

CLAYBORNE GROUP, LLC
100 Mill Plain Road
Danbury, CT 06811
(203) 791-3996

THIS SCHEDULE H BROCHURE PROVIDES CLIENTS WITH INFORMATION ABOUT CLAYBORNE GROUP, LLC (“CLAYBORNE”) AND ITS INVESTMENT MANAGEMENT SERVICES THAT SHOULD BE CONSIDERED BEFORE BECOMING A CLIENT OF CLAYBORNE. THIS INFORMATION HAS NOT BEEN APPROVED OR VERIFIED BY ANY GOVERNMENTAL AUTHORITY.

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
INVESTMENT MANAGEMENT SERVICES	1
SELECTION OF APPROPRIATE MANAGERS	1
FEE TO MANAGER.....	2
Asset-Based Fee Method	2
Fee Plus Commission Method	4
CONSIDERATIONS	4
METHODS OF ANALYSIS	5
QUALIFICATION STANDARDS	5
EDUCATION AND BUSINESS BACKGROUND OF PROFESSIONAL STAFF	5
CONDITIONS FOR MANAGING ACCOUNTS.....	6
REVIEW OF ACCOUNTS AND REPORTS TO CLIENTS	6
DISCRETION AND SELECTION OF BROKERS.....	6
ADDITIONAL COMPENSATION	6
PROXY VOTING POLICY	6
NOTICE REGARDING TREATMENT OF CONFIDENTIAL INFORMATION.....	7

Clayborne Group, LLC (“**Clayborne**”), is an investment management and consulting firm which provides investment management services to clients itself and advice concerning the selection and performance investment managers (“**Manager**”). A description of Clayborne’s service program (“**Program**”) follows.

INVESTMENT MANAGEMENT SERVICES

Clayborne’s investment management services afford Clients the opportunity to have their portfolio assets separately managed by Clayborne or another Manager. The Program includes Clayborne’s manager searches, quarterly account performance reports and administrative services. Prospective clients in the Program include natural persons, corporations, partnerships, trusts, estates, foundations, qualified employee benefit plans, individual retirement accounts and other entities. The combined services “wrap” fee charged for Program services by Clayborne includes the advisory fees of the Manager and Clayborne, as well as transaction commissions or order ticket charges. Clients may also elect to pay commissions and order ticket charges for transactions. A minimum account size of \$250,000 is imposed for Program services although under certain circumstances the minimum size may be waived.

Clayborne usually recommends that Clients establish a brokerage account with National Financial Services, LLC or with Fidelity Brokerage Services, LLC, Member, NYSE and SIPC, both of which are within the Fidelity family of companies. Either Clayborne or a Manager then processes trades through these firms.

Selection of Appropriate Managers. Clayborne establishes its pool of Managers from data and databases obtained from third parties. The Manager pool includes Clayborne itself. The historical performance figures of other Managers, while not reviewed specifically to determine their accuracy, are believed to be reliable and accurate. Though not a reporting requirement, most investment managers have adopted reporting performance within the AIMR Performance Presentation Standards and usually provide performance information within AIMR standards. The AIMR Performance Presentation Standards were established to promote full disclosure and fair representation in reporting and also to provide comparability and an uniformity among investment managers reporting.

Clayborne uses each Client’s objectives to assist Clients in identifying their investment criteria. Clients generally identify with one of various investor “profiles” ranging from the most conservative investment objective to the most aggressive. The profiles used by Clayborne are designed to help the Client identify the Client’s risk tolerance. After a Client has identified an investment profile and Manager selection criteria, Clayborne will usually present one or more asset Managers which Clayborne believes can satisfy the Client’s objectives.

Clayborne may distribute materials prepared by others describing the histories, investment philosophies, risk factors, investment returns, investing time frames, plus officers’ biographical information on several Managers. These firms, including Clayborne itself, stand ready to provide management services to a Client provided the Client’s account size meets the minimum established by Clayborne or the Manager, the Client’s investment objectives are consistent with the Manager’s or Clayborne’s investment philosophy and further provided the Client has not imposed investment goals or restrictions which the Manager or Clayborne believes it can not meet.

Although Clayborne’s third-party sources have large numbers of Managers in their databases, the number of Managers actually included in a search by Clayborne is primarily dependant on the Client’s account size, investment objectives (risk, return and time) and investment restrictions. Clayborne’s total available database is usually not used when conducting a Manager search because Managers only accept accounts of a certain minimum size or kind (e.g., income accounts), or because a Client has imposed restrictions which only certain Managers are willing to accept. Typically more Managers are available when the account is larger and without restrictions. A Manager or Clayborne must accept a Client’s account before management services begin.

Clayborne considers total performance and other factors when considering a Manager for presentation. Total performance includes risk, return and time. Therefore, Managers in Clayborne’s available database that have provided higher return results than others historically may not be presented to a Client due to consideration of other factors including risk and time.

Once a Client has selected a Manager from those presented, Clayborne supplies the Manager with information regarding the financial background and investment objectives of the Client to the extent such information is provided by the Client. Clayborne then commits, on the Client's behalf, the Manager to accept and manage the Client's account in accordance with the objectives of the Client. Clayborne provides periodic performance reports and Manager performance consultations to the Client. To the extent Clayborne becomes aware of changes in a Client's financial circumstances or objectives, this information is relayed to the Client's Manager. Updated information about a Client is not collected by Clayborne on a regular basis or given to a Manager by Clayborne unless Clayborne is made aware of changes by the Client. Clients may communicate such changes to the Client's Manager at any time.

Each Client, through the Program's Agreement, grants each Manager, including Clayborne if Clayborne is the Manager, limited discretionary trading authority so the Manager or Clayborne can place transaction orders at will for a Client's account. Each Client has the opportunity to instruct the Manager or Clayborne with respect to investment restrictions imposed on management of the Client's account and there is no restriction on the Client contacting the Manager or Clayborne directly for other purposes. Each Client account is managed individually and is separate from the accounts of other Clients of the Manager participating in Program. Each Client receives confirmations of security transactions in the account, periodic custodial account statements or a summary of them, as well as summaries of account performance prepared by Clayborne at least quarterly.

Each Client usually instructs the Manager to execute all transactions for the Client's account through the broker-dealer selected by the Client.

Clayborne generally does not recommend the replacement of a Manager based on short-term performance results. In the event there is significant change in the Manager's investment philosophy, loss of significant investment management personnel or a change in ownership, Clayborne will re-evaluate the Manager to determine whether the Manager has changed from how the Manager represented itself initially to Clayborne and will communicate this information to the Client's Servicing Broker-Dealer.

A Manager is not obligated to accept a Client's account and may withdraw from providing services at any time by terminating its advisory contract with the Client and Clayborne. To terminate, a Manager must give a Client and Clayborne thirty (30) days prior written notice.

In the event a Client is not satisfied with a Manager's performance, not satisfied with a Manager for any other reason or if the Client's investment criteria changes, Clayborne is available to consult with the Client to determine the basis of the Client's needs. Then Clayborne will present at least one other Manager Clayborne believes can satisfy the Client's objectives. Clayborne is granted authority by Clients to hire and fire managers at will as it deems necessary on a Client's behalf.

Fee to Manager. For management services, Managers are typically paid an annual fee which generally ranges up to 40% of the total asset-based advisory fee a client pays to Clayborne for services to equity and balanced accounts, and up to 50% of the total asset-based fee for services to fixed and mutual fund accounts. A few Managers may have higher fees. Fees to the Managers are paid by Clayborne from the asset-based advisory fee it receives from the Client.

As explained below, there are two fee schedules available to clients: an Asset-Based Fee Schedule and an Asset-Based Fee Plus Commission Schedule. Clayborne's fees may be changed upon 30 days prior written notice to Client.

Asset-Based Fee Method. Under this fee arrangement, Clayborne receives an asset-based fee which covers Clayborne's and the Manager's advisory fees, brokerage commissions and per ticket charges, but no other costs. All fees are negotiable. The fees for these services, which are negotiable, are set forth in the following tables:

Portfolio Fee Schedule

Equity and Balanced Accounts

Value of Account	Client Annual Asset-Based Fee
\$0 to \$500,000	3.00%
\$500,001 to \$1,000,000	2.75%
\$1,000,001 to \$5,000,000	2.50%
Over \$5,000,000	2.25%

Fixed Income Accounts

Value of Account	Client Annual Asset-Based Fee
\$0 - \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
\$1,000,000 - \$5,000,000	0.80%
Over \$5,000,000	0.60%

Mutual Fund Allocation Accounts

Value of Account	Client Annual Asset-Based Fee
\$0 to \$500,000	1.25%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 to \$5,000,000	0.80%
Over \$5,000,000	0.60%

Asset-based fees include Clayborne's advisory fee, commissions and per trade charges for transactions through broker-dealers recommended by Clayborne, and the Manager's fee, but no other costs.

Asset-based fees are calculated every three months based upon the market value of the Client's account on the last day of the previous three-month period, and are payable in advance. Clients pay an initial fee based on the days remaining in the quarter within which the Agreement is executed, plus the next calendar quarter period. Thereafter, asset-based advisory fees are calculated for successive three-month periods based upon the previous quarter-end value of the account. Assets valued at more than \$20,000 deposited to the Account during any period are charged a pro-rata fee based on the number of days remaining in the period in relation to the number of days in the period. In the event Client's account is terminated, a pro-rata portion of the fee paid in advance, based on the days remaining in the period, is refunded.

Fee Plus Commission Method. Under the fee plus commission method, Clients are charged an asset-based advisory fee and are responsible for paying all commission and per order ticket charges. The schedule of asset-based fees, which are negotiable, follows:

Fee Plus Commission Schedule

Equity and Balanced Accounts

Value of Account	Client Annual Asset-Based Fee
\$0 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$5,000,000	2.25%
Over \$5,000,000	2.00%

Fixed Income Accounts

Value of Account	Client Annual Asset-Based Fee
\$0 - \$500,000	1.00%
\$500,001 - \$1,000,000	.80%
\$1,000,000 - \$5,000,000	.60%
Over \$5,000,000	.50%

The asset-based fees are calculated and billed as described in the “Asset-Based Fee Method” section above.

Considerations. The amount of compensation received by Clayborne and its Representatives under an asset-based commission arrangement may be more or less than under a fee plus commission arrangement based on a number of variables, including the volume of transactions placed by a Manager, and may be more or less than what the Representative would have received if the Client paid separately for investment advice, brokerage and other services. Thus, the asset-based compensation arrangement or the fee plus arrangement may result in a Representative having an incentive or disincentive in recommending an asset-based advisory/brokerage service or fee plus transaction advisory/brokerage service over others because the compensation to the Representative could be higher or lower than that provided by other available services or other payment methods.

Clayborne may have a conflict of interest in that Managers in the Program that are in a position to influence revenue flow by the number of transactions they place. In the asset-based fee Program, Clayborne may receive more if fewer transactions occur because it pays for the commissions and order ticket charges. Under the fee plus method, Clayborne may receive more if the volume of trades is high.

Clayborne has a conflict of interest when it recommends that it be the Client’s Manager because it (1) will receive the Manager’s fee, and (2) it is in position as the Manager to influence the number and type of transactions it will process and thereby controlling its revenue.

Because Managers and Clayborne may negotiate asset-based fees within the Program, Clients receiving similar services may pay more or less commissions, management or advisory fees than other Clients.

Although Clayborne believes its services are competitively priced, Clients may be able to obtain similar advisory and execution services at higher or lower prices if purchased separately elsewhere. For example, Clients may be able to locate an investment management firm that would be willing to manage a Client's equity and balanced account or fixed income account at a fee lower than that of a Manager presented by Clayborne. A Client may also be able to find a manager evaluation service having a lower cost than Clayborne's services. Furthermore, in the event the volume of transactions is low in a Client's account, the asset-based fee charged in the Program for executions may be higher than the commission costs the Client would have incurred if per transaction commissions were charged.

Under the asset-based and fee plus transaction commission methods described above, the Client may pay other fees depending on the nature of the assets in the Client's portfolio and the nature of transactions being effected. For example, if a Client's portfolio includes a mutual fund, an advisory fee and other expenses are paid by the fund from fund assets and cannot be eliminated. Minimal fees are also charged by exchanges on a per transaction basis and by clearing firms for postage, mailing or carrying certain types of accounts, such as individual retirement accounts.

When opening Client brokerage accounts, Clayborne allows Clients to elect to use a money market fund as a temporary investment.

Methods of Analysis. The securities analysis used by Clayborne and other Managers will be designed to select securities consistent with a client's objectives. Most often, fundamental analysis is used.

Qualification Standards. Persons associated with Clayborne are required to have sufficient educational and business experience in finance, business administration or related areas to provide advice to Clients.

Education and Business Background of Professional Staff

Dean Heineman, born March 18, 1970, received a Bachelor's Degree in Business Administration from Western Connecticut State University in 1992.

He started his career as a Financial Adviser for Prudential Securities in March 1993. He then worked for UBS Financial Services from April 2001 to September 2004. He formed Clayborne in 2004.

Interest in Client Transactions. Clayborne does not act as a principal in any transaction for a client, nor does it arrange "cross trade" between client accounts where one client purchases the securities being sold by another.

Clayborne and its employees, officers and directors may buy and sell securities that they recommend to advisory Clients for purchase and sale. To the extent possible, the firm and its employees will process securities transactions (other than open-end mutual fund transactions) for Client accounts with or ahead of similar transactions contemplated for their own accounts. To ensure employee transactions are supervised, each Clayborne employee is required to file personal transaction reports. In addition, the firm has established a set of written supervisory procedures designed to prevent and detect any conduct not in compliance with applicable state and federal regulations. A copy of the procedures, including the firm's Code of Ethics, is available upon request.

Conditions for Managing Accounts. The firm generally does not charge Client a minimum advisory fees for the Program, but a minimum account size of \$250,000 is preferred by the firm.

Review of Accounts and Reports to Clients. Clayborne does not review Client accounts receiving Program services with an eye toward making specific buy or sell recommendations except in those instances where

it is the Manager. It does review each third-party Manager's performance with the Clients receiving services from Managers.

Performance reports on Program accounts managed by Clayborne or a Manager are provided quarterly and are typically sent to the Client or third party designated by the Client. There is no restriction on the ability of Clients to contact Clayborne or their Manager at any time for review consultations about their account.

Reports and advice to Clients are supervised by the Clayborne Representative providing services and are not examined by any third party other than Mr. Heinemann. In reviewing reports for accuracy, the Representative relies on the accuracy of the custodial reports Clayborne receives and mathematical calculations by its software system while producing reports. In isolated cases, where a custodial statement does not provide a market value for a security, such as in the case of a foreign security or certain bonds, reasonable efforts are made to obtain, from various sources, the quarter ending value. The Manager's performance for each Portfolio Consulting Service Client account is calculated on a time-weighted rate of return basis.

Discretion and Selection of Brokers. In providing Program services, Clayborne does not exercise any discretionary authority to select brokerage firms but does recommend brokerage firms to Clients. It does have authority to hire and fire a Manager at will. It also has authority to purchase and sell securities at will when it acts as a Client's Manager. Each third party Manager is granted authority to buy and sell securities at will for a client. While effecting such transactions, a Client's order may be batched with those of other clients for the purpose of obtaining a better average price. Also, Clients grant authority to a Manager to use brokerage firms other than those recommended by Clayborne and selected by the Client if the Manager believes the Client will receive a better price or better execution of the trade. Using other firms will result in the Client incurring commission costs.

A Client's instruction to a Manager, including Clayborne, to place orders with a particular broker-dealer may result in the Manager not exercising discretion in selecting broker-dealers other than the broker-dealer on a trade-by-trade basis. Thus, a Client may or may not obtain best price and execution of transactions, or the benefit of research or other services available from other broker-dealers..

Additional Compensation. As indicated above, Clayborne typically recommends the services of National Financial Services, LLC or Fidelity Brokerage Services, LLC when providing the services in this brochure. These firms provide Clayborne with software, research, billing assistance and other benefits at little or no charge because client accounts are custodied at these firms. These benefits are an inducement for Clayborne to recommend these firms as custodians since recommending any other firm could cause its overhead cost to rise. Thus, because of these benefits, Clayborne has a conflict of interest when recommending the services of these custodians.

Proxy Voting Policy.

Clayborne does not vote proxies on behalf of Clients.

Notice Regarding Treatment of Confidential Information

Clayborne strongly believes in protecting the confidentiality and security of information it collects about you. This notice describes the Firm's privacy policy and describes how we treat the information we receive about you.

Why We Collect And How We Use Information

When we evaluate your request for our services, provide investment advice to you and process transactions for your account, you typically provide us with certain personal information necessary for these transactions. We may also use that information to offer you other services we provide which may meet your investment needs.

What Information We Collect

The personal information we collect may include:

- Name and address;
- Social Security or taxpayer identification number;
- Assets;
- Liabilities;
- Age;
- Occupation;
- Income;
- Account balance;
- Investment objectives and risk tolerance;
- Investment activity;
- Accounts at other institutions; and
- Other financial and personal information.

How We Protect Information

We do not sell your personal information to anyone.

We treat information about current and former clients and their accounts in a confidential manner. Our employees may access information and provide it to third parties only when completing a transaction at your request or providing our other services to you.

At your request, we may disclose information to attorneys, accountants, lawyers, securities professionals and others to assist us, or them, in providing services to you. We may also share information with companies that perform services on our behalf, such as the companies that we hire to perform marketing or administrative services. Companies we may hire to provide support services are not allowed to use your personal information for their own purposes. We may make additional disclosures as permitted by law.

We also maintain physical, electronic, and procedural safeguards to protect information. Employees and our managers and counselors are required to comply with our established information confidentiality provisions.

Access to And Correction of Information

Generally, upon your written request, we will make available information for your review. Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available.

If your personal information with us becomes inaccurate, or if you need to make a change to that information, please contact us at the number shown below so we can update our records.

Further Information

For additional information regarding our privacy policy, please contact Clayborne Group, LLC, 100 Mill Plain Road, Danbury, Connecticut, or calling (203) 791-3996.