These factors include the financial strength, stability, and integrity of the broker, the size of the transaction and the broker's ability to affect a large transaction; the timing of the transaction and the execution, settlement, and clearance capabilities of the broker. Recognizing the value of these factors, applicant may select or recommend a broker whose brokerage commissions may exceed that which another broker may be charging for the same transaction.

HINSDALE ASSOCIATES, INC. does not receive fees or commissions from any of these arrangements.

Best Execution

HINSDALE ASSOCIATES, INC. reviews the execution of trades at each custodian each quarter. The review is documented in the HINSDALE ASSOCIATES, INC. *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. During the reallocation process the applicant routinely uses block trades to execute the reallocation. Each individual account is charged the negotiated rate if applicable of 89.95 for internet trades and \$19.95 for manual (paper) trades. This rate is the same regardless of the amount of the trade or the client account size. The rate reflects the negotiated fee with Charles Schwab and TD Ameritrade. Further all bond trades are shopped among various sources to obtain desired terms and price. These rates will be checked quarterly to insure competitive pricing. HINSDALE ASSOCIATES, INC. does not receive any portion of the trading fees.

Soft Dollars

HINSDALE ASSOCIATES, INC. receives NO soft dollar credit from Charles Schwab & Company or TD Ameritrade because some client assets are custodied at Schwab and TD Ameritrade. The selection of Charles Schwab & Company and TD Ameritrade as a custodian for clients is not affected by any soft dollar arrangement.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed based on client need, at least annual, sometimes more frequently by advisor Michael A. Urbik, President. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications as follows: A weekly email Market Commentary, monthly brokerage statements and quarterly performance reports. Further, written updates can be provided, including updates to the financial plan or any specific segment of that plan for the purposes of validating objectives and progress towards meeting those objectives.

Client Referrals and Other Compensation

Incoming Referrals

HINSDALE ASSOCIATES, INC. has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

HINSDALE ASSOCIATES, INC. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

NONE

Custody

SEC "Custody"

HINSDALE ASSOCIATES, INC. does not have custody of any accounts or assets.

Account Statements

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least monthly. Annuity statements are provided annually.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by HINSDALE ASSOCIATES, INC.

Net Worth Statements

Hinsdale Associates, Inc. can provide net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Investment Discretion

Discretionary Authority for Trading

HINSDALE ASSOCIATES, INC. accepts discretionary authority to manage securities accounts on behalf of clients. HINSDALE ASSOCIATES, INC. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, HINSDALE ASSOCIATES, INC. consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. HINSDALE ASSOCIATES, INC. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

Unless the client designates otherwise, HINSDALE ASSOCIATES, INC. votes proxies for securities over which it maintains discretionary authority consistent with its proxy

voting policy. A copy of HINSDALE ASSOCIATES, INC.'s proxy voting policy is available upon request. **Policy**

The client decides whether to vote the proxies or have Hinsdale Associates vote on their behalf. In cases where clients vote the proxy, the client can elect to have a copy of the proxy sent to Hinsdale Associates through the custodian.

In cases where Hinsdale Associates has been granted full discretion by the client, the goal of Hinsdale Associates when voting the proxy is to maximize the value of the client's investment.

Procedures

There are three ways that Hinsdale Associates can vote the proxies.

1. Vote by Internet: Read the Proxy Statement and have the voting instruction form at hand. The website is www.proxyvote.com. Follow instructions on website.
2. Vote by Telephone: Read the Proxy Statement and have the voting instruction form at hand. Call 1-800-454-8683.
3. Vote by Mail: Read the Proxy Statement. Check the boxes on the voting instruction form. Sign, date and mail form in envelope provided.

Disclosures

Hinsdale Associates will maintain records which identify the manner in which proxies have been voted on behalf of clients of Hinsdale Associates. Hinsdale Associates will comply with all applicable rules and regulations regarding disclosure of its proxy voting records and procedures.

Hinsdale Associates believes strongly in effective corporate governance. Having a board of directors independent of management is in the best interest of unlocking shareholder value. Sensible compensation should be tied to performance. Using an independent auditing firm is crucial to establishing credible accounting.

Hinsdale Associates will give substantial weight to the recommendations of the company's board in the absence of other guidelines or facts. However, Hinsdale Associates will use its skill, experience, information and independent research to the best of its ability to make a vote ultimately in the best interest of the client.

Conflicts of Interest

Hinsdale Associates is responsible for monitoring possible conflicts between the interests of Hinsdale Associates and those of its clients in terms of proxy voting. The Director of Investments at Hinsdale Associates is responsible for voting the proxies.

This position requires extensive investment management knowledge with little sales or marketing duties. This enables the focus to be on acting in the best interests of the client.

If a personal conflict of interest were to arise, the Director of Investments at Hinsdale Associates must disassociate from the process and not participate in the voting decisions of that proxy. Hinsdale Associates strives to maintain a working environment free of outside influences that could create conflicts of interest.

Financial Information

Financial Condition

HINSDALE ASSOCIATES, INC. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because HINSDALE ASSOCIATES, INC. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

HINSDALE ASSOCIATES, INC. has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

HINSDALE ASSOCIATES, INC. has signed a Business Continuation Agreement with other key personnel within the firm to support HINSDALE ASSOCIATES, INC. in the event of Michael A. Urbik's serious disability or death.

Information Security Program

Information Security

HINSDALE ASSOCIATES, INC. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

HINSDALE ASSOCIATES, INC. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission and direction, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. We will not share information with these nonaffiliated third parties without your expressed written or file notated verbal instructions. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

HINSDALE ASSOCIATES, INC. requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Chartered Financial Consultant (ChFC): Chartered Financial Consultants are professional degrees issued by the American College in Bryn Mawr, Pennsylvania specializing professional working knowledge of issues related to financial planning and personal finance.

- Successful completion of a 10 part educational course work.
- Three year qualifying full time work experience.
- Agree to adhere to a professional code of ethics.

Chartered Life Underwriter (CLU): Chartered Life Underwriter is a professional degree issued by the American College in Bryn Mawr, Pennsylvania specializing professional working knowledge of issues related to the insurance industry.

- Successful completion of a 10 part educational course work.
- Three year qualifying full time work experience.
- Agree to adhere to a professional code of ethics.

Michael A. Urbik, CFP, ChFC, and CLU

Educational Background:

- Date of birth: 8/23/1958
- St. John's University, Collegeville, MN, graduation 1979 w/B.A. Philosophy
- College of Financial Planning, Denver, CO, graduated 1985 w/CFP degree
- American College, Bryn Mawr, PA, graduated 1988 w/CLU degree
- American College, Bryn Mawr, PA, graduated 1989 w/ChFC degree
- NASD series 7 (8/26/1987), series 65 (11/95) (Registered Principal), series 22 (7/26/84), series 6 (7/18/83), series 63 (7/18/83)
- As of 3/15/09 – Series 7,6,22 have been voluntarily lapsed due to conflicts between the Broker/dealer Registered Rep status and operating as an independent RIA.

Business Experience:

- Hinsdale Associates, Inc., Hinsdale, IL – President/CEO, 1/2004 to present
- Hinsdale Associates Financial Services Corp., Hinsdale, IL – Investment Advisory and Financial Planning – President and Secretary, 1/1988 to 12/2003
- Madison Avenue Securities, San Diego, CA – Broker Dealer – Registered Representative, 4/2006 to 8/15/2007
- Waterstone Financial Group, Itasca, IL – Broker Dealer – Registered Representative, 5/1993 to 4/2006

- Various Insurance Companies – Insurance Brokerage, Broker, 8/1982 to present
- Mony Securities Corp., New York, NY – Broker Dealer, Registered Representative, 7/1985 to 5/1993
- Member ICFP Registry, 2/1998
- Member Financial Planning Association (FPA), 4/1983 (Successor to IAFP)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Michael A. Urbik is supervised by Michael A. Urbik, President and CEO. He reviews Michael A. Urbik's work through frequent office interactions as well as remote interactions. He also reviews Michael A. Urbik's activities through our client relationship management system.

SUPERVISOR'S contact information:

630-325-7100 MURBIK@HINSDALEASSOCIATES.COM

William K. Lynch, MBA

Educational Background:

- Date of birth: 7/03/1953
- University of Illinois, Champaign, IL, graduated 1975 with a Bachelor's of Science in Finance.
- University of Wisconsin, Madison, WI, graduated 1982, School for Bank Administration, Comptrollership Major.
- DePaul University, Chicago, IL., graduated 1987 with a Masters of Business Administrations, Concentration in Finance.

Business Experience:

- Hinsdale Associates, Inc., Hinsdale, IL – Vice President and Director of Investments, 5/2013 to present.
- JPMorgan Chase, Chicago, IL – Portfolio Manager, 1992 to 2010. Vice President, Senior Portfolio Manager, Private Wealth Management Group
- Bank One Investment Advisors, Chicago, IL (acquired by JP Morgan in 2/2004) – Senior Portfolio Manager 1992.
- First Illinois Ban, LaGrange, IL – Senior Portfolio Manager 1986 – 1992
- LaGrange Bank & Trust, LaGrange, IL – Portfolio Manager 1976 - 1986

Licenses:

- FINRA Series 6, 63 & 65

Disciplinary Information: NONE

Other Business Activities: NONE

Additional Compensation: NONE

Supervision:

William K. Lynch is supervised by Michael A. Urbik, President and CEO. He reviews William K. Lynch's work through frequent office interactions as well as remote interactions. He also reviews William K. Lynch's activities through our client relationship management system.

SUPERVISOR'S contact information:

630-325-7100 MURBIK@HINSDALEASSOCIATES.COM

Andrew N. Fitzpatrick, CFA

Educational Background:

- Date of birth: 5/11/1971
- Villanova University, Philadelphia, PA, graduated 1993, w/B.S. Business Administration and Minor in English.
- DePaul University, Chicago, IL, graduated 2000 w/M.B.A. in Finance Association Investment Management and Research, awarded CFA designation 2009
- NASD series 65 (9/00)(Registered Principal)

Business Experience:

- Hinsdale Associates, Inc., Hinsdale, IL – Board of Directors, 6/2013 to present (currently senior Partner Fitzpatrick Group, Kenosha, WI)
- Hinsdale Associates, Inc., Hinsdale, IL – Vice President and Chief Investment Officer, 12/2009 to 6/01/2013
- JPMorgan Chase, Chicago, IL – Portfolio Manager, 5/2000 to 6/2009
- Bank One Investment Advisors, Chicago, IL – Assistant Portfolio Manager, 3/1998 to 4/2000
- First Chicago Bank, Chicago, IL – Securities Specialists, 5/1995 to 3/1998
- First Midwest Bank, Lake Forest, IL – Teller, 1/1994 to 4/1995
- Member CFA Institute, Chicago, IL – member 2007

Disciplinary Information: NONE

Other Business Activities: NONE

Additional Compensation: NONE

Supervision:

Andrew N. Fitzpatrick is supervised by Michael A. Urbik, President and CEO. Andrew N. Fitzpatrick serves on the Board of Directors and has significant input on company and investment policy. The Fitzpatrick Group is associated with Wells Fargo Wealth Managers, a full service broker dealer and serves Hinsdale Associates, Inc., in a non compensated capacity. There is no business or financial relationship with Wells Fargo Wealth Managers.

SUPERVISOR'S contact information:

630-325-7100 MURBIK@HINSDALEASSOCIATES.COM

Harold C. Eberling, Jr.

Educational Background:

- Date of birth: 10/16/1951
- Devry Technical Institute, Chicago, IL. graduated 5/1971.
- US Navy, Aircraft electronic technician, 1971 to 1974.
- Personal Financial Analyst, Chicago, IL. 3/98.
- NASD Series 6 (8/86), Series 26 (7/93), Series 63 (8/86), Series 65
- As of 3/15/09 – Series 6, and 26 have been voluntarily lapsed due to conflicts between the Broker/dealer Register Rep status and operating as an independent RIA.

Business Experience:

- Hinsdale Associates, Inc., Hinsdale, IL. – Senior Associate, 8/2005 to present.
- Madison Avenue Securities, Inc., San Diego, CA – Broker Dealer – Registered Representative – 4/2006 to 8/15/2007
- PFS Securities, Inc., subsidiary of Citicorp, Hinsdale, IL. - Regional Vice President, 6/93 to 7/05.
- Ameritech, Chicago, IL., - Manager Computer Systems, 1988 to 1993
- Illinois Bell, Chicago, IL., - Technician, 1969-1988

Disciplinary Information: NONE

Other Business Activities: NONE

Additional Compensation: NONE

Supervision:

Harold C. Eberling, Jr. is supervised by Michael A. Urbik, President and CEO. He reviews Harold C. Eberling's work through frequent office interactions as well as remote interactions. He also reviews Harold C. Eberling's activities through our client relationship management system.

SUPERVISOR'S contact information:

630-325-7100 MURBIK@HINSDALEASSOCIATES.COM