

Investment
Advisors
Corp.



Unfolding Your Financial Future

Appendix 1, Wrap-Fee Brochure Client Directed Programs

140 S. 68th Street
West Des Moines, IA 50266

(515) 727-6720

www.investmentadvisorscorp.com

CRD# 117531

Dated January 3, 2012

For further information about IAC, please contact:
Timothy J. Lyle, President

This Wrap-Fee Program Brochure provides information about the qualifications and business practices of Investment Advisors Corp. If you have any questions about the contents of this brochure, please contact us at (515) 727-6720 or IAC@investmentadvisorscorp.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.

Additional information about Investment Advisors Corp. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Effective November 1, 2011 the firm's physical address has changed from:
8800 N.W. 62nd Avenue in Johnston, IA 50131, to:

140 S. 68th Street, West Des Moines, IA 50266.

Mail may also be received at: **P.O. Box 71339, Clive, IA 50325-0339.**

All contact persons and phone numbers remain the same as the previous address.

There are no other material changes at this time.

**The previous update to this wrap fee program Brochure was on
March 31, 2011.**

Effective May 2011, the *Advisor One* required minimum account opening value would be \$25,000 for new accounts only.

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Investment Advisors Corp. (IAC) provides these wrap fee advisory programs, which are designed to help clients meet their Investment objectives and goals. Wells Fargo Advisors (WFA) and its Clearing Firm do not provide advisory services to IAC with respect to Advisor One and CustomChoice. These programs are Client Directed Programs, meaning Non-Discretionary. While IAC is the sponsor of these advisory programs, WFA, through First Clearing, its clearing firm, provides certain non-advisory services to these accounts described under each programs Services, Fees and Compensation. This Disclosure Document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and deals solely with our Client Directed Advisory Programs; *Advisor One*, and *CustomChoice* (collectively referred to as “the programs”) below.

Regardless of which program you select, you will retain the right to:

- (1) Withdraw securities or cash;
- (2) Vote on shareholder proposals of beneficially owned security issues, or delegate the authority to vote on such proposals to another person;
- (3) Be provided, in a timely manner, with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders; and
- (4) Proceed directly as a security holder against the issuer of any security in your account and not be obligated to join any person involved in the operation of the applicable program, or any other client of the applicable program, as a condition precedent to initiating such proceeding. IAC will provide you with periodic monitoring and reporting of your portfolio’s performance.

A client request to establish program services is not considered a market order because of the administrative processing time needed to establish your advisory account. However, we will make every effort to process your request promptly. The IAR may also give advice and take action in the performance of their duties to other clients that differ from the advice they give you, or the timing and nature of actions the IAR may take for either of these programs.

Advisor One

Item 4: Services, Fees, and Compensation

- A.** *Advisor One* is a client directed, non-discretionary account in an advisory wrap-fee program sponsored by Investment Advisors Corp. (IAC) with a \$25,000 new account opening minimum.

The *Advisor One* offers the client personalized investment recommendations provided on a broad range of investments, based on the client investment objectives, financial circumstances and risk tolerance. *Advisor One* features include 20 free trades for the client account, per calendar year, with quarterly performance reporting. After the first 20 free trades, any additional trade incurs a \$25 transactional charge to the client, for the remaining calendar year. If the client accepts an investment recommendation, the IAR is responsible for arranging for the purchase or the sale. Each IAR utilizes different investment strategies when managing client accounts. Account supervision is guided by the stated objectives of the client and the program chosen.

Most types of securities are eligible for purchase in the *Advisor One* program. Assets may include, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, certain mutual funds; whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds and managed futures funds. Collectively, these assets are referred to as “Program Assets.”

Certain assets, such as commodity futures contracts, options on such contracts, annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible as Program Assets, and are referred to collectively as “Excluded Assets”. The client may purchase or sell Excluded Assets in their account, but these transactions may incur commissions or charges and will not be included in the quarterly billing.

The IAR will gather important information about the client’s financial conditions, goals, and objectives for *Advisor One* upon opening and will update this information whenever it is provided by the client, which should be reviewed at least annually. The client agrees to inform the IAR of any changes in the client’s financial situation, investment objectives, or instructions as necessary. Over time, as changes occur in the financial markets and/or the client investment objectives and circumstances, the IAR may recommend changes in your portfolio. In making a recommendation, the IAR will take the updated information received in the client profile form into consideration. The client is advised that their decisions relating to investments may have tax consequences that should be discussed with their tax advisor. In order to maintain the client portfolio in conformance with their target asset allocation, the client may authorize the IAR to rebalance the account using an automated rebalance trading system. The client may select a quarterly, semi-annual, or annual rebalance option.

Rebalance Trading System

Clients may request periodic rebalancing of the mutual funds in their account. The IAR can rebalance the account either at predetermined intervals (e.g., annually) or when direct by the client. The Rebalance Trading System reviews the actual allocation of mutual funds in the account versus the target allocation established for the client account. Generally, subject to certain minimum constraints, if any of the funds in the client account vary by more than 40% (30% for retirement accounts) from the client target allocation, the IAR will rebalance the account by initiating sell and buy transactions. These percentages may change without notice. Client is aware that any transactions initiated to rebalance these assets may cause the client to incur tax consequences.

Market Timing in Mutual Funds

An *Advisor One* account may not be used for market timing strategies or activities for mutual funds or any extreme trading activity that IAC or the Clearing Firm, in its sole discretion, deem detrimental to the interest of average fund shareholders. Further, the activity must not be contrary to the policies or interest of mutual fund companies with whom IAC or the Clearing Firm maintains relationships. Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. IAC or Clearing Firm, in its sole direction, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund’s prospectus. Furthermore, IAC will cooperate, when asked by a fund company, to aid in its attempt to identify and impede the efforts of IARs and investors engaging in market timing or extreme trading activity. If the

fund company notifies IAC to reject or cancel a trade for any reason, IAC reserves the right to cancel such trade without prior notice to client. IAC will not be held accountable for any losses resulting from market timing activities or any action taken under its market timing policies. In addition, the frequency of mutual fund transactions and exchanges is subject to any limits established by the mutual fund and IAC.

While new-issue CDs are an eligible Program Asset, the yield of new-issue CDs takes into account a sales concession in order to compensate the brokerage firms that sell the CDs. For certain advisory accounts, the underwriter retains this sales concession. Although IAC or its affiliate BDFS, may receive the sales concession, it has an impact on the overall yield paid to the client. Because the advisory fee is charged on all eligible assets within an advisory account, the client is effectively charged both the sales concession (retained by the underwriter) and the advisory fee on the CD. These charges reduce the overall yield on the CD and, in some cases; this may result in a negative yield. You should be aware you could obtain the same CDs without being subject to the advisory fee if you purchased it in a non-advisory brokerage account.

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. This Disclosure Document is not a solicitation, recommendation, or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within the *Advisor One* account.

- B. The client should consider the value of each advisory program services. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. The client should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost.

Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings, may result in higher fees to the client than if commissions were paid separately for each transaction in a standard brokerage account.

C. Fees and Compensation

The negotiated fee, which may range from .45% to 3.00%, is based on the complexity of the investment strategy and the account size of the securities portfolio. This fee covers advisory, custodial, and reporting services. Billed quarterly in advance, the standard *Advisor One* fee schedule is based on Program Assets.

- ❖ For transactions in Excluded Assets, Clients will pay all of IAC's usual and customary commissions, transaction fees and other charges. Excluded Assets are not included in the calculation of the Wrap-Fee. Commissions and fees on Excluded Assets and other charges will be assessed against the account on or about the transaction date or another date when assessed by Clearing Firm.

❖ Investment Advisors Corp. recommends the following IAR fee schedule

Total Account Value	Annualized Fee, billed quarterly (Maximum)
First \$100,000	3.0%
\$100,001 - \$500,000	2.5%
\$500,001 - \$1,000,000	2.25%
Over \$1,000,000	2.0%

Clients residing in Iowa will be subject to a 6% state sales tax, and additional local taxes when applicable.

The client authorizes IAC to deduct a quarterly fee calculated at the rate indicated in the Fee Schedule, in advance. For the purposes of calculating program fees, the “value of the account” shall mean the sum of the long and short market value of all securities and mutual funds, if applicable. In valuing the account, we will use the closing prices or, if not available, the lowest published “bid-price” and if there is not one, the last reported transaction if occurring within the last 45 days. For mutual funds, we use the fund's most current net asset value, as computed by the fund company. IAC will use information provided by quotation services believed to be reliable.

The initial fee is calculated as of the date that the account is accepted into the program and covers through remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in the client account during that period. The account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account, during a month if the fee or credit generated is at least \$40. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in the account, and IAC shall not be compensated based on a share of capital gains upon or capital appreciation of the funds or any portion of client funds. When there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle.

Risk in the Use of Margin

To the extent margin is used in the client account, the client should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee the client is charged. The increased asset-based fee may provide an incentive for the IAR to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in the client account and therefore risk. Please see the First Clearing LLC, Margin Disclosure Statement, Client Account Agreement, and Disclosure Document for more details on the risks of margin use.

Other Account Fees

The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, and any other fees required by law. Cash balances in an account may be invested in money market mutual funds including, as permitted by law, those with which IAC has agreements to provide advisory, administrative, distribution, and other services and for which IAC will receive compensation for the services rendered. In a low interest rate environment, the yield that the client may earn on cash

and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.

Fees charged to *Advisor One* accounts may be higher than those otherwise available if the advisory, brokerage, custodial and performance reporting services offered by the *Advisor One* accounts were provided separately, and depending on whether the client incurs additional fees and charges for conducting more than 20 trades per calendar year. The quarterly fee includes fees paid to IAC for brokerage services to effect securities transactions through BDFS ,as agent ,for the client on the first 20 trades per year. IAC receives no additional brokerage execution compensation. The combination of custodial, advisory and brokerage performance reporting services may not be available separately or may require multiple accounts, documentation, and fees.

Advisor One accounts may be invested in an unaffiliated money market fund as temporary investment vehicle for the cash balance. These money market funds may be managed by an affiliate of WFA or the Clearing Firm. WFA or the Clearing Firm has arrangements with the money market funds to provide advisory, administrative, distribution and/or other services subject to applicable restriction. Where permitted by law, the WFA or the Clearing Firm may receive a fee for these specialized services from the fund or its service providers in addition to the fees paid by clients under the described programs. IAC or BDFS may receive fees from money market funds. For clients that are subject to ERISA or the prohibited transaction provisions of the Internal Revenue Code, applicable law may limit the extent to which such fees may be retained, and may require a fee offset.

Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and may be charged to the client account separately. As more fully described in the fee schedules above, the fees you are charged may be different, depending on the asset type invested by the account.

Account Termination

Client account agreements may be terminated by either party at any time upon notice. If the client terminates the Agreement, a pro rata refund will be made, less reasonable administrative costs. The client has the right, within five (5) days of execution, to terminate the IAC Agreement without penalty. In the event of cancellation of an IAC Agreement, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable administrative costs.

If the client chooses to terminate the client agreement under the *Advisor One*, IAC can liquidate the account only if the client instructs the IAR to do so. If instructed, IAC will liquidate the client account in an orderly and efficient manner. IAC does not charge for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. The client should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with their tax advisor.

IAC will not be responsible for market fluctuations in the client account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate

an advisory account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process the client request.

If a program account terminates, but the client transfers the account to a brokerage account with BDFS, the money market fund used in a “sweep” arrangement may be changed and/or client shares may be exchanged for shares of another series of the same fund. The client will bear a proportionate share of the money market fund's fees and expenses. The client is subject to the customary brokerage charges for any securities positions sold in the account after the termination of program services.

- D. A portion of the fees charged includes 10 bases points (.10%) for administrative services provided by the Clearing Firm for *Advisor One*, in connection with reporting and client-related services. IAC shares in and retains a portion of these fees, which may be more or less, than IAC would receive if the client participated in another program or paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered. IAC and the IAR may have a financial incentive to recommend the wrap fee program over other programs or services.

Reports and Restrictions

Clients of the *Advisor One* program receive periodic reports of activity in their accounts. The Clearing Firm will transmit to clients a statement of account activity at least quarterly and trade confirmations reflecting all securities transactions.

Each *Advisor One* client will receive periodic (generally quarterly) portfolio performance reports of the client's account that are designed to comply with general industry performance standards and that will include a review and evaluation of the performance of the client's portfolio, except those accounts grandfathered under Mano 16 described above. The portfolio performance reports will compare the performance of the client's *Advisor One* account portfolio to an industry standard performance measure chosen for the client based on their investment objectives. Each performance report will include a reminder to the client to contact IAC or the client's IAR if there are any changes in the client's financial situation or other relevant information. The IAR may review the client's performance reports with the client although neither IAC nor the IAR routinely reviews the account performance information to confirm its accuracy.

Item 5: Account Requirements/Types of Clients

The program services offered by IAC through its IARs may be offered to individuals, retirement accounts, IRAs, ROTH IRAs, SEP IRAs, trusts, banks or thrift institutions, pension and profit sharing plans, estates, charitable organizations, and corporations. *Advisor One* has a new account opening minimum of \$25,000.

Item 6: IAR Selection and Evaluation

As described above in ‘Services, Fees, and Compensation’, the IARs are required to meet firm or industry experience levels and possess portfolio management experience. The IARs develop portfolios based on certain established guidelines and the client's investment objectives and individual needs. The Programs

are designed to provide a disciplined advisory approach to meet client objectives and needs. IARs that do not continue to meet IAC guidelines may be removed from the programs.

Services Tailored to Individual Client Needs

All of the IARs investment recommendations for program accounts are based on an analysis of your individual financial needs, as reported on your "IAC Investment Suitability Form." Recommendations are drawn from research and analysis the IAR believe to be reliable and appropriate to your financial circumstances. Each of the advisory services offered are tailored to a specific type of investor and designed to meet their individual investment objectives, financial needs, and tolerance of risk.

Client Restrictions and Instructions

Each client has the ability to impose investment restrictions on the management of their *Advisor One* account. IAC and the IAR will comply with any reasonable instructions and/or restrictions the client gives IAC when making recommendations for your account. Reasonable instructions generally include the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If client restrictions are unreasonable or if IAC, or the IAR believe that the restrictions are inappropriate, IAC will notify the client that unless the restrictions are modified, IAC may remove your account from the program. The client will not be able to provide instructions that prohibit or restrict the investment advisor of an open-end or closed-end mutual fund or exchange-traded funds (ETF), with respect to the purchase or sale of specific securities or types of securities within the fund. IAC's policy is generally to liquidate the clients preexisting securities portfolio immediately and bring the account into conformity with client stated target allocations. If the client wishes to hold certain positions for tax or investment purposes, the client should consider holding these positions in a separate brokerage account.

Methods of Analysis, Investment Strategies, and Risk of Loss

IARs generally rely on research to develop their investment management discipline. IAR research obtained is from the Clearing Firm and third party sources and may utilize both fundamental and quantitative research as well as other independent research. The IAR may develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element to the program. Such strategies ordinarily include long and short-term purchase of securities and, depending on client objectives and the IAR's investment philosophy, or, if so used, supplemental covered option writing.

However, in special circumstances the strategies may also include margin transactions, other option strategies and trading or short sale transactions. Some IARs follow the investment recommendations that are the basis for investment decisions for Wells Fargo Compass Advisory Program ("Compass") for some or all assets in these program accounts.

Conflicts of Interest

The IAR may be in conflict recommending the client sell a security and select the *Advisor One*, for which, over the life of the program, offers more compensation than the IAR, or the *Advisor One* program, may have earned by using a full-service brokerage account, or by the client implementing the advice elsewhere. Each client may be offered different advice or services depending on the specific needs and objective of the client and the expertise of the IAR.

Factors that IAC considered in choosing BDFS and Clearing Firm for the services provided to the *Advisor One* program include: their respective financial strength, reputation, execution, pricing, research, and

service. BDFS' willingness not to charge brokerage fees for the first 20 trades in the *Advisor One* account per calendar year was a significant factor in selecting it for brokerage services. The commissions and/or transaction fees charged by Clearing Firm or BDFS after the first 20 free trades may be higher or lower than those charged by another firm. Clearing Firm and BDFS enable IAC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

Risk of Loss

All investments shall be at client risk exclusively, and client must understand that IAC does not guarantee any return on the investments recommended or advised upon and may not be responsible for losses resulting from such trading or for any transactions that the IAR has not recommended to the client.

Description of Advisor One Risk-Objectives

Conservative Income

Conservative Income investors seek current income and preservation of capital. Investors are willing to accept lower returns and forgo capital appreciation opportunities in exchange for less risk. The investment strategy will typically allocate 90% of the portfolio assets to managers who specialize in fixed income. Investment-grade bonds and small allocations to high yield and international debt may be appropriate to achieve the investment objective.

Conservative Growth & Income

Conservative Growth and Income investors seek current income and capital appreciation. Investors are willing to forego a portion of current income in order to achieve modest growth of capital in exchange for reduced risk. Modest short-term declines in the value of the portfolio should be expected over a market cycle. The investment strategy will typically allocate over 60% of the assets to managers who specialize in fixed income. Equity managers will generally focus on higher quality, dividend-paying stocks.

Conservative Growth

Conservative Growth investors seek to maximize capital appreciation with relatively modest risk. Investors are willing to accept a lower potential return in exchange for reduced risk. Investors may experience modest short-term declines in the value of their portfolio over a market cycle. The investment strategy will typically allocate over 60% of the assets to managers who specialize in equities, which will tend to favor higher quality stocks. Fixed Income is used to further diversify the portfolio and reduce portfolio volatility.

Moderate Income

Moderate Income investors seek to maximize current income with modest risk. Investors desire to increase current income and are willing to forego capital appreciation to achieve lower risk. Investors may experience modest short-term declines in the value of the portfolio over a market cycle. The investment strategy will typically allocate 85% of the assets to managers who specialize in fixed income investing. Investment-grade bonds may represent the primary investment, with a limited portion allocated to high yield and international debt to enhance current yield.

Moderate Growth & Income

Moderate Growth and Income investors seek a combination of income and capital appreciation. Investors are willing to forego some income in exchange for moderate growth of capital. Investors generally have a longer investment horizon and are willing to accept modest short-term declines in the value of their portfolio over a market cycle. The investment strategy typically allocates 50% of the assets

to managers who specialize in equities. Equities are diversified across domestic and international securities. Fixed income managers are utilized to help balance portfolio risk and produce current income.

Moderate Growth

Moderate Growth investors seek to maximize capital appreciation with modest risk. Investors are willing to accept a lower rate of return in exchange for less risk. Investors have a longer time horizon and are able to tolerate short-term and possibly frequent declines in the value of their portfolio over a market cycle. This investment strategy will typically allocate 80% of the assets to managers who specialize in equities. Equities are diversified across domestic and international securities. Fixed Income is used to further diversify the portfolio and reduce volatility.

Long-Term Income

Long-Term Income investors seek a significant level of current income and are financially willing and able to risk investment capital to achieve their income objective. Due to their long-term investment horizon or other factors, investors are willing to tolerate short-term declines in the value of their portfolio over a market cycle. The investment strategy typically allocates 70% of the portfolio to managers who specialize in fixed income. Significant investments in high yield bonds and emerging market debt may be utilized to enhance current yield and provide diversification.

Long-Term Growth & Income

Long-Term Growth and Income investors seek significant growth of capital and income and have a high tolerance for risk. Due to their long-term investment horizon or other factors, investors are able and willing to tolerate substantial and possibly frequent short-term portfolio declines over a market cycle. The investment strategy will typically allocate 60% of the assets to managers who specialize in equities. Fixed income managers may also make significant investments high-yield, international and emerging market debt to enhance yield and increase diversification.

Long-Term Growth

Long-Term Growth investors seek to maximize growth of capital over time and have a very high tolerance for risk. Due to their long-term investment horizon or other factors, investors are willing to tolerate substantial and possibly frequent short-term portfolio declines over a market cycle. The investment strategy typically allocates 100% of the assets to managers who specialize in equities.

Alternative Strategies

The Alternative Strategies Model seeks to offer low-volatility, absolute-return-focused investment results that are relatively independent of those generated by long-only exposures to traditional equity and fixed income asset classes. As such, the model is ideally suited to complement portfolios of traditional long-only assets as a means to enhance portfolio diversification, reduce overall portfolio volatility and better protect capital in periods of market distress, thereby offering the potential for enhanced risk/reward outcomes in a full market cycle. The model's low volatility characteristics are generally expected to result in relatively attractive downside protection in difficult market environments, but limit participation in pronounced upmarket moves. To achieve its objectives, the model's individual constituents may incorporate more sophisticated trading, portfolio management strategies, including short-selling, and the use of derivative securities.

Item 7: Client Information Provided to IARs

The client must complete an Investment Suitability Form with the assistance of their IAR. The Investment Suitability Form outlines your investment objectives, financial circumstances, risk tolerance and any restrictions you may wish to impose on your investment activities. IAC will notify you in writing at least annually to update your Investment Suitability Form and indicate if there have been any changes in your financial situation, investment objectives or instructions. You agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your IAR will be reasonably available to you for consultation on these matters, and will act on any changes in your Profile deemed to be material or appropriate as soon as practical after the IAR become aware of the change.

Voting Client Securities

With very limited exceptions, IAC does not vote proxies on behalf of clients. Proxy materials received on behalf of a client account are sent directly to the client, or designated representative, selected by the client, responsible for voting the proxy.

Item 8: Client Contact with IARs

In the Client Directed Programs, the client's IAR is acting in the capacity of Portfolio Manager. The client has no restrictions in contacting their IAR.

Item 9: Additional Information

There is no material additional information.

Item 4: Services, Fees, and Compensation

- A. *CustomChoice* is a non-discretionary investment advisory program designed to help the client allocate their assets among open-end mutual funds in accordance with their individual investment goals, objectives, and expectations. Based on the investment objectives and risk tolerance reported in the client profile form, the IAR will recommend an appropriate mix of various open-end mutual funds and money market funds. Funds on both the Wells Fargo Advisors (WFA) Recommended, Allowable, and Pathways Fund lists may be included. The minimum account size is \$25,000.

The client has the option of accepting any of the recommendations, or selecting an alternative combination of funds. The IAR will implement the client investment decisions, but will not have investment discretion over the account, except for the limited discretion to rebalance the client stated target asset allocation, if the client authorizes the IAR to do so. Over time, as changes occur in the financial markets and/or the client investment objectives and circumstances, the IAR may recommend changes in the *CustomChoice* portfolio. In making these recommendations, the IAR will take the updated information in the client profile form into account. The client is advised that their decisions relating to investments in mutual funds may have tax consequences that should be discussed with their tax advisor.

In order to maintain the client portfolio in conformance with the client's target asset allocation, the client may authorize the IAR to rebalance the account using an automated rebalance trading system. The client may select a quarterly, semi-annual, or annual rebalance option.

Rebalance Trading System

Clients may request periodic rebalancing of the mutual funds in their account. The IAR can rebalance the account either at predetermined intervals (e.g., annually) or when directed by the client. The Rebalance Trading System reviews the actual allocation of mutual funds in the account versus the target allocation established for the client account. Generally, subject to certain minimum constraints, if any of the funds in the client account vary by more than 40% (30% for retirement accounts) from the client target allocation, the IAR will rebalance the account by initiating sell and buy transactions. These percentages may change without notice. Client is aware that any transactions initiated to rebalance these assets may cause the client to incur tax consequences.

Market Timing in Mutual Funds

A *CustomChoice* account may not be used for market timing strategies or activities for mutual funds or any extreme trading activity that IAC or the Clearing Firm, in its sole discretion, deem detrimental to the interest of average fund shareholders. Further, the activity must not be contrary to the policies or interest of mutual fund companies with whom IAC or the Clearing Firm maintains relationships. Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. IAC or Clearing Firm, in its sole direction, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund's prospectus. Furthermore, IAC will cooperate, when asked by a fund company, to aid in its attempt to identify and

impede the efforts of IARs and investors engaging in market timing or extreme trading activity. If the fund company notifies IAC to reject or cancel a trade for any reason, IAC reserves the right to cancel such trade without prior notice to client. IAC will not be held accountable for any losses resulting from market timing activities or any action taken under its market timing policies. In addition, the frequency of mutual fund transactions and exchanges is subject to any limits established by the mutual fund and IAC.

- B. The client should be aware that program fees charged may be higher or lower than those otherwise available if the client were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. The IAC fee schedule may be subject to negotiation depending upon a range of factors including, but not limited to, account sizes and overall range of services provided. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the programs described here may be paid to our IAR for providing client-related services within the programs. This compensation may be more or less, than an IAR would receive if the client paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered. Therefore, the IAR may have an incentive to recommend these programs over other programs or services.

C. Fees and Compensation

Notwithstanding the fee calculation, the minimum fee charged to the account will be \$75 per quarter. Client should be aware that the imposition of the minimum fee may cause the program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule table for the program. Under certain circumstances, the minimum fee may be waived.

WFA may act as sub-adviser and/or service provider for the advisory programs offered by its affiliates, Wells Fargo Advisors Financial Network, LLC and H.D. Vest Advisory Services, Inc., as well as IAC and other fully disclosed firms that clear their transactions through First Clearing, LLC, WFA's affiliate and clearing firm. The fees charged by these firms may differ from those charged and required by WFA as stated in this Disclosure Document.

CustomChoice accounts have a \$25,000 minimum account size, and are charged an all-inclusive fee on eligible mutual funds that covers advisory, execution, custodial, and reporting services. Billed quarterly in advance, the standard *CustomChoice* fee schedule is based on program eligible mutual funds.

❖ Investment Advisors Corp. recommends the following IAR fee schedule

Total Account Value	Annualized Fee, billed quarterly (Maximum)
First \$250,000	1.75 %
Next \$750,000	1.50 %
Over \$1,000,000	1.15 %

Clients residing in Iowa will be subject to a 6% state sales tax, and additional local taxes when applicable.

The client authorizes IAC to deduct a quarterly fee calculated at the rate indicated in the Fee Schedule for that Program from the account, in advance. For the purposes of calculating Program fees, the "value of the account" shall mean we will use the fund's most current net asset value, as computed by the fund company. IAC will use information provided by services believed to be reliable.

The initial fee is calculated as of the date the account is accepted into the Program and covers through the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in the client account, and IAC shall not be compensated based on capital gains upon or capital appreciation of the funds or any portion of client funds.

When there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle.

Other Account Fees

Client's IAR may suggest that client use other products and services that WFA offers, but that are not available through the account ("Non-Program Assets"). Non-Program Assets are not charged a program fee and are not considered a part of the Program or Program services. WFA generally recommends that client hold these Non-Program assets in a separate brokerage account. If a non-Program Fund is purchased, or transferred into the account, and later becomes a Program eligible Fund, Program fees will apply to that Fund and it may become subject to the Rebalance Trading System.

Client will incur any usual and customary brokerage charges and fees imposed on transactions in Non-Program Assets which may include, (i) any dealer markups and odd lot differentials and transfer taxes; (ii) charges imposed by broker-dealers and custodians other than WFA and its affiliates and fees for other products and services that WFA and its affiliates may offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and or similar fees imposed in connection with mutual fund transactions whereby WFA and client's IAR may receive additional compensation on these Non-Program Assets.

Costs of Investing in Mutual Funds

Client should be aware that investing in mutual funds through a Program might cost the client more or less than purchasing such services separately. The client may invest in many of the Recommended, Allowable or Pathways Funds directly with the applicable fund company without incurring the Program fee. Certain funds may charge a redemption fee if the client redeem a fund within a specified time period. These periods may be up to 180 days after purchase and are disclosed in the fund's prospectus. Certain funds are also available for purchase through our broker-dealer services. The client may also invest in a single fund family and obtain "breakpoints" that may lower the cost of the funds. However, when the client purchases fund shares directly or through a

broker-dealer, the client will not receive the asset allocation and portfolio monitoring services or access to the funds WFA provides through the programs. In addition, some mutual funds may impose a sales load on direct investments.

As a shareholder in mutual funds, Program participants will also bear a proportionate share of the funds' expenses, including management and administrative fees paid to the Fund's investment advisers, which may be paid to us or an affiliate (see 'Other Financial Industry Activities and Affiliations' below), in addition to fees paid to IAC under the programs. Please review the funds' prospectus for a full explanation of fund expenses and charges.

WFA and its affiliates may earn compensation in connection with the cash and cash alternative funds, including, but not limited to, an administrative fee that is based on the assets invested in money markets used for cash sweep purposes. The details of this fee can be found in the WFA General Account Agreement signed at the time the client established the account with WFA.

Client understands that the program fee would not be charged on non-sweep cash and cash alternatives if they were held outside the account. WFA and its affiliate service provider, or a third party service provider, may collect compensation from any of the mutual funds in which client invests for recordkeeping, sub-accounting, shareholder communications, administrative, and other similar services provided to a fund for the benefit of client, or other asset-based fees for the execution of purchases of fund shares, or the performance of clearance, settlement, custodial or other functions related to the fund, and may pay any such fees it receives to the IAC. The amount of fees received by WFA or such a person will vary, depending on the percentage paid pursuant to a fund's Rule 12b-1 plan or as otherwise agreed by WFA (or such person) and the fund. These fees will not exceed a maximum of .55% per year of the value of client's program assets invested in a fund, or may include a fixed charge not to exceed \$16 per shareholder Account with the fund.

Client understands and agrees to the payment of such compensation. In the case of accounts subject to ERISA, any fees described in the preceding paragraph paid to WFA or such affiliate will be credited against the program fees otherwise payable by client under the program.

Subject to restrictions imposed by applicable laws, client authorizes WFA to grant a general lien and security interest in mutual fund securities, or any series or class thereof ("mutual fund shares") of client's that have not been settled by WFA with its clearing agent, together with any and all payments, dividends, distributions and proceeds of or on the foregoing, to secure any amounts owed by WFA to clearing agent in payment for any such mutual fund shares purchased by WFA for client.

Certain Funds make multiple no-load, institutional, advisory, or load-waived share classes available for purchase through investment advisory programs. These share classes may be available only through our investment advisory programs and have different and lower shareholder servicing, sub-accounting, investment management and 12b-1 fees and charges from other shares classes offered by those Funds. As a result, some clients may have purchased these lower-cost institutional share classes, while others may have purchased a non-institutional share class. WFA reviews their policies, procedures, and systems, to determine whether to continue to support these multiple no-load and load-waived share classes, and reserve the right to no longer offer certain share classes within their Programs.

To the extent that cash used for investment in the Program comes from redemption proceeds or deposits of your existing mutual funds or other securities investments, the client should consider the cost of any sales charges or commissions paid, which are in addition to the Program fee on the same assets.

Account Termination

Your account agreements may be terminated by either party at any time upon notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the IAC Agreement without penalty. In the event of cancellation of an IAC Agreement, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs.

If you choose to terminate your agreement with any of our investment advisory programs, we can liquidate your account if you instruct us to do so. If instructed IAC will liquidate your account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor.

IAC will not be responsible for market fluctuations in your account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

If a program account is terminated, but you maintain a brokerage account with us, the money market fund used in a "sweep" arrangement may be changed and/or your shares may be exchanged for shares of another series of the same fund. You will bear a proportionate share of the money market fund's fees and expenses. You are subject to the customary brokerage charges for any securities positions sold in your account after the termination of program services.

Item 5: Account Requirements/Types of Clients

The *CustomChoice* program has an account minimum of at least \$25,000. . Under certain circumstances, the account minimum may be waived. WFA may act as sub-adviser and/or service provider for the advisory programs offered by its affiliates, Wells Fargo Advisors Financial Network, LLC and H.D. Vest Advisory Services, Inc., as well as for certain fully-disclosed firms that clear their transactions through First Clearing, LLC, WFA's affiliate and clearing firm. The minimum and maximum account sizes that these firms require may differ from those required by WFA as stated in this Disclosure Document. The client should refer to the Disclosure Document of Wells Fargo Advisors Financial Network, LLC, H.D. Vest Advisory Services, Inc. or the fully-disclosed brokerage firm, as appropriate, to determine the fee levels charged and the minimum and maximum account

sizes permitted by those firms. WFA may terminate client accounts with written notice if they fall below minimum account value guidelines established by the firm.

The program services offered by IAC through its IARs may be offered to individuals, retirement accounts, IRAs, ROTH IRAs, SEP IRAs, trusts, banks or thrift institutions, pension and profit sharing plans, estates, charitable organizations, and corporations.

Item 6: WFA Selection and Evaluation

WFA classifies the mutual funds used in their Mutual Fund Advisory Programs as Recommended, Allowable or Pathways Funds. Recommended Funds and Pathways funds are those funds used in their FundSource discretionary investment advisory service. Analysts in the WFA Manager Strategy Group use both quantitative and qualitative criteria when evaluating funds for inclusion on the Roster of Recommended Funds ("Roster"). WFA allows clients of their non-discretionary investment advisory service, *CustomChoice*, to select funds from a larger roster of Recommended, Allowable, and Pathways Funds. WFA analysts do not conduct quantitative and qualitative analysis on the mutual funds listed on the Allowable, and Pathways Funds lists. Pathways Funds are limited to shares of certain funds operated and administered by Russell Investment Management Company ("Russell"), and are the only funds offered through the FundSource-Pathways option discussed above. Certain mutual funds may not be available to all clients because of account types, fee schedules, geographic availability, or other factors. WFA Manager Strategy Group analysts review candidates for the Recommended List based on a number of criteria. WFA will typically arrange meetings with portfolio managers or representatives of a fund candidate to discuss the underlying investment philosophy of the fund manager and how that philosophy is manifested in security buy and sell decisions. WFA also seek to understand the capabilities of the portfolio manager, and assess how the investment philosophy will perform in different market environments. Additional factors influencing the inclusion of a mutual fund on their Recommended Fund Roster may include the fund's past record, management style, quality of the investment process, number and continuity of investment professionals, and client servicing capabilities, a completed questionnaire, database information on the firm, statistical analysis of the firm's track record and interviews with members of the mutual fund management team. This process is a continuing one, and funds may be added or removed from the Roster based on many factors, either internal or external, to the fund's management.

WFA uses information, financial data and investment research from a variety of sources to evaluate mutual funds. They believe the information they collect on the Recommended Funds is reliable and accurate, but they do not necessarily or independently review or verify it on all occasions. following major asset classes: cash alternatives, alternative income, commodities, domestic and international equity, and fixed income securities. The allocation targets are based on our recommended long-term strategic guidelines, and may change from time to time in light of new research and analysis. The strategic asset allocation targets are selected such that the Conservative Income model could be expected to have the lowest investment risk, based on historical average risk levels for these asset classes, but it also offers the lowest potential return.

As an investor moves to models with higher allocations in equity funds, historical averages suggest that expected investment risk and potential return increase. A description of the Optimal Blends can be

found in Section '*Methods of Analysis, Investment Strategies, and Risk of Loss*'. The strategic allocation targets for the Optimal Blends strategic portfolios serve as a guideline against which these portfolios will be managed. WFA modifies these allocations to some degree when they believe it is in the interests of our investors to do so. Individual mutual funds are selected to fill the strategic allocations based on both quantitative and qualitative methods. Quantitative methods include examination of historical performance as well as the biases that have characterized the manager's investment style. Qualitative considerations may include the tenure of investment professionals, the perceived quality of the investment process, and other factors that may bear on the investment decision.

From time to time, one or more of the Funds held in a program account may experience relatively large investments or redemptions due to research and/or model recommendations that WFA and/or Russell make. These transactions may adversely affect these mutual funds, since they may have to sell portfolio securities as a result of redemptions, or invest the cash that results from additional purchases representing the interests of our clients. WFA may, but are not required to, take measures to minimize the impact of such transactions if consistent with client investment objectives and those of other clients participating in the program.

Other than, in connection with WFAs consulting responsibilities, WFA does not assume responsibility for the conduct of mutual funds the client may select, including their performance or compliance with laws or regulations. The client is advised and should understand that:

- (a) a mutual fund's past performance is no guarantee of future results;
- (b) there is a certain market and/or interest rate risk, which may adversely affect any mutual fund's objectives and strategies, and could cause a loss in a client's Account;
- (c) client risk parameters or comparative index selections provided to us are guidelines only; there is no guarantee that they will be met or exceeded.

The client should also be aware that shares of any particular fund may fluctuate in value and when redeemed may be worth less than their original cost. There is no guarantee that the client target allocation or FundSource fund research recommendations will protect against such loss of investment. WFA reserve the right to remove a mutual fund from either an Optimal or Customized Blend and replace it with another fund with a similar management style. In such a case, WFA may amend the mutual funds the IAR selected for the client account without client consent. The client is aware that fund replacements in either an Optimal Blend or a Customized Blend may cause tax consequences.

WFAs reasons for removing a mutual fund may include its failure to adhere to the management style or your objectives, a material change in the professional staff of the fund, unexplained poor performance, and/or our decision to no longer include the mutual fund on our roster of Recommended Funds. WFA, in their sole discretion, will determine whether any or all of these factors are material when deciding to make a replacement. In addition to replacing a mutual fund within an Optimal Blend, WFA may adjust the target allocation within an Optimal Blend from time to time without client consent. The IAR may also elect to remove a mutual fund from the client account. As mutual funds reach capacity, they may be closed to new contributions by existing investors and/or to new investors. The Manager Strategy Group, which is responsible for making investment recommendations for the portfolios, may seek appropriate, alternative mutual funds for the affected Optimal Blend portfolio(s), or may establish a new version of the model for new FundSource clients.

WFA has established an Investment Strategy Committee that meets, as necessary, to make appropriate changes to the firm's current asset allocation recommendations. The WFA Manager Strategy Group will

review these recommendations and apply them to the portfolios, as appropriate. WFA and/or their agent will review the use of any affiliated managers within an Optimal Blend strategy at least annually to ensure objective and consistent due diligence standards are applied to both affiliated and unaffiliated managers. The WFA Manager Strategy Group has established an investment committee, whose responsibility is to make investment recommendations in the FundSource Program. The investment committee meets regularly to review the current FundSource recommendations and make appropriate changes to the current asset allocation models and/or the list of research recommended mutual funds. The affiliated funds offered through the programs may have provisions to allow sales through advisers at net asset value. In such cases, the client should understand that there is a potential conflict of interest where the adviser and/or WFA offers, recommends, and invests clients in the affiliated funds because, where permitted by law, WFA and its affiliates would receive the program compensation and the compensation for services provided to the fund. Affiliated funds included on the Recommended List are reviewed using the same criteria as non-affiliated funds.

WFA and our affiliates may give advice and take action in the performance of our duties to clients that differ from advice given, or the timing and nature of action taken, with respect to other program clients and/or clients in other advisory programs. Additionally, WFA and our affiliates, from time to time, may not be free to divulge or act upon certain information in our possession on behalf of investment banking or other clients. WFA, at its discretion, may undertake share class conversions of mutual funds if an advisory or institution share class becomes available, as long as the fund company allows the conversion to be processed on a tax-free exchange basis. WFA reserves the right to convert mutual fund shares back to non-advisory or institutional share class shares if the client leaves the program.

Services Tailored to Individual Client Needs

All of the IAR investment recommendations for program accounts are based on an analysis of client individual financial needs, as reported in the client "Account Profile." The recommendations are drawn from research and analysis the IAR believes to be reliable and appropriate to the client financial circumstances. Each of the advisory services the IAR offers is tailored to a specific type of investor and designed to meet their individual investment objectives, financial needs and tolerance of risk. A detailed description of these programs is provided in Section '*Services, Fees and Compensation*'.

Client Restrictions and Instructions

IAC will comply with any reasonable instructions and/or restrictions the client give the IAR when making recommendations for the client account. Reasonable instructions generally include the designation of particular mutual fund or types of mutual funds that should not be purchased for the account. If the client restrictions are unreasonable or if IAC or the IAR believe that the restrictions are inappropriate, the IAR will notify you that, unless the instructions are modified, IAC may remove the client account from the program. The client will not be able to provide instructions that prohibit or restrict the investment advisor of an open-end mutual fund with respect to the purchase or sale of specific securities or types of securities within the fund.

IAC policy is generally to liquidate the client existing securities portfolio immediately in newly established program accounts and reinvest the account in conformity with the client target allocations. If the client wishes to hold certain positions for tax or investment purposes, they should consider holding these positions in a separate account.

Performance-Based Fees and Side-By-Side Management

WFA does not charge performance-based fees in any of its investment advisory programs. WFA does not have any side-by-side management situations.

Methods of Analysis, Investment Strategies, and Risk of Loss

As stated above in Section ‘*Services, Fees and Compensation*’ the WFA Manager Strategy Group and/or Russell have created a number of “Optimal Blends” from the roster of Recommended Funds representing the target allocations that WFA believes are appropriate for a number of different investment strategies and styles. Additional information regarding the criteria used to select funds for the Roster and inclusion in “Optimal Blends” can be found above in Section ‘WFA Selection and Evaluation’.

Risk of Loss

All investments shall be at your risk exclusively, and you must understand that we do not guarantee any return on the investments recommended or advised upon and may not be responsible for losses resulting from such trading or for any transactions that we have not recommended to you.

Description of CustomChoice Risk Objectives

Conservative Income

Conservative Income investors seek current income and preservation of capital. Investors are willing to accept lower returns and forgo capital appreciation opportunities in exchange for less risk. The investment strategy will typically allocate 90% of the portfolio assets to managers who specialize in fixed income. Investment-grade bonds and small allocations to high yield and international debt may be appropriate to achieve the investment objective.

Conservative Growth & Income

Conservative Growth and Income investors seek current income and capital appreciation. Investors are willing to forego a portion of current income in order to achieve modest growth of capital in exchange for reduced risk. Modest short-term declines in the value of the portfolio should be expected over a market cycle. The investment strategy will typically allocate over 60% of the assets to managers who specialize in fixed income. Equity managers will generally focus on higher quality, dividend-paying stocks.

Conservative Growth

Conservative Growth investors seek to maximize capital appreciation with relatively modest risk. Investors are willing to accept a lower potential return in exchange for reduced risk. Investors may experience modest short-term declines in the value of their portfolio over a market cycle. The investment strategy will typically allocate over 60% of the assets to managers who specialize in equities, which will tend to favor higher quality stocks. Fixed Income is used to further diversify the portfolio and reduce portfolio volatility.

Moderate Income

Moderate Income investors seek to maximize current income with modest risk. Investors desire to increase current income and are willing to forego capital appreciation to achieve lower risk. Investors may experience modest short-term declines in the value of the portfolio over a market cycle. The investment strategy will typically allocate 85% of the assets to managers who specialize in fixed income investing. Investment-grade bonds may represent the primary investment, with a limited portion allocated to high yield and international debt to enhance current yield.

Moderate Growth & Income

Moderate Growth and Income investors seek a combination of income and capital appreciation. Investors are willing to forego some income in exchange for moderate growth of capital. Investors generally have a longer investment horizon and are willing to accept modest short-term declines in the value of their portfolio over a market cycle. The investment strategy typically allocates 50% of the assets to managers who specialize in equities. Equities are diversified across domestic and international securities. Fixed income managers are utilized to help balance portfolio risk and produce current income.

Moderate Growth

Moderate Growth investors seek to maximize capital appreciation with modest risk. Investors are willing to accept a lower rate of return in exchange for less risk. Investors have a longer time horizon and are able to tolerate short-term and possibly frequent declines in the value of their portfolio over a market cycle. This investment strategy will typically allocate 80% of the assets to managers who specialize in equities. Equities are diversified across domestic and international securities. Fixed Income is used to further diversify the portfolio and reduce volatility.

Long-Term Income

Long-Term Income investors seek a significant level of current income and are financially willing and able to risk investment capital to achieve their income objective. Due to their long-term investment horizon or other factors, investors are willing to tolerate short-term declines in the value of their portfolio over a market cycle. The investment strategy typically allocates 70% of the portfolio to managers who specialize in fixed income. Significant investments in high yield bonds and emerging market debt may be utilized to enhance current yield and provide diversification.

Long-Term Growth & Income

Long-Term Growth and Income investors seek significant growth of capital and income and have a high tolerance for risk. Due to their long-term investment horizon or other factors, investors are able and willing to tolerate substantial and possibly frequent short-term portfolio declines over a market cycle. The investment strategy will typically allocate 60% of the assets to managers who specialize in equities. Fixed income managers may also make significant investments high-yield, international and emerging market debt to enhance yield and increase diversification.

Long-Term Growth

Long-Term Growth investors seek to maximize growth of capital over time and have a very high tolerance for risk. Due to their long-term investment horizon or other factors, investors are willing to tolerate substantial and possibly frequent short-term portfolio declines over a market cycle. The investment strategy typically allocates 100% of the assets to managers who specialize in equities.

Alternative Strategies

The Alternative Strategies Model seeks to offer low-volatility, absolute-return-focused investment results that are relatively independent of those generated by long-only exposures to traditional equity and fixed income asset classes. As such, the model is ideally suited to complement portfolios of traditional long-only assets as a means to enhance portfolio diversification, reduce overall portfolio volatility and better protect capital in periods of market distress, thereby offering the potential for enhanced risk/reward outcomes in a full market cycle. The model's low volatility characteristics are generally expected to result in relatively attractive downside protection in difficult market environments, but limit participation in pronounced upmarket moves. To achieve its objectives, the model's individual

constituents may incorporate more sophisticated trading, portfolio management strategies, including short-selling, and the use of derivative securities.

Item 7: Client Information Provided to IARs

The Client must complete an Investment Suitability Form with the assistance of their IAR. The Investment Suitability Form outlines your investment objectives, financial circumstances, risk tolerance and any restrictions you may wish to impose on your investment activities. IAC will notify you in writing at least annually to update your Investment Suitability Form and indicate if there have been any changes in your financial situation, investment objectives or instructions. You agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your IAR will be reasonably available to you for consultation on these matters, and will act on any changes in your Profile deemed to be material or appropriate as soon as practical after the IAR become aware of the change.

Voting Client Securities

With very limited exceptions, IAC does not vote proxies on behalf of clients. Proxy materials received on behalf of a client account are sent directly to the client, or designated representative selected by the client, responsible for voting the proxy.

Item 8: Client Contact with IARs

In the Client Directed Programs, the client's IAR is acting in the capacity of Portfolio Manager. The client has no restrictions in contacting their IAR.

Item 9: Additional Information

There is no material additional information.