



Part 2A of Form ADV Disclosure Brochure

June 23, 2015

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This disclosure brochure provides information about the qualifications and business practices of Quantitative Advantage, LLC ("QA"). If you have any questions about the content of this brochure, please contact QA at 800-397-4002 or compliance@QAglobal.net. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about QA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This summary of material changes identifies, and briefly discusses, only the material changes to QA's Form ADV disclosure brochure since its last annual update on March 30, 2015. To see all changes since the last annual update, please review the entire disclosure brochure.

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

We have revised the disclosures relating to QA's Tactical All Market strategy.

Item 12 - Brokerage Practices

We have added disclosures regarding QA's participation in the institutional advisor program offered by TD Ameritrade Inc. ("TD Ameritrade").

Item 14 - Client Referrals and Other Compensation

We have updated disclosures regarding conflicts of interest in connection with gifts, business entertainment and business events.

In addition to disclosures regarding the TD Ameritrade institutional advisor program, we have added disclosures regarding QA's participation in the TD Ameritrade Advisor Direct client referral program.

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Item 4 - Advisory Business

Clients are advised that they should review this entire disclosure brochure carefully. In addition, clients accessing QA's services through QAIS should also review QAIS's entire disclosure brochure carefully.

Quantitative Advantage, LLC ("QA") is an investment advisor registered with the Securities and Exchange Commission¹. Founded in 2000 by John W. Wing and Thomas G. Fox, QA is a limited liability company organized in the state of Minnesota. John W. Wing is a principal owner of QA.

QA provides three principal types of investment advisory and investment management services:

- Discretionary investment management services in connection with managed accounts;
- Non-discretionary model portfolios to model strategist platforms and/or an overlay manager appointed by the sponsor, who use the model portfolios to manage their client accounts; and
- Non-discretionary model portfolios and related investment recommendations regarding securities available under certain employer-sponsored retirement plans.

QA's investment advisory and investment management services are based primarily on its proprietary Global Investment System, a quantitative research resource which analyzes relative price trends in various securities, including investment styles, sectors, international equities, and alternative and fixed income investments. QA's portfolio management team evaluates research generated by the Global Investment System in light of other available political, financial, economic and market information when making investment decisions. QA also weighs other considerations when making investment decisions, including without limitation diversification, turnover and transaction costs.

QA uses exchange-traded funds ("ETFs") and mutual funds extensively in its investment strategies. You will find additional information about QA's investment strategies and their underlying investments in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss).

As of December 31, 2014, QA managed or advised approximately \$1.688 billion in client assets. Of these assets, QA exercised investment discretion over approximately \$462 million, and provided non-discretionary advisory services to approximately \$1.226 billion in client assets. These client assets managed or advised by QA include the client assets advised by QAIS and reflected in QAIS's Form ADV Part 2A brochure.

Discretionary Investment Management

QA makes its discretionary investment management services available through QA Client Services, an investment advisory division of QA, and QA Investment Services, LLC ("QAIS"), a wholly-owned subsidiary and affiliated investment advisor, third-party investment advisors and broker-dealers ("Advisors") and, in limited instances, to variable annuity contract clients.

QA Client Services and QAIS

QA and QAIS' investment advisor representatives ("IARs") will determine whether QA's services are suitable for a directly managed account client and, if so, assist the client in selecting a suitable QA investment strategy. In order to make suitable recommendations, the IAR will typically require the client to complete an investor questionnaire, profile or similar document and will also inquire whether the client wishes to impose any reasonable restrictions on the management of the account. The client will generally be requested at least annually to provide any updated information regarding the

¹ Registration of an investment advisor does not imply any specific level of skill or training.

client's financial and investment needs, goals and objectives. Clients are advised that it is their responsibility to promptly notify QA or QAIS regarding any change in the client's financial and investment needs, goals and objectives. Investment strategy changes must be provided to QA or QAIS in writing.

QA's role is to manage the client's account in accordance with the investment strategy selected by the client, subject to any reasonable restrictions the client may impose on the management of the account. Clients are advised that QA cannot apply restrictions to securities held within ETFs or mutual funds. If QA cannot accommodate a client's restrictions, or in its sole discretion determines the restrictions are unreasonable, QA or QAIS will notify the client. Unless the client's restrictions can be modified, QA may not accept its appointment as investment manager. Client-imposed restrictions may have an impact, perhaps materially so, on account performance.

QA will generally execute and date Client Agreements, and commence trading, as soon as practicable following receipt of all required documentation and information, unless the client instructs QA or QAIS otherwise in writing.

Upon request, QA will vote proxies of client securities in accounts over which QA has investment discretion.

The client also appoints a custodial broker-dealer to maintain custody of assets in the client's account and to execute securities transactions for the client's account (the "Broker-Dealer/Custodian"). In so doing, the client selects one of the broker-dealers available to QA Client Services and QAIS clients. QA effects all securities transactions for the client's account with or through the client-appointed Broker-Dealer/Custodian.

Third-Party Investment Management Programs

QA manages third-party investment management program accounts in a manner similar to directly managed accounts. In these cases, however, the third party advisor (and not QA or QAIS) is responsible for determining suitability and provides investment advice to the client. QA will receive a separate investment management fee, or a portion of the program fee, for providing these investment management services. The Advisors sponsoring the programs generally determine the documents, terms and conditions of the programs, which therefore vary. Clients may obtain information regarding these programs from the Advisors sponsoring the programs.

Sub-Advisory Arrangements

QA provides discretionary investment advisory services when it is appointed as a sub-advisor by third-party Advisors. In these instances, QA generally enters into a Sub-Advisory Agreement with the Advisor, but does not typically enter into an agreement with the Advisor's clients.

Variable Annuity Policies

QA also provides its discretionary investment management services with respect to the sub-accounts available in variable annuity contracts clients own. In so doing, QA allocates client assets among the various fund sub-accounts available for investment under the contracts.

QA is not accepting any new variable annuity contract clients.

Non-Discretionary Investment Services

QA also makes its investment services available on a non-discretionary basis through model strategist programs and to participants in certain employer-sponsored retirement plans.

Model Strategist Programs

In these cases, QA provides impersonal model portfolios and/or model portfolio trade recommendations to the program sponsor or the overlay manager appointed by the sponsor. The sponsor or overlay manager then uses the model portfolios to manage their client accounts, including effecting all securities transactions in the accounts. QA anticipates that the sponsor or overlay manager will generally follow the model portfolios QA provides. However, the sponsor or overlay manager has full investment discretion to invest their client accounts in accordance with the model portfolios, and may deviate from the model portfolios and select other investments. QA will not have any discretionary authority over the assets held in these client accounts or any responsibility with respect to investment decisions made by the sponsor or overlay manager. Furthermore, QA does not have any information concerning the investment objectives or financial circumstances of the account holders and will not be responsible for determining the suitability of any investment strategy or investment decisions for any account holder. QA will also not be responsible for any individual investment advice provided to the account holders.

The sponsors of the model strategist programs determine the documents, terms and conditions of the programs, which therefore vary. Account holders may obtain information regarding these programs directly from the sponsors.

Employer-Sponsored Retirement Plans

Through its Retirement Allocation Program (RAP), QA makes available a range of equity and balanced model portfolios to retirement plan participants in certain employer-sponsored retirement plans. RAP participants can select (with the assistance of their QAIS advisor) a model portfolio depending on their investment objectives and risk tolerance. Following the client's model portfolio selection, RAP participants receive QA's mutual fund recommendations (which are based on updates to the model portfolio) as part of the monthly subscription service regarding selected mutual funds available as investment alternatives under the retirement plans. RAP participants generally receive notification of QA's mutual fund recommendations at the beginning of each month (following updates to the model portfolio at the end of the previous month), depending on their selected model portfolio. RAP participants are then responsible for implementing the mutual fund recommendations. RAP participants (and not QA or QAIS) exercise full investment discretion.

QA provides confidential advance notification of its recommendations to the sponsors of mutual funds available as investment alternatives under the plans to facilitate management of the resulting cash flows into and out of the funds, on condition that the sponsors of the mutual funds keep this information confidential and use it only for this limited purpose.

QA also provides monthly model portfolios free of charge to QA and QAIS employees regarding the securities available under the QA-sponsored 401(k) plan.

Miscellaneous

QA at all times seeks to act in a timely manner in response to client instructions, directions and requests. However, the various steps QA needs to take to implement any instruction, direction or request require time, which results in a delay before the required action is complete. The length of the lead time varies, depending on the nature of the instruction, direction or request, the volume of other activity QA is required to undertake in the same time frame, and all the circumstances of the particular instance. QA is not responsible for movements in the securities markets or any other development affecting clients or their accounts pending completion of any required actions.

Clients with specific instructions, directions or requests concerning their accounts should contact QA, QAIS or their Advisor.

Item 5 - Fees and Compensation

General

QA's fee for its investment advisory and management services is generally based on a percentage of the market value of the assets held in the client's account (the "Management Fee"). In general, the Management Fee is not negotiable, although in limited circumstances QA provide its services for a lower fee. The Management Fee is typically payable quarterly, in advance, based upon the market value of the assets in the client's account on the last day of the previous quarter.

The Management Fee for the initial quarter is generally calculated on a pro rata basis commencing on the day QA first places one or more trades for the account. The Management Fee for other partial billing periods is prorated based on the number of days in the calendar quarter the account is open. The client typically receives a pro rata refund of the Management Fee if QA's services are terminated during a quarter.

In addition to the Management Fee, the Broker-Dealer/Custodian will generally charge the client brokerage fees or commissions for its services (the "Brokerage Fee"). In many cases, the client may choose to pay either an annual asset-based fee equal to a percentage of the market value of the assets in the client's account which covers all transactions the Broker-Dealer/Custodian effects for the account or per-transaction commissions.

Which of these alternatives will be more advantageous to a client will depend on various factors, including the size of the client's account, the volume of transactions made in the account, the types of securities traded in the account and the asset-based brokerage fees or commission rates and other amounts charged by the Broker-Dealer/Custodian. The per-transaction commission option may be advantageous to clients with large accounts, accounts holding no-transaction fee mutual funds and/or clients selecting investment strategies with lower turnover. If applicable, clients are responsible for choosing which brokerage fee alternative (asset-based fee or traditional commissions) their Broker-Dealer/Custodian will charge them. No portion of the brokerage fee or commissions is paid to QA or QAIS.

In the case of QA Client Services and QAIS clients, the client's IAR is available to consult with the client at any time regarding their choice of Broker-Dealer/Custodian and/or brokerage payment option. Upon request, QA Client Services or QAIS will provide clients with advice to help them make this choice at the time clients open their accounts. If a client requests QA Client Services or QAIS to do so, QAIS will also advise the client at any time the client wishes to reconsider his or her choice. However QA Client Services or QAIS will not monitor a client's account to determine whether the client's choice remains most favorable to him or her.

In general, Brokerage Fees and transaction costs will not be imposed in accounts where the investment strategy is implemented solely with no-transaction fee mutual funds or in a variable annuity fund sub-account. The various Broker-Dealer/Custodians determine their own charges, so Brokerage Fees will vary depending on the Broker-Dealer/Custodian the client chooses.

You will find additional information regarding brokerage in Item 12 (Brokerage Practices).

Typically, clients authorize QA, QAIS or their Advisor to invoice the Broker-Dealer/Custodian for the Management Fee, and the Broker-Dealer/Custodian to deduct these fees directly from the client's account. The Broker-Dealer/Custodian then distributes the Management Fee to QA and/or QAIS. The client will typically receive one or more statements, at least quarterly, indicating all amounts disbursed from the client's account, including the Management Fee and the Brokerage Fees. It is the client's responsibility to verify the accuracy of the calculation of the Management Fee and Brokerage Fees.

QA generally implements clients' investment strategies by investing the account assets in ETFs and mutual funds. In addition to the Management Fee and Brokerage Fee, clients will also have to pay any sales loads, redemption fees and the like, as well as bear their proportionate share of the management fees and other expenses incurred by the funds. These sales loads, fees and expenses are disclosed in the funds' prospectuses, which are required to be delivered to investors at the time of purchase.

In the case of clients accessing QA's services through a third-party investment advisor, the Advisor will also charge a fee ("Advisory Fee"). The client's Advisor determines the Advisory Fee and when it is payable.

QA Client Services and QAIS

The following tables provide the typical fee schedule for directly managed account clients provided through QA Client Services and QAIS.

Equity, Balanced, Flex and Alternative Investment Strategies:

<u>Market Value of Assets in Account:</u>	<u>Annual Management Fee:</u>
First \$250,000	1.50%
Next \$250,000	1.25%
Over \$500,000	1.00%

Fixed Income Investment Strategy:

<u>Market Value of Assets in Account:</u>	<u>Annual Management Fee:</u>
First \$250,000	1.00%
Next \$250,000	0.85%
Over \$500,000	0.70%

The Annual Management Fee covers both investment management and investment advisory services, regardless of whether the investment advisory services are provided through QA Client Services or QAIS.

QA and QAIS may in their sole discretion household accounts for billing purposes.

QA and QAIS also provide their services to some long-standing clients of QA's principals, as well as friends, family and others with special relationships with QA. In many cases, these clients have a reduced fee schedule, with fees typically ranging from 0.50% to 1.50%.

Additionally, QA and QAIS provide investment advisory and/or management services to their employees and their immediate family members free of charge.

Third-Party Investment Management Programs and Sub-Advisory Arrangements

The following table provides the typical fee schedule for QA's investment strategies provided through third-party investment management programs and sub-advisory arrangements.

<u>Investment Strategies:</u>	<u>Annual Management Fee:</u>
Equity, Balanced, Flex and Alternative Investment Strategies	0.50%
Fixed Income Investment Strategy	0.35%

Variable Annuity Policies

Some variable annuity contracts may require a portion of the client's assets to be held in a fixed account, the amount of which varies depending on various factors, including market conditions. If assets are moved into the fixed account, this decreases the amount of assets available for management by QA, which may adversely affect the performance of the client's account. In general, QA does not charge fees on assets held in the fixed account because QA is not actively managing these assets. However, if assets are moved to the fixed account during a quarter, the client will pay fees on these assets, as QA charges its fees in advance based on assets under management at the beginning of each quarter.

Variable annuity contract clients will typically not incur any Brokerage Fees or commissions, but will have to pay any sales loads, redemption fees and the like, as well as bear their proportionate share of the management fees and other expenses incurred by the fund sub-accounts in which they invest. These loads, fees and expenses are disclosed in the funds' prospectuses, which are required to be delivered to investors at the time of purchase.

Model Strategist Programs

Since QA is not responsible for the trading, reporting and administrative services provided in these programs, QA typically charges a lower fee for its services. The program sponsor or overlay manager will typically deduct QA's fee from the program accounts and pay QA directly. In addition to QA's fee, the program sponsor or overlay manager will also charge a fee. Account holders can obtain more information regarding program fees directly from the sponsors.

Employer-Sponsored Retirement Plans

Through the Retirement Allocation Program, QA and QAIS receive a fixed quarterly fee of \$350, paid in advance, for an annual total fee of \$1,400 (the "Program Fee"). The Program Fee is shared equally between QA and QAIS. For the initial quarter, the Program Fee is calculated on a monthly pro rata basis commencing at the beginning of the month the client receives QA's initial investment recommendations.

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

QA does not enter into performance-based fee arrangements.

Item 7 - Types of Clients

QA generally provides investment advisory services to individuals, trusts, pension and profit sharing plans and other retirement accounts, charitable organizations and corporations or other business entities, as well as to participants in retirement plans.

The minimum value of assets required to open a QA-managed account depends on how the client accesses QA's services, the type of account and the investment strategy the client chooses.

For directly managed account clients, the investment minimum for QA's investment strategies is generally \$100,000, although the investment minimum in certain investment strategies is \$50,000.

In the case of sub-advisory arrangements, third-party investment management programs (including model strategist platforms) and variable annuity contracts, the Advisor, sponsor or insurance company may determine the minimum account balance.

In its sole discretion, QA may allow accounts of any type with smaller balances, either systematically or in specific cases.

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

In making its investment decisions, QA's portfolio management team reviews information generated by QA's proprietary Global Investment System, a quantitative research resource which analyzes relative price trends in various securities, including investment styles, sectors, international equities and alternative and fixed income investments. QA's Global Investment System analyzes a large amount of price information which QA obtains from third parties. QA does not guarantee the accuracy of this information or that it will be correctly captured or analyzed by the system. Any errors in the information, its capture or the analytical process may result in different system output, which may influence or cause QA to make different investment decisions. QA will not be liable for investment decisions resulting from inaccurate price information or errors in capturing or analyzing information.

The QA portfolio management team evaluates research generated by the Global Investment System in light of other available political, financial, economic and market information when making investment decisions. The portfolio management team also weighs other considerations when making investment decisions, including diversification, turnover and transaction costs.

In addition to the portfolio management team, QA has an Investment Committee which plays an important role, focusing on higher level portfolio management matters, such as review, discussion and approval of new investment strategies, enhancements to existing strategies and determining the overall strategic priorities of the portfolio management team. Along with the portfolio management team, the Investment Committee includes QA's Chief Executive Officer and Chief Operating Officer, Chief Compliance Officer and General Counsel, with other employees participating by invitation as needed.

QA's investment strategies, like most investment strategies, involve the risk of loss of principal that clients should be prepared to bear. In all cases, investment returns and principal value will fluctuate and are subject to market volatility, so that a client's investment, when sold, may be worth more or less than the original cost. Various types of investments involve different kinds of risk, and there is no assurance that any investment strategy will be profitable. There is no guarantee that QA's investment philosophy, Global Investment System and investment strategies will be successful or that the opinions expressed by QA will prove to be true. All holdings within QA's investment strategies are subject to change at any time without notice. Asset allocation does not ensure a profit or protect against a loss.

Past performance of QA's investment strategies is not a guarantee of future performance results. You should not assume that future performance results will be profitable or equal to QA's past performance. Some of QA's investment strategies have a limited performance history. The use of QA's investment strategies may be appropriate for certain investors as part of their overall investment strategy. However, the use of investment strategies is not a substitute for personalized investment advice and investors should consult with their advisors before implementing any investment strategy. No strategy assures a profit or protects against a loss.

QA's investment strategies are often implemented using ETFs, which are subject to risks similar to those of other publicly-traded shares, including loss of principal, price volatility, competitive industry pressures, possible trading halts and global, political and economic developments. These risks may be magnified in funds with concentrated holdings. In other cases, QA's investment strategies invest in mutual funds, which share many of these risks. While mutual funds are not traded on an exchange, and are therefore not subject to possible trading halts, investments in mutual funds do involve risks including loss of principal, price volatility, competitive industry pressures, delays in payments of redemption proceeds for up to seven days and global, political and economic developments.

In addition, many ETFs and mutual funds in which QA's investment strategies may invest are exposed to various other risks often associated with index funds, including the use of derivatives, potential for high turnover, securities lending, index tracking error and other risks. While index funds are designed to provide investment results that generally correspond to their underlying indices, index funds may not be able to exactly replicate the performance of the indices because of fund-related expenses and other factors. Index ETFs may also trade at a premium or discount to their net asset values, which may give rise to additional differences relative to their underlying indices.

QA's investment strategies focus on total return. In line with this, QA does not generally take tax considerations into account in making investment decisions. In addition, QA's investment strategies (especially the QA Flex strategies) involve a high level of portfolio turnover, which may increase transaction costs, lower returns and have negative tax consequences in taxable accounts.

The sections below covering QA's Equity, Balanced, Fixed Income, Flex and Alternative investment strategies relate to QA's managed account strategies (other than variable annuity strategies), which in some cases are also made available as model portfolios on model strategist platforms.

Equity Investment Strategies:

QA Global Equity
QA International Equity
QA US Equity
QA US Sector
QA Sector Opportunity
QA Global Style

Balanced Investment Strategies:

QA Global Balanced 80/20 (80% Equity, 20% Fixed Income)
QA Global Balanced 60/40 (60% Equity, 40% Fixed Income)
QA Global Balanced 40/60 (40% Equity, 60% Fixed Income)
QA Global Balanced 20/80 (20% Equity, 80% Fixed Income)

Fixed Income Strategy:

QA Tactical Bond

QA's Global Equity and Global Balanced strategies seek long-term growth of capital by investing in a portfolio of global equity holdings. Portfolio holdings typically include a focused portfolio of investments providing global exposure through investments in US style, US sector and international ETFs. QA's Global Balanced strategies also seek to reduce the higher volatility associated with equity investments by strategically allocating a percentage of the portfolio to fixed income. Up to 50% of the portfolios may be invested in ETFs targeting an allocation to international markets.

QA's Global Equity and Global Balanced strategies tactically adjust the allocation of domestic and international exposures within each strategy's respective equity holdings. The neutral allocation for each strategy's equity holdings is 60% domestic and 40% international (as represented by the benchmark for each strategy's equity component). Through the use of momentum-based research and analysis, QA's portfolio management group determines whether to overweight either the domestic or international equity allocation, relative to the neutral benchmark weights, and underweight the remaining region. It is expected that in most market environments the allocation between each strategy's domestic and international equity exposures will reflect a tactical positioning differing from the neutral benchmark weights.

The QA International Equity strategy seeks long-term growth of capital by investing in a concentrated equity portfolio of international securities. The strategy typically holds three ETFs, all international positions.

The QA US Equity strategy seeks long-term growth of capital by investing in a concentrated equity portfolio of US style and sector securities. The strategy typically holds six ETFs, including one US style and five US sector positions.

The QA US Sector strategy seeks long-term growth of capital by investing in a focused selection of US sector securities. The strategy typically holds five sector ETFs.

The QA Sector Opportunity strategy seeks long-term growth of capital by investing in a focused selection of US sector securities. The strategy typically holds five sector mutual funds.

The QA Global Style strategy seeks long-term growth of capital by investing in a focused equity portfolio of US style and broad-based US or international index securities. The strategy typically holds two ETFs consisting of one US style investment and one US or international index position.

The QA Tactical Bond strategy seeks to maximize total return consistent with outperforming the Barclays Capital U.S. Aggregate Bond Index. The strategy typically includes a focused portfolio of ETFs which may include, but are not limited to, domestic and/or international government and corporate fixed income securities.

QA's Global Equity, International Equity, US Equity, Global Style and Global Balanced strategies may make small-cap investments, which are subject to greater volatility than those in other asset categories. The illiquidity of the small-cap market may adversely affect the value of these investments.

QA's Global Equity, US Equity, US Sector, Sector Opportunity and Global Balanced strategies may invest in sector funds, which may be adversely affected by the performance of the specific sector or group of industries on which they are based.

QA's Global Equity, International Equity, Global Style, Global Balanced and Tactical Bond strategies may make international investments, which are subject to additional risks, such as heightened sovereign credit, downgrade and default risk, currency fluctuation, confiscatory policy, political instability or potential illiquidity, including investing in emerging markets, which may accentuate these risks. While even the sovereign debt of the US is subject to credit, downgrade and default risk, these risks are typically greater in the case of countries outside the US, especially in the case of governments with heavy sovereign debt burdens, as well as in emerging nations. In light of these risks, these investments may not be suitable for all investors.

QA's Global Balanced and Tactical Bond strategies may invest in fixed income investments, which are subject to various risks, including variations in market value, changes in interest rates, illiquidity, credit, downgrade and default risk, prepayments and extensions, corporate events, tax ramifications and other risks.

In all cases, bonds are subject to availability, change in price, and market and interest rate risk if sold prior to maturity. Bond values generally decline as interest rates rise.

US government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

US Treasury inflation-protected securities (TIPS) help mitigate inflation risk, as the principal is adjusted semi-annually for inflation based on the Consumer Price Index, while providing a real rate of return guaranteed by the US government. However, even the sovereign debt of the US is subject to credit, downgrade and default risk, with major credit rating agencies lowering the long-term sovereign credit rating of the US in 2011.

In addition to general bond risks, agency mortgage-backed securities are subject to credit, downgrade and default risk, prepayment risk and extension risk.

As a general matter, corporate bonds are considered higher risk investments than US government bonds, but normally offer a higher yield. In addition to market and interest rate risk, corporate bonds are subject to credit, downgrade and default risk, as well as risks based on the quality of the issuer, corporate events, coupon rate, and maturity and redemption features. International corporate bonds are also subject to the additional risks associated with international investments described above. High yield or “junk” bonds are not investment grade securities, involve heightened risks and generally should only be used on the advice of your IAR or Advisor as part of a diversified portfolio.

Flex Investment Strategies:

QA Global Equity Flex

QA Global Balanced Flex – Growth

QA Global Balanced Flex – Moderate

QA Global Balanced Flex - Conservative

QA Global Style Flex

QA’s Global Equity Flex and Global Balanced Flex strategies seek long-term growth of capital by investing in a portfolio of global equity holdings. Portfolio holdings typically include a focused portfolio of investments providing global exposure through investments in US style, US sector and international ETFs. QA’s Global Balanced Flex strategies also seek to reduce the higher volatility associated with equity investments by strategically allocating a percentage of the portfolio to fixed income. Up to 50% of the portfolios may be invested in ETFs targeting an allocation to international markets.

QA’s Global Equity Flex and Global Balanced Flex strategies tactically adjust the allocation of domestic and international exposures within each strategy’s respective equity holdings. The neutral allocation for each strategy’s equity holdings is 60% domestic and 40% international (as represented by the benchmark for each strategy’s equity component). Through the use of momentum-based research and analysis, QA’s portfolio management group determines whether to overweight either the domestic or international equity allocation, relative to the neutral benchmark weights, and underweight the remaining region. It is expected that in most market environments the allocation between each strategy’s domestic and international equity exposures will reflect a tactical positioning differing from the neutral benchmark weights.

The QA Global Style Flex strategy seeks long-term growth of capital by investing in a focused equity portfolio of US style and broad-based US or international index securities. The strategy typically holds two ETFs consisting of one US style investment and one US or international index position.

In addition, the Flex analysis seeks to provide a measure of downside protection in each of QA’s Flex strategies by tactically managing the overall range of equity exposure.

The overall equity exposure in Flex strategies is based on individual position-by-position analysis. The equity exposure will fall within a range, depending on individual position decisions. The range of equity exposure (and corresponding range of exposure to fixed income, cash and cash equivalents) in the Flex strategies is:

<u>QA Flex Strategies:</u>	<u>Equity Exposure Range:</u>
QA Global Equity Flex	50% to 100%
QA Global Balanced Flex – Growth	40% to 80%
QA Global Balanced Flex – Moderate	30% to 60%
QA Global Balanced Flex – Conservative	20% to 40%
QA Global Style Flex	50% to 100%

The risks described above in this Item 8 in connection with the QA Global Equity strategy also apply to the QA Global Equity Flex strategy. The risks described above in this Item 8 in connection with QA's Global Balanced strategies also apply to QA's Global Balanced Flex strategies. The risks described above in this Item 8 in connection with the QA Global Style strategy also apply to the QA Global Style Flex strategy. Since the proceeds of Flex actions may be invested in short term fixed income securities, the risks described above in this Item 8 relating to investments in fixed income securities also apply to all QA's Flex strategies.

Given the focused nature of the QA Global Style Flex strategy (it typically holds two equity positions at any time consisting of one US style investment and one US or international index position), the occurrence, timing and magnitude of any reductions in equity allocation may differ from a strategy with a larger number of holdings.

While QA will generally execute Flex actions on its regular monthly trade days, QA retains full discretion to affect trades in Flex accounts at any time. As with all Flex strategies, the maximum reduction in equity exposure is 50% of normal levels. The proceeds from any Flex-related reductions in equity holdings are typically invested in short-term fixed income ETFs and/or cash or cash equivalents.

In QA's view, it is not possible to fully "time" the market, either generally or with respect to any individual position, always entering at the "low" or selling at the "top". QA Flex analysis is therefore not intended to prevent all losses in client accounts, and will not do so. It also does not aim to reduce the risk of losses in normal equity market corrections.

While Flex analysis is designed to reduce the magnitude of losses in equity market declines, there can be no guarantee that it will successfully do so. If QA does not correctly identify price trends in the equity markets, client investment portfolios may not receive the measure of protection Flex analysis is designed to provide, and may also forego potential gains in rising equity markets. In addition, each of the Flex strategies will at all times maintain some equity exposure (see Equity Exposure Range above), and will therefore at all times remain invested in, and exposed to the risks associated with, the equity markets.

QA's Global Investment System is designed to identify long-term price trends, while seeking to avoid short-term movements in prices that are not in line with long-term trends. As a result, some investment losses will typically occur in an equity market decline before QA selectively reduces the equity exposure in client accounts. In the same way, the system will by design generally not suggest re-entering the market or an individual position in response to the early stages of a recovery, so that there will typically be a period of time before client accounts benefit, or fully benefit, from rising equity prices.

Alternative Investment Strategies:

QA Tactical All Market
QA Stable Growth
QA Stable Growth Opportunity

QA Tactical All Market

QA's Tactical All Market strategy seeks long-term risk-adjusted growth of capital with reduced volatility relative to the global equity markets and a low correlation to the returns of traditional asset classes, by investing in a variety of traditional and alternative asset classes.

The risks described above in this Item 8 relating to investments in small-cap, sector, international and fixed income securities also apply to the Tactical All Market strategy.

In addition, the Tactical All Market strategy may also make investments in a variety of asset classes which are subject to potentially greater risks than other asset categories. Some ETFs in which the strategy invests may have limited liquidity. This strategy may also invest in commodity funds, which may be subject to volatility in the value of futures contracts and other instruments relating to underlying commodities, together with fluctuations in the prices of the underlying commodities themselves, as well as leverage, liquidity, counterparty and credit risks; currency funds, which are subject to similar risks as international investments, including fluctuations in exchange rates; real estate funds, which are subject to the risks of changing economic conditions, declines in the value of real estate, increasing vacancies or declining rents, and liquidity, counterparty and credit risks; precious metal investing is subject to substantial price fluctuation and potential loss.

This strategy may invest in inverse funds which seek to deliver the opposite of the performance of the indices they track, where the divergence may be significantly greater than traditional index funds. Similar to index funds, inverse funds may not be able to exactly replicate the performance of the indices because of ETF-related expenses and other factors. In addition, inverse funds seek to track the inverse of their indices only on a daily basis, which means significant divergence can occur over time, especially when the effect of compounding is taken into account. Inverse funds pursue their investment objectives by investing in various financial instruments, including derivatives, which are subject to leverage, liquidity, counterparty and credit risks. Inverse funds may engage in short selling in order to emulate the inverse performance of a particular index.

Although many ETFs are registered under the Investment Company Act like traditional mutual funds, some ETFs, in particular those that invest in commodities and currencies, are not registered as investment companies under the Investment Company Act. The Tactical All Market strategy typically includes investments of this type. These types of ETFs may be formed as limited partnerships or grantor trusts and may have unique tax consequences. The tax reports and information with respect to holdings of this type may include Form 1099s, Schedule K-1s, and/or other information, such as grantor trust tax reporting statements. Clients should consult with their tax advisors regarding these matters before investing in these types of ETFs.

QA Stable Growth

The QA Stable Growth strategy seeks long-term growth of capital by investing in a selection of US sector and alternative securities. The strategy typically holds fifteen funds, including five sector ETFs and ten alternative mutual funds.

The risks described above in this Item 8 relating to investments in sector securities also apply to the QA Stable Growth strategy.

Investments in alternative asset classes are subject to potentially greater risks than other asset categories, including limited liquidity. See the section on the Tactical All Market strategy above for a general description of some of the risks often associated with various types of alternative investments. The risks described above in this Item 8 relating to investments in small-cap, international and fixed income securities may also apply to the QA Stable Growth strategy. The QA Stable Growth strategy invests in mutual funds utilizing a wide variety of alternative strategies, and which make a wide range of

alternative and other investments, with each of these strategies and investments involving its own specific risks. These risks are described in the prospectuses for the alternative mutual funds in which the strategy invests, which are required to be delivered to investors at the time of purchase, and are also available from the sponsors of the alternative mutual funds.

QA Stable Growth Opportunity

The QA Stable Growth Opportunity strategy seeks long-term growth of capital by investing in a selection of US sector and alternative securities. The strategy typically holds fifteen mutual funds, including five sector mutual funds and ten alternative mutual funds.

The risks described above in this Item 8 relating to investments in sector securities also apply to the QA Stable Growth Opportunity strategy.

Investments in alternative asset classes are subject to potentially greater risks than other asset categories, including limited liquidity. See the section on the Tactical All Market strategy above for a general description of some of the risks often associated with various types of alternative investments. The risks described above in this Item 8 relating to investments in small-cap, international and fixed income securities may also apply to the QA Stable Growth Opportunity strategy. The QA Stable Growth Opportunity strategy invests in mutual funds utilizing a wide variety of alternative strategies, and which make a wide range of alternative and other investments, with each of these strategies and investments involving its own specific risks. These risks are described in the prospectuses for the alternative mutual funds in which the strategy invests, which are required to be delivered to investors at the time of purchase, and are also available from the sponsors of the alternative mutual funds.

Restricted Investment Strategies

QA manages the restricted versions of its Equity, Balanced, Fixed Income, Flex and Alternative managed account strategies using different securities to those used in the standard versions of the strategies, due to investment restrictions imposed by a non-affiliated third party which limit the strategies' investment choices. These investment restrictions may arise from the identity of the sponsor, the holdings or other factors, characteristics or considerations relating to the ETFs or mutual funds, and are determined by the non-affiliated third party in its sole discretion. Please note, the investment restrictions imposed by the third party and the ETFs and mutual funds used by the restricted and standard versions of QA's strategies are subject to change at any time without prior notice to the client.

These investment restrictions are not imposed on the standard versions of QA's Equity, Balanced, Fixed Income, Flex and Alternative managed account strategies. For this reason, the restricted and standard versions of the strategies will hold different securities. Therefore, their investment performance results, portfolio turnover and transaction costs will be different.

Variable Annuity Policies

In the case of variable annuity policies, QA allocates client assets among the various fund sub-accounts available for investment under the variable annuity contracts. These fund sub-accounts are in many respects similar to mutual funds, and the risks associated with mutual funds described elsewhere in this Item 8 also apply to fund sub-accounts.

The fund sub-accounts available for investment vary from one variable annuity contract to another, and the risks associated with these fund sub-accounts also differ from one another. As a general matter, the risks associated with different types of investments described elsewhere in this Item 8 also apply to similar investments QA may make in variable annuity accounts. Clients will find disclosure regarding the specific risks associated with the sub-accounts available for investment in their variable annuity contract in their prospectuses, which are required to be delivered to investors at the time of purchase and are also available from or through the insurance company issuing the variable annuity contract.

QA's ability to implement any selected investment strategy in a variable annuity account may depend on various factors beyond QA's control, including the sub-accounts available for investment in the variable annuity contract from time to time, variable account contract riders selected by the client or limitations, requirements or actions imposed or taken by the insurance company issuing the variable annuity contract. In these circumstances, QA seeks to exercise its investment discretion in a manner that approximates to the extent reasonably possible the asset allocation of the selected investment strategy, subject to the various factors described above.

Employer-Sponsored Retirement Plans

Through its Retirement Allocation Program (RAP), QA makes available a range of equity and balanced model portfolios to participants in certain employer-sponsored retirement plans. RAP participants can select (with the assistance of their QAIS advisor) a model portfolio depending on their investment objectives and risk tolerance. Following the client's model portfolio selection, RAP participants receive QA's mutual fund recommendations (which are based on updates to the model portfolio) as part of the monthly subscription service regarding selected mutual funds available as investment alternatives under the retirement plans. RAP participants generally receive notification of QA's mutual fund recommendations at the beginning of each month (following updates to the model portfolio at the end of the previous month), depending on their selected model portfolio. RAP participants are then responsible for implementing the mutual fund recommendations. RAP participants (and not QA or QAIS) exercise full investment discretion.

QA's model portfolios made available through RAP are generally implemented using mutual funds, which involve risks including loss of principal, price volatility, competitive industry pressures, delays in payments of redemption proceeds for up to seven days and global, political and economic developments. These risks may be magnified in mutual funds with concentrated holdings. In addition, QA's model portfolios may invest in index mutual funds, which are subject to various other risks often associated with index funds, including the use of derivatives, potential for high turnover, securities lending, index tracking error and other risks. While index funds are designed to provide investment results that generally correspond to their underlying indices, index funds may not be able to exactly replicate the performance of the indices because of fund-related expenses and other factors.

RAP Equity and Balanced Model Portfolios:

QA Ultra Growth

QA Growth

QA Balanced 80/20 (80% Equities, 20% Fixed Income)

QA Balanced 60/40 (60% Equities, 40% Fixed Income)

QA Balanced 40/60 (40% Equities, 60% Fixed Income)

The QA Ultra Growth model portfolio seeks aggressive long-term growth of capital by investing in a portfolio of domestic, international and/or specialty equity mutual funds. The model portfolio is highly focused, typically holding five mutual funds, and may exhibit high volatility. The QA Growth model portfolio seeks long-term growth of capital by investing in a portfolio of domestic, international and/or specialty equity mutual funds. The model portfolio is more diversified than QA Ultra Growth, typically holding ten mutual funds.

The QA Balanced model portfolios seek long-term growth of capital by investing in a portfolio of domestic, international and/or specialty equity mutual funds, while also seeking to reduce the higher volatility associated with equity investments by allocating a percentage of the portfolio to domestic, international and/or specialty fixed income mutual funds. The model portfolios typically hold ten equity mutual funds and up to four fixed income mutual funds.

RAP Flex Model Portfolios:

QA Ultra Growth Flex
QA Growth Flex
QA Balanced 80/20 Flex
QA Balanced 60/40 Flex
QA Balanced 40/60 Flex

In addition to the investment objectives of the Growth and Balanced model portfolios described above, the Flex versions of these model portfolios seek to provide a measure of downside protection by managing the overall range of equity exposure. The overall equity exposure in Flex model portfolios is based on individual position-by-position analysis. The equity exposure will fall within a range, depending on Flex decisions regarding individual positions. The range of equity exposure (and corresponding range of exposure to fixed income, cash and cash equivalents) in the Flex model portfolios is:

RAP Flex Model Portfolios:

Equity Exposure Range:

QA Ultra Growth Flex	50% to 100%
QA Growth Flex	50% to 100%
QA Balanced 80/20 Flex	40% to 80%
QA Balanced 60/40 Flex	30% to 60%
QA Balanced 40/60 Flex	20% to 40%

QA may make reductions in equity exposure in its model portfolios through either partial or complete sales of equity mutual fund holdings, and will typically invest the proceeds in cash or cash equivalents, such as a money market mutual fund. While QA will generally take Flex actions in its model portfolios in its regular monthly update, QA retains full discretion to take Flex actions at any time. As with all Flex model portfolios, the maximum reduction in equity exposure is 50% of normal levels.

Additional Risk Information

The description of risks identified above is limited and does not identify or fully describe all risks and information associated with the investments which QA's investment strategies may make. You will find disclosure regarding the specific risks associated with the ETFs and mutual funds in which QA invests in their prospectuses, which are required to be delivered to investors at the time of purchase, and are also available from the sponsors of the ETFs and mutual funds.

Global Investment Performance Standards

QA claims compliance with the Global Investment Performance Standards ("GIPS®"). To receive QA's complete list of composites, composite descriptions, and/or a presentation that complies with the GIPS® standards, contact QA by calling 800-397-4002, or write to 10400 Yellow Circle Drive, Suite 303, Minnetonka, MN 55343, or compliance@QAGlobal.net. For the purposes of determining firm assets and firm-wide compliance with the GIPS® standards, the firm is defined as all accounts managed on a discretionary or non-discretionary basis by QA, excluding insurance products.

Item 9 - Disciplinary Information

QA has no disciplinary information to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

QAIS

QAIS is a wholly-owned subsidiary of QA and one of the channels through which QA makes its investment management services available to clients.

As an affiliate of QA, QAIS has an incentive to recommend QA over other investment managers. Historically, QAIS has not recommended investment managers other than QA, and does not presently plan to do so. As such, QAIS recommends that its clients use QA's investment management services.

QA also provides advice to QAIS clients regarding the investment alternatives available under certain employer-sponsored retirement plans.

Generally, QA and QAIS share equally in all fees from these clients.

QA also provides various management, compliance, marketing and administrative services to QAIS, for which QAIS pays QA an administrative fee.

TD Ameritrade Institutional Advisor Panel

QA's Chief Executive Officer serves on the TD Ameritrade Institutional Advisor Panel (the "Panel"), and a Managing Director of QA and QAIS may participate in his place when QA's Chief Executive Officer is not available. The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Inc. ("TD Ameritrade") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TD Ameritrade senior management. An investment advisor may serve longer than three years if appointed to additional terms by TD Ameritrade senior management. At times, Panel members are provided confidential information about TD Ameritrade initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade does not compensate Panel members. However, TD Ameritrade pays or reimburses the Panel members for travel, lodging and meal expenses incurred while attending Panel meetings. The benefits received by the Panel or their personnel do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As described below in Item 12 and Item 14, QA has other relationships and arrangements with TD Ameritrade through which QA may receive client referrals and other benefits from TD Ameritrade. Clients should be aware that the receipt of economic and other benefits by QA or its related persons creates a potential conflict of interest and may indirectly influence QA's choice or recommendation of TD Ameritrade for custody and brokerage services. However, QA's receipt of these economic and other benefits and the resulting conflict of interest does not diminish QA's duty to act in the best interest of its clients.

Benefits from Sponsors of ETFs and Mutual Funds

QA may receive various benefits from sponsors of ETFs and mutual funds, which QA uses exclusively in its investment strategies. These benefits may include business consulting services, access to investment, regulatory and marketing expertise, trading advice and support, marketing opportunities and other benefits.

These benefits create a conflict of interest and may compromise QA's independence and objectivity in selecting the ETFs and mutual funds available for investment in QA's investment strategies.

QA seeks to manage this conflict of interest, and to select for inclusion in our investment universes those securities that QA believes will be in the clients' best interests, by using a disciplined, multi-factor due diligence process in evaluating and selecting the ETFs and mutual funds available for investment in QA's investment strategies.

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

As required by the Investment Advisers Act, QA and QAIS have adopted a Code of Ethics that describes the business conduct standards expected of their governors, officers and employees, including compliance with federal securities laws and the regulations related to those laws; fiduciary duties; confidentiality; the use of material non-public information; and personal securities investment activities. The Code of Ethics requires that QA and QAIS's governors, officers and employees report certain personal securities holdings and transactions in accordance with the Investment Advisers Act and rules.

QA may recommend securities to its clients that may be bought or sold at or about the same time they are purchased or sold in the personal securities accounts of QA and QA and QAIS's governors, officers and employees. Similarly, QA may buy or sell securities on behalf of client accounts which may be purchased or sold at or about the same time they are purchased or sold in the personal securities accounts of QA and QA and QAIS's governors, officers and employees. These conflicts of interest are addressed in the Code of Ethics. Among other requirements, QA, QAIS and their governors, officers and employees shall at all times place the interests of its clients first and avoid any actual or potential conflicts of interest while engaging in personal securities transactions.

Further, QA, QAIS and their governors, officers and employees are generally not permitted to execute personal securities transactions in exchange-traded products ("ETPs"), including ETFs, which are used extensively in QA's investment strategies; exchange-traded notes; or any ETP-related investments, such as options in ETPs. This prohibition extends to accounts managed on a discretionary basis by third-party investment managers, but does not apply to accounts managed by QA. Positions at the strategy level are established, trimmed or eliminated on a pro rata basis across all like-managed accounts.

Additional provisions related to personal securities investment activities are included in the Code of Ethics. Upon request, QA and QAIS will provide any client or prospective client with a copy of its Code of Ethics.

Item 12 - Brokerage Practices

Benefits from Broker-Dealer Custodians

QA does not receive research or other products or services from Broker-Dealer/Custodians or third parties other than trade order execution in connection with client securities transactions, commonly referred to as “soft dollar benefits”.

However, QA may receive various publications, communications, access to information or other benefits from Broker-Dealer/Custodians, which may create a conflict of interest, since these benefits could indirectly influence QA’s choice or recommendation of one Broker-Dealer/Custodian over another.

QA participates in the institutional advisor program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors and their clients services which include custody of securities, trade execution, clearance and settlement of transactions. QA receives economic and other benefits from TD Ameritrade through its participation in the program. In addition, QA may receive client referrals from TD Ameritrade through its participation in the TD Ameritrade AdvisorDirect program. Please see the additional disclosures under Item 14 below.

Brokerage Discretion

QA does not have discretion to determine which broker-dealer will be used or the commission rates paid for client accounts. Instead, clients appoint a Broker-Dealer/Custodian for their account(s) and all transactions are executed through the client-appointed Broker-Dealer/Custodian. These types of brokerage arrangements, commonly referred to as “directed brokerage”, may prevent QA from obtaining the most favorable execution of client transactions and may cost clients more money due to the potential of higher commissions, greater spreads or less favorable net prices. For example, in a directed brokerage account, the client may pay higher commissions because QA may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices than would be the case if QA selected the broker-dealers to execute transactions. You should note that not all investment managers require clients to direct brokerage.

To put a directed brokerage arrangement in place, the client appoints a Broker-Dealer/Custodian to maintain custody of assets in the client’s account and to execute securities transactions for the client’s account. In all cases where QA is responsible for trading, QA effects all securities transactions for the client’s account with or through the Broker-Dealer/Custodian.

Upon request, QA may recommend custodial broker-dealers to clients. In these cases, QA recommends broker-dealers which QA believes provide quality custodial and brokerage services with competitive transaction costs. As noted above and in Item 14, QA receives certain economic and other benefits from TD Ameritrade, which may influence QA to recommend TD Ameritrade as a Broker-Dealer/Custodian to clients. However, any such recommendation by QA is based on the brokerage pricing QA clients receive, the quality of TD Ameritrade’s custodial and brokerage services and QA’s overall experience with TD Ameritrade’s service to similar clients.

Bunched Trades

QA will frequently purchase or sell the same security at the same time for a number of clients using the same Broker-Dealer/Custodian. In these cases, trades in the same security for clients using the same Broker-Dealer/Custodian will be “bunched” in a single order in an effort to obtain the best execution available with or through the Broker-Dealer/Custodian, or to allocate equitably among QA’s clients differences in prices and commissions or other transaction costs that might have been obtained or incurred if client orders were individually placed. In bunched trades, all transactions (including any partial fills) will be averaged as to price (including transaction costs) and allocated among

QA's clients in proportion to the purchase and sale orders placed for each client on any given day. Where QA bunches trades, including in securities in which QA, QAIS and their governors, officers and employees may invest, QA will do so in accordance with the SEC Staff No-Action Letter, SMC Capital, Inc. QA will not receive any additional compensation in connection with bunched trades.

Trade Rotation Policy

To ensure fairness among its clients, QA rotates the order in which it places bunched trades with the principal Broker-Dealer/Custodians its clients use. However, bunched trades placed with Broker-Dealer/Custodians with lower levels of QA client assets do not participate in the rotation, because the limited trading volume associated with these trades means they are unlikely to have any market impact. To ensure that clients using these Broker-Dealer/Custodians are not systematically disadvantaged by the large bunched trades which may affect the market price, QA places the smaller bunched trades before the large bunched trades.

QA generally disseminates model portfolio updates to the program sponsors or overlay managers on the same day QA places trades for its managed account clients. QA will typically deliver model portfolio updates to those program sponsors or overlay managers that allow for a queuing of the trades and/or allocations on their Internet forms, or for those that allow for an e-mail transmission delivery, at approximately the same time as each other. For model strategist platforms that do not allow a queuing of the trades and/or allocations on their internet forms, or delivery via e-mail transmission, QA will typically submit these instructions after submission to the first group, and will do so in a manner that considers the timing of trading and/or deadlines imposed by the platform sponsors. The model strategist program sponsors or overlay managers generally place trades for their client accounts on either the same day or the next trading day.

Trade Error Policy

In all cases, it is QA's policy to address trade errors fairly and equitably, although the specific procedures available to correct trade errors may vary from one executing broker-dealer to another.

In general, if a trade error is discovered before the trade is settled, QA seeks to correct the error outside of the client account so that the client account is not affected by the trade error in any way. If QA is responsible for the error, QA will either pay for the loss, or the loss will be entered in an error account. If the trade error results in a gain, the gain will either be gifted to a charitable organization, or entered in an error account. Periodically, QA will pay any excess losses arising from its error accounts, and gift any excess gains to a charitable organization. QA's policy regarding trade errors discovered pre-settlement creates a conflict of interest because QA benefits to the extent gains offset losses for which QA would otherwise have to pay.

In the case of errors discovered after the trade has settled, QA seeks to correct the trade error in the client account. The client will retain any gain resulting from the error, unless the client advises QA that it does not wish to retain the gain. If QA is responsible for a trade error resulting in a loss, QA seeks to place the client as nearly as possible in the same financial position it would have been in the absence of the error.

In all cases, if the Broker-Dealer/Custodian is responsible for a trade error resulting in a loss, QA will request the Broker-Dealer/Custodian to make the client whole.

Item 13 - Review of Accounts

QA's portfolio management team generally reviews investment strategies as a group on a monthly basis with ongoing evaluations conducted throughout the month, as needed. QA's portfolio operations team generally reviews client accounts on a monthly basis with ongoing reviews conducted throughout the month, as needed.

Managed account clients will typically receive an account statement from their Broker-Dealer/Custodian, at least quarterly, indicating all amounts disbursed from the client's account, including all Management, Brokerage and Advisory Fees. In addition, account statements will typically include account holdings and transaction history, and may include other information provided by the Broker-Dealer/Custodian. Clients are encouraged to compare the account statements they receive from their Broker-Dealer/Custodian with those they receive from QA or QAIS.

QA's directly managed account clients will generally be requested at least annually to provide any updated information regarding the client's financial and investment needs, goals and objectives. Clients are advised that it is their responsibility to promptly notify QA regarding any change in the client's financial and investment needs, goals and objectives. Client reviews are conducted by QA or QAIS's investment advisor representatives.

QA's directly managed account clients receive a written Quarterly Report from QA or QAIS which contains their account holdings, as well as information regarding QA and QAIS's fees.

Item 14 - Client Referrals and Other Compensation

TD Ameritrade Programs

As disclosed under Item 12 above, QA participates in TD Ameritrade's institutional advisor program and QA may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between QA's participation in the program and the investment advice it gives to its clients, although QA receives economic and other benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits may include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving QA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to QA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by QA's related persons. QA and its clients also receive dedicated service and support from the Elite Service Team at TD Ameritrade.

Some of the products and services made available by TD Ameritrade through the program may benefit QA but may not benefit its client accounts. These products or services may assist QA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help QA manage and further develop its business enterprise. The benefits received by QA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

In addition, QA may receive client referrals from TD Ameritrade through its participation in the TD Ameritrade AdvisorDirect program. The participation in AdvisorDirect is likely to expand distribution of QA's investment strategies, give QA access to new categories of clients and could significantly increase new client relationships for QA. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, QA may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with QA and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise QA and has no responsibility for QA's management of client portfolios or QA's other advice or services. QA pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to QA ("Solicitation Fee"). QA will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by QA from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired QA on the recommendation of such referred client. QA will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

QA's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, QA may have an incentive to recommend to clients that the assets under management by QA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, QA has agreed

not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. QA's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts, subject to the limitations inherent in directed brokerage arrangements described under "Brokerage Discretion" in Item 12 above.

As part of its fiduciary duties to clients, QA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic and other benefits by QA or its related persons from TD Ameritrade described above creates a potential conflict of interest and may indirectly influence QA's choice or recommendation of TD Ameritrade for custody and brokerage services.

Third Party Investment Management Programs, Model Strategist Platforms and Sub-Advisory Arrangements

QA's investment management services are in many instances made available through third-party investment management programs, model strategist platforms and sub-advisory arrangements. The third parties sponsoring or utilizing these third-party programs, platforms and arrangements provide an economic benefit to QA by selecting or recommending QA to provide investment management services to their clients and/or making QA's investment strategies available in, on or through their programs, platforms and arrangements. In some cases, QA may provide a discount or otherwise share a portion of its fees with the third parties sponsoring or utilizing these third-party programs, platforms and arrangements, which may be required as a condition to QA participating in the programs, platforms and arrangements.

Other Payments to Third Parties

From time to time, QA is invited to participate, or may choose to participate, in investment-related conferences, webinars, panels and similar events. When sponsoring, supporting or participating in such events, QA may generate an alternative revenue stream for third parties by making direct payments to them to offset costs incurred to market QA's investment management services, and by sharing certain back office and technological costs with them. For example, QA supports sales, client and similar conferences (which may include booths) and other events where investment advisors, broker-dealers and their representatives are provided with information about QA and its services. In addition to attending the conferences and other events, QA may receive speaking opportunities, special access to attendees, investment advisor and broker-dealer representatives (both during and after the conference and other events), special promotion of QA's investment management services, and general industry exposure through inclusion of its name on websites and advertisements to financial professionals. QA also may make direct payments to third parties to offset their marketing expenses, such as the costs of creating and distributing printed materials and their attendance at conferences and other events. The payments QA may make to third parties described in this Item 14 may take the form of direct payments, be based on the assets under management or advisement QA receives through the third parties, or may take the form of a per account fee.

QA may also reimburse third party investment advisors, broker-dealers and their representatives for their travel, board and lodging or other expenses incurred in connection with meetings sponsored by QA for due diligence, education or training purposes.

The discounts, sharing of fees and other payments by QA to third parties described in this Item 14 create a conflict of interest and may compromise the independence and objectivity of the third parties in their selection of investment managers for their clients. They provide an incentive to the third parties to select or recommend QA's investment management services for or to their clients over other investment managers who have not made payments to the third parties.

*Gifts, Business Entertainment and Business Events*²

In accordance with QA's gifts, business entertainment and business event policy and procedures, QA may provide or receive gifts and/or business entertainment to or from fund sponsors, investment advisors, broker-dealers or other third parties with whom QA has an ongoing or prospective business relationship. It is QA's policy that employees shall not accept or deliver gifts and/or business entertainment that may compromise the ongoing business judgment of either party, or the ongoing or prospective business relationship of QA. All gifts, business entertainment and business event activities must be professional and of reasonable value so as not to conflict with client interests or industry standards or client interests.

From time to time, brokerage firms, product sponsors, industry participants or others may extend an invitation to QA or its employees to attend or otherwise participate in a business event that they are hosting or sponsoring, which may include travel, board and lodging. It is QA's policy to allow employees to attend such events if it is expected to enhance QA's investment advisory and management services to third parties, advisors and/or clients.

Business entertainment and business events sponsored by an ETF or mutual fund sponsor can create a conflict of interest for QA and may compromise or influence QA's independence and objectivity in its selecting the ETF or mutual funds available for investment in QA's investment strategies. To diminish such a conflict of interest, the guiding principle of QA's policy related to business entertainment and events is that no employee should participate in any event that would cause the employee's judgment to be compromised.

² "Business events" is used as an umbrella term that encompasses various opportunities to participate in events sponsored by unaffiliated third-parties including events, webinars, seminars, industry conferences, panels, podcasts, subscriptions, services, resources, analytical tools and the like.

Item 15 - Custody

Securities and cash in client accounts are held by a Broker-Dealer/Custodian. QA is not affiliated with any such Broker-Dealer/Custodian. At no time will QA ever intentionally hold client securities or cash. By virtue of directly deducting fees from certain client accounts, QA is deemed to have custody in certain instances. With respect to these client accounts, QA will comply with the custody rules under Rule 206(4)-2 of the Advisers Act as follows:

- a. The clients will be required to maintain such clients' assets with a "qualified custodian" as defined in Rule 206(4)-2 of the Advisers Act in separate accounts maintained under the respective names of such clients; and
- b. QA will take adequate measures to form a reasonable belief that the custodians send account statements (identifying the amount of funds and securities in the clients' accounts as of the end of such period and that sets forth all of the transactions in such accounts during such period) directly to clients no less frequently than quarterly. In addition, clients may receive account statements from QA, QAIS or their Advisor. Clients should carefully review and compare all account statements and contact their Broker-Dealer/Custodian, Advisor or QA or QAIS with any questions.

Item 16 - Investment Discretion

In many cases, QA manages client accounts on a discretionary basis. In these cases, clients may impose reasonable account restrictions on the management of their account(s). Account restrictions must be provided to QA or QAIS in writing. Clients are advised that QA cannot apply restrictions to securities held within ETFs or mutual funds. If QA cannot accommodate a client's restrictions, or in its sole discretion determines the restrictions are unreasonable, QA or QAIS will notify the client. Unless the client's restrictions can be modified, QA may not accept its appointment as investment manager. Client-imposed restrictions may have an impact, perhaps materially so, on account performance. Before QA assumes discretionary authority to manage securities on its client's behalf, a signed Client Agreement must be received indicating the selected investment strategy. Investment strategy changes must be provided to QA or QAIS in writing by the client, or by the Advisor, if the Advisor has investment discretion.

Item 17 - Voting Client Securities

Upon request, QA will vote proxies of client securities in which QA has investment discretion. In these cases, QA votes all proxies in accordance with its Proxy Voting Policy. QA will not take instructions from clients regarding how to vote any proxy.

QA is able to vote proxies only if the client has made the appropriate arrangements with the client's Broker-Dealer/Custodian. In addition, QA will only vote proxies if it in fact receives proxy materials from the Broker-Dealer/Custodian, and will not request proxy materials which the Broker-Dealer/Custodian does not provide to QA.

QA does not vote proxies of securities that are transferred into a client's account, typically when the client first opens the account, and held temporarily in the account pending their sale and the investment of the proceeds in accordance with the QA investment strategy selected by the client. If QA receives proxy materials with respect to securities of this type, QA will promptly forward the materials to the client to enable the client to vote the proxies if the client chooses to do so.

The general principle of the Proxy Voting Policy is to vote any beneficial interest in an equity security prudently and solely in the best long-term economic interest of clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

All proxies are reviewed by QA's Proxy Officer. The Proxy Officer votes the proxies according to QA's Proxy Voting Policy and consults the Chief Compliance Officer regarding issues not clearly covered by the Proxy Voting Policy.

QA will provide a copy of its proxy voting policy and procedures to clients upon request. To obtain information about how QA voted securities, clients can request such information directly from QA or QAIS.

Item 18 - Financial Information

QA has no financial information to disclose.