

Item 1 – Cover Page

Appendix 1 of Part 2A
Pinkerton Managed Asset Program Brochure
Pinkerton Retirement Specialists, LLC
2000 John Loop
Coeur d'Alene, ID 83814
208-667-8998
<http://www.pinkertonretirement.com>
January 5, 2016

This wrap fee program brochure provides information about the qualifications and business practices of Pinkerton Retirement Specialists, LLC (). If you have any questions about the contents of this brochure, please contact us at 208-667-8998. 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.

PRS is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you decide to hire or retain an Adviser.

Additional information about PRS is also available on the Internet at www.adviserinfo.sec.gov. You can view PRS's information on this website by searching for PRS. You may search for information by using PRS' name or by using PRS's CRD number. The CRD number for PRS is 120973.

Item 2 – Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Effective January 5, 2016, the firm moved its offices from 2141 Merritt Creek Loop to 2000 John Loop, Coeur d'Alene, ID 83814.

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Item 4 – Services, Fees and Compensation

A. Description of Advisory Firm

Pinkerton Retirement Specialists, LLC (“PRS”) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”). PRS is a limited liability company formed under the laws of the State of Idaho. PRS is ultimately owned and controlled by Dan Pinkerton, Managing Member, and his wife, Kathryn Pinkerton. The company was founded in 1987, incorporated in 1996, and PRS has been registered with the SEC as an investment advisor since June 15, 2010.

Certain PRS personnel conduct their investment advisory activities through a separate unaffiliated entity titled Estate Strategies, Inc. (“ESI”). Such ESI personnel who provide investment advice are registered through PRS and perform their investment advisory activities through and under the supervision of PRS.

Description of Advisory Services Offered

PRS offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by PRS. The Pinkerton Managed Asset Program (“PMAP”) is developed through third-party custodian arrangements, such as LPL Financial’s Strategic Wealth Management platform. Through the PMAP, PRS provides investment management services, which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, PRS offers a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on the specific client’s goals and objectives. Clients will be required to complete the PRS Confidential Profile to define the risk tolerance and investment objective of the client.

PRS will typically construct each client’s account holdings using, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, fixed income positions, municipal securities and U.S. government securities.

PRS shall obtain from clients information to determine each individual client’s financial situation and investment objectives. Accounts are managed on the basis of each client’s financial situation and investment objectives. At least quarterly, clients are instructed to notify PRS whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed under PMAP. At least annually, PRS shall contact individual clients to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. PRS shall be reasonably available to consult with individual clients relative to the status of their accounts. Clients shall have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct PRS not to purchase certain securities. Client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

PMAP accounts allow clients to authorize PRS to purchase and sell securities on a discretionary basis. PRS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. Upon establishment of a PMAP account, an IAR of PRS will be granted trading authorization on the client’s account. However, upon a client’s request, PRS will manage PMAP accounts on a non-discretionary basis. Clients must authorize PRS with the ability to manage accounts on a discretionary basis. Such authorization will be memorialized in the Asset Management Agreement. This authority will allow PRS to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client’s consent for each transaction.

Fees and Compensation

The annual investment advisory fee charged shall vary up to 3.00% of the assets held in the account and is determined by the market value of the account, asset types, the client’s financial situation and trading activity, and is negotiable with the client. The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. When

available, the custodian will calculate and debit all fees from client accounts. If not available, the firm shall calculate fees to be debited and submit to the custodian. Clients must provide the custodian written authorization to debit advisory fees from their accounts and pay such fees to PRS. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

Prior to engaging PRS to provide investment management services, the client will be required to enter into a formal investment advisory agreement with PRS setting forth the terms and conditions, including the amount of investment advisory fees, under which PRS shall manage the client's assets, and a separate custodial/clearing agreement with the custodian.

PRS's advisory fee includes charges for all transaction costs, such as commissions on purchases and sales of securities, and trade-away fees. Except as otherwise provided below, the client will incur no charges other than advisor's fee in connection with maintenance of and activity in the client's account. The wrap fee at accounts held with LPL does not include management, administrative, and marketing fees and expenses for mutual and exchange-traded funds. To the extent securities transactions are effected away from LPL, there may be commission mark-ups and mark-downs that the client will pay in addition to the wrap fee, and clients should note that wrap fees may not be available with PRS custodians excepting LPL. Please note, trade-aways require prior approval by LPL, and as such, it is unlikely that trade-aways will be effected.

The trading cost component of the PRS's advisory fee is estimated to range from \$200 to \$500 per account per year.

Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, PRS shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

B. Disclosure of Cost Difference if Services Purchased Separately

Depending on a number of factors, such as the number, size, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis, either as asset-based fees or transaction-based fees. Bundled fees (where the adviser assumes the cost of processing the trade) generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transactions fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

C. Additional Client Fees and Terms of Payment

Client Payment of Fees

PRS generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

PRS will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

Prepayment of Client Fees

PRS generally requires investment advisory fees to be prepaid on a quarterly basis. PRS's fees will either be paid directly by the client or disbursed to PRS by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, PRS shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Additional Fees

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds. Such fees and expenses are described in each fund's prospectus. Clients are advised to read these materials carefully before investing. Please refer to the Brokerage Practices section (Items 9.B. and 9.B.) for additional information regarding the firm's brokerage practices.

D. Compensation for Recommending the PRS Wrap Fee Program

PRS's suite of services is a proprietary service offering offered to affiliated and unaffiliated investment adviser firms. As such, there are no conflicts of interest in that there are no commissions or referral fees paid to anyone for selling or recommending PRS or any of its services. The firm earns its advisory fees and neither shares in third-party investment manager fees nor shares in any custody fees charged by its clients' custodians.

E. External Compensation for the Sale of Securities to Clients

PRS's advisory professionals are compensated primarily through a salary and bonus structure. PRS's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. PRS's advisory professionals may receive commission-based compensation for the sale of securities and/or insurance products. Please see Item 9.A.2 for detailed information and conflicts of interest.

E. Client Assets Under Management

As of December 31, 2014, PRS manages approximately \$317 million of client advisory assets on a discretionary basis and \$20 million on a non-discretionary basis.

Item 5 – Account Requirements and Types of Clients

Opening an Account: To become a PMAP participant, a program agreement (the Asset Management Agreement) between the client and PRS must be executed with PRS setting forth the terms and conditions, including the amount of investment advisory fees, under which PRS shall manage the client's assets.

PRS generally provides investment advice to the following types of clients.

- Individuals

- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Minimum Investment Amounts Required: The minimum household account size is \$500,000. Exceptions to these minimums may be granted by PRS.

Item 6 – Portfolio Manager Selection and Evaluation

A. Portfolio Manager Selection and Review

PRS offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by PRS. In the context of PRS's wrap fee program there are no portfolio managers selected. The firm's core advisory services are simply offered in a wrap fee program so the client pays one all-inclusive fee, subject to the disclosures and information contained in this Appendix 1 Wrap Fee Program Brochure.

PMAP does not allow IARs or clients to utilize portfolio managers that are not associated with PRS. In other words, the only portfolio managers selected for managing client assets in the PMAP are IARs of PRS. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in this PMAP. Because PMAP does not provide for a multitude of outside portfolio managers, PRS does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Brochure instructions do not apply to the PMAP. Items that do apply are answered below.

B. Participation in Wrap Fee Programs

PRS offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by PRS. No other managers are selected.

C. PRS Acts as Both a Wrap Fee Sponsor and Portfolio Manager

PRS's proprietary discretionary asset management services are offered exclusively through PRS. PRS does participate in and/or recommend managed wrap fee programs sponsored by LPL. Please see PRS's Part 2A of Form ADV for further information.

Proprietary Discretionary Asset Management Services

PRS offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by PRS. The Pinkerton Managed Asset Program ("PMAP") is developed through third-party custodian arrangements, such as LPL Financial's Strategic Wealth Management platform. Through the PMAP, PRS provides investment management services, which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, PRS offers a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on the specific client's goals and objectives. Clients will be required to complete the PRS Confidential Profile to define the risk tolerance and investment objective of the client.

PRS will typically construct each client's account holdings using, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, fixed income positions, municipal securities and U.S. government securities.

PRS shall obtain from clients information to determine each individual client's financial situation and investment objectives. Accounts are managed on the basis of each client's financial situation and investment objectives. At least quarterly, clients are instructed to notify PRS whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts

managed under PMAP. At least annually, PRS shall contact individual clients to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. PRS shall be reasonably available to consult with individual clients relative to the status of their accounts. Clients shall have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct PRS not to purchase certain securities. Client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

PMAP accounts allow clients to authorize PRS to purchase and sell securities on a discretionary basis. PRS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. Upon establishment of a PMAP account, an IAR of PRS will be granted trading authorization on the client's account. However, upon a client's request, PRS will manage PMAP accounts on a non-discretionary basis. Clients must authorize PRS with the ability to manage accounts on a discretionary basis. Such authorization will be memorialized in the Asset Management Agreement. This authority will allow PRS to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

Client-Tailored Services and Client-Imposed Restrictions

PRS provides asset management services based on the specific needs of the individual client. The client has the ability to impose limits on investment selections and sectors.

PRS may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and PRS does not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

Management of Wrap Fee Program

PRS's proprietary discretionary asset management services are offered exclusively through this wrap fee program. Stand-alone financial planning and consulting are offered outside of the wrap fee program. Please refer to the firm's Part 2A Brochure.

Performance-Based Fees and Side-by-Side Management

PRS does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account. The firm has no economic incentive to manage clients' portfolios in any way other than what is in clients' best interests.

Methods of Analysis, Investment Strategies and Risk of Loss

PRS uses the following methods of analysis in formulating investment advice.

Charting - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Cyclical - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

PRS Investment Process: The PRS investment process is a disciplined, non-emotional, formula-driven approach that seeks to capture growth in advancing markets, and minimize risk and exposure in down-trending markets. While PRS knows that no strategy can ultimately guarantee a profit or protect against a loss, the process is essentially important.

Step 1: Research - Define the investment objectives and identify the investable universe from the global capital markets. The PRS Research Team selects the investments that best match the stated objectives through focused analysis, disciplined methodology, and leading third-party research.

Step 2: Respond – Prioritize allocating capital to those investments in the established universe that are in a confirmed uptrend, utilizing a quantitative and technical analysis process. Cash is an asset class that is utilized to minimize volatility and losses. In advancing markets, cash exposure decreases. Conversely, in declining markets, cash exposure increases.

Step 3: Advance - Monitor each investment, making tactical adjustments weekly, if needed, in response to changes in the global capital markets, a specific sector, or an individual company or fund. Investments that continue to advance and maintain upward momentum are kept.

Step 4: Protect - Protect gains through a disciplined sell strategy for each invested position. PRS research focuses not only on when to buy, but also on when to sell. The objective is not to “buy, hold, and hope” but to “Advance and Protect.”

In addition, PRS also utilizes the following general investment strategies: long term purchases (Investments held at least a year), short term purchases (Investments sold within a year), trading (Investments sold within 30 days), and option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

There is a potential for frequent trading of securities in PRS strategies, which may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs with custodians outside of LPL.

PRS is an active fee-paying, member of the Independent Adviser Group (“IAG”) which operates as a division of Callan Associates, Inc., an unaffiliated SEC-registered investment adviser (“Callan”). Using the tools provided by Callan/IAG we can identify and recommend to you third-party investment manager(s) to meet your asset allocation needs. These unaffiliated managers may manage your assets on a commingled basis through mutual funds or on an individual separate account basis. Callan's IAG platform provides PRS and you with:

- Investment manager profiles
- Quantitative screening
- Qualitative screening
- Ongoing performance monitoring
- Pre-negotiated access to select managers

In addition, Callan/IAG provides PRS with ongoing training and marketing support. Our clients incur no additional costs or expenses for our membership with the IAG.

For clients whose assets are on the Callan's unified managed account ("UMA") program and specifically its overlay portfolio management ("OPM") platform, Callan may reduce the annual fee owed by PRS to Callan in an amount equal to the management fees paid to Callan by clients. While the existence of such an arrangement creates an incentive for PRS to refer clients to managers on the OPM platform, we will nonetheless only make such a recommendation when suitable for client's needs. Fees paid to third-party managers on the OPM platform shall be reasonable and customary, yet may in some instances be higher than those fees paid by non-UMA clients.

Equity or stock managers will be identified based upon their investment focus (e.g. stock of large, medium, or small market capitalization companies) and style (e.g. growth versus equity). Through our Callan/IAG participation, PRS monitors its recommended managers and a pool of prospective managers in order to help ensure that these managers are performing as identified. Commonly contingent upon the amount of investable assets, our recommended managers may engage in individual stock selection on an account-by-account basis or may manage assets on a pooled basis, such as through mutual funds or exchange traded funds ("ETFs"). In addition, select third-party, separate account managers may impose minimum investment amounts that are subject to change and may, in some instances, necessitate closing of an account in the case of a higher account minimum that cannot be met.

Fixed income (bond) managers are selected based upon their identified investment focus such as core, high-yield, municipal bonds, defensive, and even international/global strategies.

Our investment strategies may include long-term and short-term purchases, trading (securities sold within 30 days) and sales, and the use of margin. You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

Risk of Loss: Clients must understand that past performance is not indicative of future results. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Investment Management Services: PRS employs the following strategies as part of its investment management services:

- The PRS investment management process seeks to create a balance between reward and risk over a given time period. This typically involves using a mix of the securities highlighted below.
- PRS relies on quantitative, technical and fundamental analysis.
- PRS considers multiple time horizons, including long, medium and short term, when determining strategies. Depending on the client's needs, PRS may employ various risk-management strategies. PRS believes these risk-management tools distinguish it in the investment advisory marketplace.

PRS avoids market timing, but may increase cash holdings when necessary. This is based on the client's risk tolerance and PRS' expectations of market behavior.

Investment Strategy, Method of Analysis, and Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Margin Leverage: Although PRS, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, PRS will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Short-Term Trading: Although PRS, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Short Selling: PRS generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

Option Strategies: Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

PRS as part of its investment strategy may employ the following option strategies:

- *Covered Call Writing:* Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.
- *Long Call Options Purchases:* Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.
- *Long Put Options Purchases:* Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Material Risks of Investment Instruments

Equity Securities: Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Mutual Fund Securities: Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs"): ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs®, streetTRACKS®, DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQs SM") iShares® and VIPERs®. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Fixed Income Securities: Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

Corporate Debt, Commercial Paper and Certificates of Deposit: Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

Municipal Securities: Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue

(in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

U.S. Government Securities: U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

Private Placements: Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

Pooled Investment Vehicles: A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

Structured Products: Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high investment grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

Corporate Debt Obligations: Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

Variable Annuities: Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

Voting Client Securities

For accounts other than ERISA: PRS does not take discretion with respect to voting proxies on behalf of its clients. PRS will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of PRS supervised and/or managed assets. In no event will PRS take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, PRS will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. PRS has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. PRS also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, PRS has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where PRS receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

For ERISA accounts: PRS has voting power with respect to securities in client accounts. PRS owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care which is required to monitor corporate events and to vote the proxies, and (ii) the duty of loyalty which is required to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before its own interests. In keeping with its fiduciary duties, PRS has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that PRS votes each client's securities in the best interests of the client.

PRS will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. PRS will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact PRS's Managing Member for information about how PRS voted with respect to any of the securities held in their account.

Except as required by applicable law, PRS will not be obligated to render advice or take any action on behalf of the client with respect to assets presently or formerly held in the client's account which become the subject of any legal proceedings, including bankruptcies.

As a general rule, PRS will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with PRS's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, PRS may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel. A copy of PRS's Proxy Voting Policy will be provided upon receipt of a written request to:

Pinkerton Retirement Specialists, LLC
2000 John Loop
Coeur d'Alene, ID 83814

Item 7 – Client Information Provided to Portfolio Managers

Because only IARs of PRS serve as portfolio managers for PMAP accounts, IARs or their assistants are responsible for gathering all information provided by clients for those accounts. IARs will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through PMAP. Clients need to contact their IAR whenever there are changes to their financial situation that will impact or materially influence the way PRS manages accounts.

PRS collects the following information in order to formulate its investment recommendations to clients and may provide such information to managers selected to manage assets on behalf of the client:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client questionnaire(s) and interview(s), if applicable
- Review of client's current portfolio

Item 8 – Client Contact with Portfolio Managers

Because only IARs of PRS serve as portfolio managers for PMAP accounts, there are no restrictions placed on clients' ability to contact and consult with their portfolio managers for those accounts. It is the policy of PRS to provide an "open channel" of communication between IARs and their clients. Clients are encouraged to contact their IAR whenever they have questions about the management of their account.

Item 9 – Additional Information

A. Disciplinary and Other Financial Activities and Affiliations

Disciplinary

Criminal or Civil Actions: There is nothing to report on this item.

Administrative Enforcement Proceedings: There is nothing to report on this item.

Self-Regulatory Organization Enforcement Proceedings: There is nothing to report on this item.

Other Financial Activities and Affiliations; Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Broker-Dealer or Representative Registration: PRS is not and does not have a related company that is a broker-dealer. However, certain members and employees of PRS are registered representatives with LPL Financial ("LPL"), a FINRA-

registered broker-dealer and member of SIPC, and PRS offices are also LPL branch office locations. LPL is a financial services company engaged in the sale of investment products. As a result of PRS members and registered professionals' affiliation with LPL, such professionals, in their capacity as registered representatives of LPL, are subject to the general oversight of LPL and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of PRS should understand that their personal and account information is available to FINRA and LPL for the fulfillment of their regulatory oversight obligations and duties.

PRS professionals who effect transactions for advisory clients may receive transaction or commission compensation from LPL. The recommendation of securities transactions for commission creates a conflict of interest in that PRS is economically incented to effect securities transactions for clients. Although PRS strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of PRS rather than in the client's best interest. PRS advisory clients are not compelled to effect securities transactions through LPL.

Futures or Commodity Registration: Neither PRS nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

Insurance Activities: Certain managers, members, and registered employees of PRS are licensed insurance agents. With respect to the provision of financial planning services, PRS professionals may recommend insurance products and annuities offered by such carriers for whom they function as an agent and receive a commission for doing so. They may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that PRS strives to put its clients' interests first and foremost[, and clients may utilize any insurance carrier or insurance agency they desire]. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with PRS's employing broker-dealer.

Estate Strategies, Inc.: Mr. Howard is an owner and principal of Estate Strategies, Inc. Estate Strategies, Inc. is a Washington- licensed insurance agency. Mr. Howard may offer or recommend the purchase of insurance products through Estate Strategies, Inc. When suitable, Mr. Howard may offer or recommend the purchase of insurance products including life, long-term care, disability, and fixed annuities insurance products or policies. Should you purchase an insurance product from Mr. Howard he will be compensated as a licensed insurance agent and owner of Estate Strategies, Inc.

Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

PRS may recommend LPL sponsored wrap fee programs to its advisory clients. Although PRS strives to put its clients' interests first, please be advised that PRS also uses LPL as its custodian platform and that any recommendation of LPL sponsored wrap fee programs may be viewed as being in the best interests of PRS versus the interests of its clients.

B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters

Code of Ethics Description

In accordance with the Advisers Act, PRS has adopted policies and procedures designed to detect and prevent insider trading. In addition, PRS has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of PRS's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of PRS. PRS will send clients a copy of its Code of Ethics upon written request.

PRS has policies and procedures in place to ensure that the interests of its clients are given preference over those of PRS, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

PRS does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, PRS does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

PRS, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which PRS specifically prohibits. PRS has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow PRS's procedures when purchasing or selling the same securities purchased or sold for the client.

Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations: PRS may recommend that clients establish brokerage accounts with LPL Financial ("LPL"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although PRS may recommend that clients establish accounts at LPL, it is the client's decision to custody assets with LPL. PRS is independently owned and operated and not affiliated with LPL. For PRS client accounts maintained in its custody, LPL generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

PRS considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by PRS, PRS will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by PRS will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

Clients are free to select any broker dealer, mutual fund company, or variable annuity sponsor to serve as their qualified custodian. This selection is under the condition that PRS provides approval. When a client directs the use of a particular broker dealer or other qualified custodian, PRS may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker dealer or qualified custodian may receive less favorable prices. Further, PRS may place directed trades after effecting non-directed trades.

Soft Dollar Arrangements: PRS does not utilize soft dollar arrangements. PRS does not direct brokerage transactions to executing brokers for research and brokerage services.

Institutional Trading and Custody Services: LPL provides PRS with access to its institutional trading and custody services, which are typically not available to LPL's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at LPL. These services are not contingent upon PRS committing to LPL any specific amount of business (assets in custody or trading commissions). LPL's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Other Products and Services: LPL also makes available to PRS other products and services that benefit PRS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of PRS's accounts, including accounts not maintained at LPL. LPL may also make available to PRS software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of PRS's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

LPL may also offer other services intended to help PRS manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

LPL may also provide other benefits such as educational events or occasional business entertainment of PRS personnel. In evaluating whether to recommend that clients custody their assets at LPL, PRS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

Independent Third Parties: LPL may make available, arrange, and/or pay third-party vendors for the types of services rendered to PRS. LPL may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to PRS.

Additional Compensation Received from Custodians: PRS may participate in institutional customer programs sponsored by broker-dealers or custodians. PRS may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between PRS's participation in such programs and the investment advice it gives to its clients, although PRS receives economic benefits through its participation in the programs that are typically not available to 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 PRS 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to PRS by third-party vendors

The custodian may also pay for business consulting and professional services received by PRS's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for PRS's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit PRS but may not benefit its client accounts. These products or services may assist PRS in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help PRS manage and further develop its business enterprise. The benefits received by PRS or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

PRS also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require PRS to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, PRS will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by PRS's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for PRS's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, PRS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PRS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence PRS's recommendation of broker-dealers such as LPL for custody and brokerage services.

Brokerage for Client Referrals: PRS does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage:

- *PRS Recommendations:* PRS typically recommends LPL as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.
- *Client-Directed Brokerage:* Occasionally, clients may direct PRS to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage PRS derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. PRS loses the ability to aggregate trades with other PRS advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

Aggregating Securities Transactions for Client Accounts

Best Execution: PRS, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. PRS recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. PRS will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client

- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, PRS seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of PRS's knowledge, these custodians provide high-quality execution, and PRS's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, PRS believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

For those clients who chose not to grant us investment discretion, there may be delays in the execution of investment recommendations as we will execute transactions on behalf of our discretionary clients before contacting any non-discretionary clients. While we will make every reasonable effort to mitigate the impact of this circumstance, it is possible that non-discretionary accounts may receive less favorable trade executions that might possibly result in poorer overall investment performance than those clients who grant us investment discretion.

Security Allocation: Since PRS may be managing accounts with similar investment objectives, PRS may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by PRS in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

PRS's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. PRS will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

PRS's advice to certain clients and entities and the action of PRS for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of PRS with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of PRS to or on behalf of other clients.

Order Aggregation: Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if PRS believes that a larger size block trade would lead to best overall price for the security being transacted.

Allocation of Trades: All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

PRS acts in accordance with its duty to seek best price and execution and will not continue any arrangements if PRS determines that such arrangements are no longer in the best interest of its clients.

Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved: Ongoing financial planning services are reviewed and updated on an ongoing basis at the request of the client by the client's respective PRS advisor assigned to their accounts. Additionally, PRS schedules client meetings annually, unless the client specifically requests otherwise. Clients are expected to inform PRS of any changes in the client's situation or when additional services and updates are needed.

Review of Client Accounts on Non-Periodic Basis: PRS may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how PRS formulates investment advice.

Content of Client-Provided Reports and Frequency: Asset management clients will receive account statements at least quarterly from the qualified custodian. Clients may additionally receive on-demand position and performance reports from PRS for no additional fee. Clients are encouraged to compare reports provided by PRS against the account statements delivered from the qualified custodian, as the latter is the official record of the client's account.

Client Referrals and Other Compensation

Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest Other than as described under Item 12 of this brochure, PRS does not receive economic benefits for referring clients to third-party service providers.

Advisory Firm Payments for Client Referrals PRS may enter into agreements with solicitors who will refer prospective advisory clients to PRS in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with PRS. The solicitor must provide the client with a disclosure document describing the fees it receives from PRS, whether those fees represent an increase in fees that PRS would otherwise charge the client, and whether an affiliation exists between PRS and the solicitor.

Financial Information

Balance Sheet: PRS does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients: PRS does not have any financial issues that would impair its ability to provide services to clients.

Bankruptcy Petitions During the Past Ten Years: There is nothing to report on this item.

Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, PRS does not have custody of client funds or securities.

Although the firm does not have custody, PRS has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any reports

received directly from PRS. When clients have questions about their account statements, they should contact PRS or the qualified custodian preparing the statement.

Investment Discretion

PRS receives written agreement when trading on a discretionary basis for client accounts. With this agreement, PRS has the authority to decide what securities are bought or sold in a client's account, and the amount of such securities.

Clients have the right to place reasonable restrictions on their accounts. Clients may also place reasonable limitations on the discretionary power granted to the firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.