

Item 1 - Cover Page

Cambridge Asset Allocation Platform Wrap Fee Brochure
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Date of Brochure:
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This wrap fee brochure provides information about the qualifications and business practices of Cambridge Investment Research Advisors, Inc and the Cambridge Asset Allocation Platform (“CAAP®”) that should be considered before establishing a CAAP account. This information has not been approved or verified by any governmental authority. If you have any questions about the contents of this brochure, please contact us at 800-777-6080. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cambridge Investment Research Advisors, Inc is also available on the Internet at www.adviserinfo.sec.gov. You can view information about Cambridge Investment Research Advisors, Inc on this website by searching for Cambridge Investment Research Advisors, Inc. You may search for information by using our name or by CRD number. The CRD number for Cambridge Investment Research Advisors, Inc is 134139.

*Registration as an investment adviser does not imply a certain level of skill or training.

Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC rules. The amendment requires Cambridge Investment Registered Advisors, Inc. (CIRA) to provide a summary of material changes to you, our client, within 120 days of our year end which is December 31st. This document includes the material changes that were made to CIRA's ADV 2A – Firm Brochure throughout the 2012 calendar year. You may obtain a copy of our most current Disclosure Brochure at any time by contacting us at 800-777-6080 or by downloading it from our firm's website at www.cir2.com.

Due to merger and name change, all references to Marshall & Ilsley Trust or M&I were changed to BMO Harris Bank N.A.

Item 4 - Services, Fees & Compensation

Our firm is majority owned and controlled by Cambridge Investment Group, Inc., which in turn is majority owned by the Mary Sue Schwartz Revocable Trust.

Item 4 - Services, Fees & Compensation

General Billing

Additional deposits of funds may be subject to an interim debit fee when deposited in between billing periods. The same pro-rated calculation method described above will be used, where prorated fees will be debited within 20 days after the additional deposit. This fee is determined on a IAR by IAR or account-by-account basis. You should discuss with your IAR if or when this fee may apply to your accounts.

Item 5 - Account Requirements and Types of Clients

Minimum Investment amounts required

For CAAP accounts, a minimum account value of \$50,000 is required for Loring Ward, JP Morgan Asset Management, Litman Gregory Asset Management, LLC, Horizon Investments LLC, The Institute for Wealth Management, Rogerscasey, Symmetry Partners, Greenrock, Inc, Morningstar Investment Management, and Russell Investment Group standard, tax-sensitive, and tax-managed models using no-load, load-waived funds, or exchange traded funds; \$20,000 is required for 403(b)(7) Litman Gregory or Russell portfolios using no-load or load-waived funds; \$25,000 is required for Weatherstone Capital Management models using ETF's load-waived, and no-load mutual funds. \$20,000 is required for Litman Gregory's and The Vanguard Group's models using ETFs; and \$100,000 is required for Fund Evaluation Group models using ETFs, load-waived, and no-load mutual funds and \$10,000 is required for Russell LifePoints® Target Portfolio Series. Accounts may not be aggregated to meet program minimums. In certain instances, the minimum account size may be negotiated.

Excluded Assets

Rep-advisors may request on behalf of the Client authorization to hold an excluded asset (an asset that is not part of a CAAP model). Authorization cannot be granted to hold an excluded asset in accounts held at BMO Harris Bank.

Outside assets are not allowed in accounts that have Horizon's Principal Protection Management Strategy.

Item 5 - Account Requirements and Types of Clients - Minimum Investment amounts required

CIRA will rebalance Client's account(s) upon changes from the strategists and will review accounts against their assigned models to determine if the account is significantly out of balance. Significantly out of balance is defined by a variance range of +/- 20% on asset allocations of 10% or less and variance range of +/- 15% on asset allocations of 11% or more. A minimum trade size of approximately \$1,000 will be applied to all buys and sells, with the exclusion of Symmetry Partners having a minimum trade size of \$2000. Reviews of accounts will be performed in May, August, and November and an annual rebalance will occur in February. CAAP accounts invested in Symmetry Partner models will not participate in the May, August, and November reviews as requested by Symmetry Partners, but will be rebalanced annually in January. Accounts at BMO Harris Bank are traded by BMO Harris Bank and will follow the same rebalance cycle and variances as the accounts traded by Cambridge.

Item 6 - Portfolio Manager Selection and Evaluation

The CIRA Investment Committee is responsible for oversight of the investment selection process, and for reviewing and approving all products to be offered in CAAP, including, but not limited to, no load and load waived mutual funds and third party portfolio strategists. The members of the Investment Committee are Eric Schwartz, Jeff Vivacqua, Amy Webber, Bobbi Martin, and Barbara Pilcher.

Item 9 - Additional Information

CIRA is under common ownership with a registered broker-dealer, Cambridge Investment Research, Inc. ("Cambridge"). CIRA and Cambridge are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by the Mary Sue Schwartz Revocable Trust

CIRA is under common ownership with TBS Agency, Inc. (TBS), a licensed insurance agency. CIRA and TBS are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by The Mary Sue Schwartz Revocable Trust.

Item 9 - Additional Information**Affiliation with Continuity Partners Group, L.L.C.**

CIRA is affiliated with Continuity Partners Group, L.L.C (referred to as "CPG"). CPG is registered as a Registered Investment Adviser firm with the SEC and a registered broker/dealer with FINRA.

CPG has been established by Cambridge Investment Group, Inc. ("CIG"), the parent company of CIRA and Cambridge, and certain principals of CIG, Cambridge and CIRA primarily to provide to certain Cambridge Rep-Advisors tools to enhance the value of their retail practices and to provide a source to finance the transitioning of their practices and/or purchase of existing practices.

Although CPG has registered as an Investment Adviser, CPG does not provide advisory services. CPG has registered as an Investment Adviser solely because it acquires the goodwill associated with the client relationships served by CIRA and CIRA Advisor Representatives participating in CPG. Correspondingly, CPG will receive a portion of advisory fees generated from such investment advisory client relationships. Advisory fees will be paid by CIRA directly to CPG. It should be noted that CPG does not provide investment advisory services. CIRA clients will not enter into a direct client relationship with CPG.

Item 9 – Additional Information**Other Financial Industry Activities and Affiliations**

Some of CIRA's Advisor Representatives have entered into an Equity Participation Plan ("EPP") with Cambridge. Under this arrangement, CIRA Advisor Representatives who participate in the EPP have the ability to earn a percentage of Cambridge's overall profit ratio. CIRA Advisor Representatives are not owners or officers of Cambridge. However, CIRA Advisor Representatives are eligible to participate in the EPP due to their affiliation as Registered Representatives of Cambridge or Advisor Representatives of CIRA. This arrangement between certain of CIRA's Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its clients in that it may inhibit CIRA's independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

Some of CIRA's Advisor Representatives are eligible to participate in the Cambridge Investment Group, Inc. private stock purchase program. Cambridge Investment Group, Inc. is 100% owner of CIRA and its affiliated broker/dealer CIR. CIRA Advisor Representatives who participate in this program do not act as officers of Cambridge. However, they would have a percentage of ownership and have the ability to participate in Cambridge's overall profits. CIRA Advisor Representatives are eligible to participate in the stock purchase program due to their affiliation as Registered Representatives of Cambridge and/or Advisor Representatives of CIRA. This arrangement between certain of CIRA's Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its clients in that it may inhibit CIRA's independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

Item 9 - Additional Information**Client Reports and Statements**

CIRA offers optional performance reporting solutions to its CIRA Advisor Representatives who utilize the Cambridge Investment Management Platform and CAAP program.

Item 9 - Additional Information**Other Compensation**

In certain circumstances, CIRA Advisor Representatives may receive additional benefits for recommending clients who participate in the CAAP program, or when more assets are held through the Investment Management Platform. Benefits could include, but are not limited to, reduced technology, conference assistance, reduced platform and E&O fees. In some cases CIRA Advisor Representatives may qualify for the CAAP Bonus Program in which they receive additional compensation based on assets held in the CAAP platform.

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Item 4 – Services, Fees, and Compensation

Cambridge Investment Research Advisors, Inc. (also referred to as “CIRA”, us, we, our and “Advisor” throughout this Disclosure Brochure) is a corporation formed under the laws of the state of Iowa. We are approved to conduct business in all 50 states, the District of Columbia, and Puerto Rico. We have office locations in the majority of states.

Our firm is majority owned and controlled by Cambridge Investment Group, Inc., which in turn is majority owned by the Mary Sue Schwartz Revocable Trust

A. Services

CIRA sponsors a wrap fee platform known as the Cambridge Asset Allocation Platform (“CAAP”). CAAP is offered to Clients through individuals who are investment advisor representatives of CIRA or individuals and entities that are individually registered as investment advisers (collectively referred to herein as “Advisor Representatives”). CAAP offers Clients and Advisor Representatives the ability to select one or more of the CAAP strategies, described below. Using risk tolerance information provided by the Client, the Advisor Representative recommends a portfolio based on one of several asset allocation models designed to meet the individual Client’s needs and investment limitations.

Portfolios comprised of load-waived mutual funds, no-load mutual funds, sector funds, inverse index funds, leveraged index funds, or exchange traded funds (“ETF”) shall be referred to collectively herein as either “Fund” or “Funds.” The model asset allocation portfolios (referred to collectively as “CAAP”) are selected through a comprehensive due diligence process by the strategists (as defined below) who are selected by, but are not affiliated with, CIRA. Custody for CAAP accounts is at National Financial Services, LLC (NFS), Pershing LLC (Pershing) or BMO Harris Bank N.A. (BMO Harris Bank). Funds are selected by the strategists, who are registered investment advisers, using a screening process that looks at various investment criteria, including risk-adjusted performance, management continuity, portfolio composition, investment style, expense structure, turnover rate, asset growth rate, asset size, and various risk measurements. Depending upon the CAAP strategy selected, Clients, together with their Advisor Representative, will use a risk tolerance questionnaire to determine an asset allocation model which will be consistent with their risk tolerance, investment objectives, financial resources, personal needs, and reasonable investment limitations. Clients, together with their Advisor Representative, will then develop the investment policy statement (IPS) by selecting a specific portfolio from a group of asset allocation models created by the strategists.

Described below are several examples of asset classes and/or management styles that may be used by the various managers of the Funds available in CAAP portfolios. This is not to be considered an exhaustive list of asset classes and management styles; Clients will be provided with much more detailed and specific information about each Fund’s styles and asset choices during their selection process. It is important to note that investment managers may use a combination of management styles.

The strategists will combine these styles and asset classes into an asset allocation portfolio designed to manage risk through diversification. The allocation of different asset classes and management styles is believed to reduce risk as compared to a portfolio composed of investments concentrated into a similar or identical asset class.

1. Investment Styles and Strategies

Growth style — This management style focuses on purchasing the stock of companies that have excellent financial characteristics such as above-average sales growth, profit growth, dividend growth, profit margins, and return on capital. In general, a portfolio manager following a growth approach to managing is willing to pay a higher than average valuation for this type of stock. The most volatile type of growth style will follow an “earnings momentum” approach, which emphasizes companies exhibiting very rapid sales and earnings growth, while paying less attention to the valuation of the stock. A more conservative growth manager may choose to focus on high quality growth companies that are available at reasonable valuations determined by various pricing models. In addition, the growth approach may be

applied across the capitalization spectrum so that the Client and his/her Advisor Representative may choose to focus on either small-cap or large-cap stocks.

Value style — This management style focuses on purchasing the stock of companies that generally have less attractive measures of financial performance than growth companies, but can be purchased at very attractive prices. In other words, a lower quality stock is acceptable as long as the price is sufficiently attractive. A portfolio manager following a value approach to managing assets may choose to invest in the stock of companies that he/she feels are selling at a sizeable discount from “private market value” – a price an acquirer might be willing to pay for the entire company. Value managers are also attracted to sound companies whose stock prices are depressed by temporary business problems or investor misperceptions. The value approach may be applied across the capitalization spectrum so that the Client and his/her Advisor Representative may choose to focus on either small-cap or large-cap stocks.

Fixed income style — This management style focuses on purchasing different types of bonds. In particular, a portfolio manager following a fixed income approach to managing assets invests in high quality bonds, lower quality high yielding bonds, or international bonds, depending on the specific objectives for the account.

Asset allocation style — This management style strives to construct portfolios which provide a certain lower level of overall risk (or fluctuation in principal) than would otherwise have been achieved through a less diversified approach. To achieve this objective, the portfolio manager may combine asset classes whose returns do not move in perfect tandem; in other words, their returns are not closely correlated.

2. Asset Classes

Large-cap equities — These are stocks of U.S. companies with market capitalization that is generally greater than the mean capitalization of stocks on U.S. exchanges. Stocks in this category, being from larger companies, are more easily traded, more widely held, and more broadly followed by investment analysts. Risk levels vary widely among these stocks.

Small-cap equities — These are stocks of U.S. companies with market capitalization that is generally less than the mean capitalization of stocks on U.S. exchanges. Being stocks of smaller companies, growth rates and risk tend to be higher, while information on the stocks and ready liquidity tends to be less available.

Investment grade fixed income — This investment class is comprised of U.S. “investment grade” bonds and other fixed instruments. Investment grade fixed investments generally have been rated for credit quality and are used by fixed income investors who are risk averse.

High yield fixed income — U.S. high yield corporate bonds, also known as “junk” bonds, are fixed investments with low or no credit rating and generally higher risk of default than investment grade bonds. Correspondingly, these investments pay significantly higher coupon and yield rates.

International equities — These are stocks of companies that derive most of their sales from outside the U.S. These investments can carry broadly varied risk, and potential return can vary as well. This investment class is used to diversify the equity exposure in a portfolio, such that all stock exposure is not dependent only on U.S. economic and market conditions.

Real estate investment trusts — This investment class represents ownership in real estate or real estate loans in either commercial or residential real estate properties.

Dynamic asset allocation using technical analysis — A method of evaluating securities by relying on the assumption that market data such as charts and statistics of price, volume, and open interest can help predict future (usually short-term) market trends. Unlike fundamental analysis, the intrinsic value of the security is not considered.

Tactical analysis strategies using fundamental analysis — A method of security valuation which involves examining the company's financials and operations, especially sales, earnings, growth potential, assets, debt, management, products, and competition. This method of valuation can also be applied to sectors and asset classes.

Sector rotation strategies using business cycle analysis — Believing that changes in the broad economy have significant, yet different, effects on stocks, sectors, and asset classes. By following economic cycles, one chooses specific securities that may have strength in the given or forecasted climate. The various anticipated stages of expansion and contraction coupled with historical results of securities within these stages determines allocations.

Cash equivalents — This asset class is substantially equal to cash and as such carries low interest rates and little or no risk of loss in value. Money market mutual funds are the most common form of this asset class.

B. Fees and Compensation

1. Program Fee Schedule

The account fee is a combined fee charged to the Client, which includes the advisor fee, service fee, and overlay fees when applicable. The advisor fee is a basis point (bps) fee charged on assets under management and includes the services of the Advisor Representative, whether affiliated with CIRA or an independent registered investment adviser, investment advisory management services, the consultant's services, and custody of account assets.

The service fee is a dollar amount which includes: CAAP administration, performance reporting, cost basis reporting, and various other account reports.

CAAP offers two optional overlay management strategies: the Principal Protection Management Strategy and the Lifetime Income Strategy. The Principal Protection Management Strategy is an additional 25 bps and the Lifetime Income Strategy is 15 bps and is added to the Principal Protection Management Strategy (25 bps) for a total overlay fee of 40 bps. When purchasing the Lifetime Income Strategy, the Principal Protection Management Strategy must also be purchased.

For retirement accounts, custodians may charge an annual maintenance fee of \$35 or more that is not included in the account fee.

The maximum annual account fee and advisor fee for the CAAP accounts is outlined below. These are typical advisor fees charged for these types of accounts, but they can be negotiated on a representative by representative and Client by Client basis:

- The maximum annual advisor fee for a CAAP (excluding BMO Harris Bank accounts) account is 2.15%.
- The maximum annual advisor fee schedule for 403(b)(7) CAAP accounts at BMO Harris Bank is the first \$250,000 at 2.10%; next \$250,000 at 1.90% of the first tier fee, next \$500,000 at 1.80% of the first tier fee, above \$1,000,000 at 1.65% of the first tier fee
- In addition to the annual advisor fee, a service fee and optional overlay fee may be deducted from Client accounts with the total annual account fee not to exceed 3% of assets under management.

CAAP may cost the Client more or less than purchasing the same funds and investment advisory services individually. Factors that bear upon the cost of a CAAP account in relation to the cost of the same Funds and investment advisory services purchased individually include: the type and size of the account, the historical and/or expected size or number of trades for the account, whether or not the account includes a

setup fee or service fee (disclosed on the CAAP Advisory Client Agreement and Application), and the number and range of supplementary advisory and Client related services provided to the account.

Some portions of the account fee are negotiable and subject to discounts on an account-by-account basis. These discounts may be a consideration for the Adviser/ Advisor Representative when choosing a platform to recommend.

2. Setup Fee

If at the time of the initiation of the CAAP Advisory Client Agreement, CIRA or Advisor Representative provides other services to the Client, CIRA or Advisor Representative may charge the Client a onetime non-refundable setup fee of the lesser of 1% of the account value or \$1,000 (see the CAAP Account Application for the actual charge on each account). Except as explained below, the setup fee is debited from the CAAP account at the same time the initial account fee is debited. The combined setup fee and account fee may not exceed three percent (3%) of assets under management in any year.

Increases in the account values due to appreciation, dividends, or interest on funds under management are not subject to the setup fee. Investments made for the Client involving assets managed under the agreement may involve compensation paid to CIRA's affiliated broker-dealer, Cambridge Investment Research, Inc. ("Cambridge") or its Registered Representatives. The portion of such compensation normally paid to the Client's Registered Representative may be used to offset fees due under the investment advisory agreement, if so agreed upon and indicated on the agreement Exhibit(s).

3. General Billing

Account fees are billed or debited on a monthly or quarterly reporting period in advance pursuant to each investment manager's fee schedule. BMO Harris Bank accounts are only eligible for quarterly billing. Any other applicable charges are automatically debited from one or more CAAP account(s) when they are incurred. The account fee will be debited first from free credit balances, if any. If there is no free credit balance in any CAAP account, CIRA will redeem money market fund shares to cover the account fees and any other charges. The Client will be notified to deposit additional funds to refresh the money market balance, as needed. At any time, CIRA may liquidate a portion or all of the other assets in any CAAP account to cover account fees and other charges. Liquidation(s) may have tax consequences and may reduce the account below the applicable minimum balance, thereby incurring additional charges. In addition to the account fees noted previously, Client may also incur certain charges imposed by third parties, CIRA, or Cambridge in connection with investments made through CAAP accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1 and sub-transfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, IRA and qualified retirement plan fees, exchange fees, and other charges required by law. CIRA, Cambridge, and the Advisor Representative may receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund are available in the appropriate prospectus and statement of additional information, which should be read carefully.

When the Client establishes a CAAP account, the account fee is billed in advance. If a CAAP account is established on a date other than the last day of a reporting period, the initial account fee will be prorated for the remainder of the reporting period. Prorated fees for new accounts will be debited within 20 days after the account is traded. Accounts traded between the 1st and 15th of the month will be debited on or around the 20th, accounts traded between the 16th and the last day of the month will be debited on or around the 6th of the following month. The setup fee, if applicable, is also debited when the initial account fee is billed. Subsequent account fees, based upon the ending value of the prior reporting period, are due and will be debited at the beginning of each reporting period.

Additional deposits of funds may be subject to an interim debit fee when deposited in between billing periods. The same pro-rated calculation method described above will be used, where prorated fees will be debited within 20 days after the additional deposit. This fee is determined on a IAR by IAR or account-by-account basis. You should discuss with your IAR if or when this fee may apply to your accounts.

When the Client establishes a CAAP account custodied at BMO Harris Bank, the account fees are prorated for the number of days remaining in the quarter and debited at the beginning of the next calendar quarter. Thereafter, the account fee is debited at the beginning of each quarter. The account fee is calculated based upon the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on Client's quarterly performance report. A setup fee, if applicable, would be debited from the account in the month following the initial funding. Account fees on cash transfers received from other retirement accounts during the quarter in which the CAAP account is opened, or the next following quarter, are prorated for the number of days remaining in the quarter and paid at the beginning of the next calendar quarter.

4. General Disclosure Regarding ERISA and Qualified Accounts

The following disclosure is directed for clients of CIRA that are (i) a pension or other qualified employee benefit plan (including a 401(k) plan) governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and not covered by ERISA; or (iii) an individual retirement account ("IRA") under Section 408 of the Code.

It is the client's responsibility to ensure CIRA and the CIRA Advisor Representative have been furnished complete copies of all documents that establish and govern the plan and evidencing client's authority to retain CIRA as an Investment Adviser. Clients must promptly furnish to CIRA any amendments to the plan and if any amendment affects the rights or obligations of CIRA, such amendment shall be binding on CIRA and the CIRA Advisor Representative only when agreed to by CIRA and its Advisor Representative in writing.

Clients must maintain appropriate ERISA bonding coverage for their managed account(s) and must include within the coverage of the bond CIRA, CIRA Advisor Representatives and their personnel as may be required by law.

CIRA's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and CIRA compliance policies and procedures, may retain a portion of the commissions charged to the client. These commissions may include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, the CIRA Advisor Representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by the CIRA Advisor Representative in his/her individual capacity as a Registered Representative of Cambridge.

CIRA Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives or Registered Principals with Cambridge. CIRA Advisor Representatives, acting in their separate capacities as Registered Representatives or registered principals of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, CIRA Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's CIRA Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This may present a conflict of interest, as it may give the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on the clients' needs. CIRA does not require its Advisor Representatives to encourage clients to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any broker/dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory

constraints, CIRA Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

5. Termination

Please keep in mind that CIRA has the right to refuse any contract submitted for approval. If the appropriate disclosure statement (i.e., this document or a separate written disclosure statement containing the same information as this document) is not delivered to the Client at least 48 hours prior to or at the time of the Client entering into a CIRA agreement, then the Client has the right to terminate services without penalty (i.e., full refund of all fees paid in advance or, in the event fees are billed in arrears, no fees shall be due) within five (5) business days after entering into the agreement. For purposes of this provision, an agreement is considered entered into when all parties have executed the agreement.

All services continue in effect until terminated by either party (i.e., CIRA or the Client) by giving written notice to the other party at least 30 days prior to the date on which termination is to be effective. Unless all parties mutually agree on an earlier termination date, any prepaid, unearned fees will be promptly refunded by CIRA to the Client. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period. When fees are billed in arrears, CIRA will prorate the final fee payment based on the number of days services are provided during the final period. The amount of Client assets on the termination date will be used to determine the final fee payment. CIRA does not impose a termination fee; however, Client accounts may be subject to a modest charge for reimbursement of fees and/or costs related to transferring the account. If you terminate the agreement within five (5) business days of the date you sign an agreement, CIRA will refund any fees Client paid in advance as a retainer to secure the services you selected.

Item 5 – Account Requirements and Types of Clients

CAAP is available for individuals, pension and profit sharing plans, IRAs, 403(b)(7)s, trusts, estates, charitable organizations, corporations, and other business entities.

Minimum investment amounts required

For CAAP accounts, a minimum account value of \$50,000 is required for Loring Ward, JP Morgan Asset Management, Litman Gregory Asset Management, LLC, Horizon Investments LLC, The Institute for Wealth Management, Rogerscasey, Symmetry Partners, Greenrock, Inc, Morningstar Investment Management, and Russell Investment Group standard, tax-sensitive, and tax- managed models using no-load, load-waived funds, or exchange traded funds; \$20,000 is required for 403(b)(7) Litman Gregory or Russell portfolios using no-load or load-waived funds; \$25,000 is required for Weatherstone Capital Management models using ETF's load-waived, and no-load mutual funds. \$20,000 is required for Litman Gregory's and The Vanguard Group's models using ETFs; and \$100,000 is required for Fund Evaluation Group models using ETFs, load-waived, and no-load mutual funds and \$10,000 is required for Russell LifePoints® Target Portfolio Series. Accounts may not be aggregated to meet program minimums. In certain instances, the minimum account size may be negotiated.

If the Client closes a CAAP account or if the Client reduces the account balance below the minimum account value during the first 12 months, the Client may be charged a fee up to a maximum of \$500 in order to cover the administrative costs of establishing the CAAP account(s).

After the Client has established a CAAP account, and providing the Client deposits the required portfolio minimum of equal or greater to 50 percent of the amount referenced in the Client's IPS, the Client's account(s) will be eligible for trading. Before the account reaches the portfolio minimum and 50% of the amount referenced in the IPS, the funds will be held in a money market at the custodian. Client understands that if he/she deposits assets requiring liquidation, CIRA may not trade account(s) until settlement of the funds. Deposits of assets requiring liquidation may also have ticket charges applied to those liquidation trades. Client's Adviser/Advisor Representative is also authorized by the Client to

provide trade instructions to CIRA. Trade instructions may include liquidation instructions, sell instructions for distributions or cash withdrawals, and model election changes (see the CAAP Account Application).

CIRA will rebalance Client's account(s) upon changes from the strategists and will review accounts against their assigned models to determine if the account is significantly out of balance. Significantly out of balance is defined by a variance range of +/- 20% on asset allocations of 10% or less and variance range of +/- 15% on asset allocations of 11% or more. A minimum trade size of approximately \$1,000 will be applied to all buys and sells, with the exclusion of Symmetry Partners having a minimum trade size of \$2000. Reviews of accounts will be performed in May, August, and November and an annual rebalance will occur in February. CAAP accounts invested in Symmetry Partner models will not participate in the May, August, and November reviews as requested by Symmetry Partners, but will be rebalanced annually in January. Accounts at BMO Harris Bank are traded by BMO Harris Bank and will follow the same rebalance cycle and variances as the Litman Gregory and Russell accounts traded by Cambridge.

CAAP reviews periodically for additional cash contributions to the Client account but it remains the responsibility of the Adviser/Advisor Representative to notify CIRA whenever additional cash contributions are deposited to a CAAP account. In certain cases, because of the required 2% cash equivalent balance, no trades may be processed. CAAP's trading threshold requires two positions to be out of balance by more than approximately \$1,000 before trades occur. Deposits of less than \$1,000 will remain in the money market in the Client's account until there are sufficient funds to trigger an allocation. The Adviser/Advisor Representative may request a rebalance of the Client's account. Client's account(s) will be billed the account fee based on total assets under management, including those funds deposited and that await rebalancing.

CAAP accounts may be subject to short-term redemption fees from the mutual fund companies upon sale of assets. For non-qualified account registrations, this action may be a taxable event. Clients should consult their tax professional for further guidance.

In regards to all cash withdrawal requests, if the cash for the withdrawal has not been delivered out of the Client account 60 days after receiving a partial redemption/withdrawal request, funds may be reinvested back into the model at market. Dividends and capital gains are reinvested on the reinvestment date as established by the mutual fund company.

EXCLUDED ASSETS

Rep-advisors may request on behalf of the Client authorization to hold an excluded asset (an asset that is not part of a CAAP model). New purchases and additional buys of an excluded asset are generally prohibited. A waiver to hold an excluded asset in CAAP will be considered by CIRA on a limited and individual basis under the following conditions: the Client intends to continue to hold the asset long-term and the asset is either an equity or bond; a cash position greater than the percentage allocated in the model (excess cash) will be considered an excluded asset.

Outside assets are not allowed in accounts that have Horizon's Principal Protection Management Strategy. Additionally, authorization cannot be granted to hold an excluded asset in accounts held at BMO Harris Bank.

Upon receiving authorization from Cambridge, the Client will be required to sign the CAAP Waiver for Outside Assets letter. Client understands that although the excluded assets may be held in an account that also includes assets that are subject to management by CIRA through CAAP strategies, the excluded assets will not be managed by CIRA or included in the CAAP strategies. Unless otherwise agreed to in writing by CIRA, CIRA will not monitor, provide investment recommendations, exercise discretionary authority, or otherwise manage the excluded assets. Client will be responsible for monitoring the excluded assets and instructing CIRA to place trades related to the excluded assets.

CIRA will not include the excluded assets as part of the account fees charges for the CAAP account. Client understands that the excluded assets may be subject to fees and charges other than the account fees, according to the terms in the Cambridge Asset Allocation Platform – Advisor Client Agreement.

Item 6 – Portfolio Manager Selection and Evaluation

The Advisor Representative obtains the necessary financial data from the Client and assists the Client in setting appropriate investment objectives for his/her CAAP account(s). Clients, together with their Advisor Representative, will use a risk tolerance questionnaire to determine an asset allocation model which will be consistent with their risk tolerance, investment objectives, financial resources, personal needs, and reasonable investment limitations. Clients, together with their Advisor Representative, will then develop the investment policy statement (IPS) by selecting a specific portfolio from a group of asset allocation models created by the strategists.

CIRA does not impose a specific review schedule that all Advisor Representatives must follow. Generally the calendar is the main triggering factor for Client reviews. However, more frequent reviews may be provided to any account depending on, among other issues, changes to the Client's financial situation, personal situation, or changes in market conditions. Clients generally will receive an annual letter from Cambridge confirming this personal information.

The CIRA Investment Committee is responsible for oversight of the investment selection process, and for reviewing and approving all products to be offered in CAAP, including, but not limited to, no load and load waived mutual funds and third party portfolio strategists. The members of the Investment Committee are Eric Schwartz, Amy Webber, Bobbi Martin, Jeff Vivacqua, and Barbara Pilcher. This committee also reviews performance information which may consist of:

- Pricing all positions
- Reconciling account positions
- Automatically updating performance records
- Checking each account's performance for deviations from other similarly invested account

*Performance information is calculated on a uniform and consistent basis using a time-weighted rate of return.

CIRA does not have any related or supervised person(s) who act as portfolio managers for the CAAP program.

Item 7 – Client Information Provided to Portfolio Managers

CIRA provides certain Client information to portfolio managers in order for portfolio managers to implement the investment objectives and goals of the Client. This information can include, but not be limited to:

- Social Security number
- Income
- Investment experience
- Risk tolerance
- Investment objective
- Date of birth
- Address

This information is shared at the opening of a CAAP account and then as information is updated as determined by the Client and Advisor Representative.

Item 8 – Client Contact with Portfolio Managers

Clients are not allowed to contact the portfolio managers directly, but instead would contact their Advisor Representative for questions, concerns, to update personal information, or obtain account information.

Item 9 – Additional Information

A. Disciplinary Information

CIRA reported to the Pennsylvania Securities Commission, upon CIRA's own discovery, that it had previously misinterpreted the Pennsylvania Investment Advisor Representative Registration provision. Upon CIRA's recognition of the registration issue, CIRA took prompt action and worked with the state of Pennsylvania Securities Commission to resolve the issue. CIRA was assessed a fine and legal fees which it paid in full on September 29, 2010.

B. Other Financial Industry Activities and Affiliations

CIRA is **not** and does **not** have a related company that is an (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, or (4) sponsor or syndicator of limited partnerships.

Affiliation with Cambridge Investment Research, Inc.

CIRA is under common ownership with a registered broker-dealer, Cambridge Investment Research, Inc. ("Cambridge"). CIRA and Cambridge are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by the Mary Sue Schwartz Revocable Trust.

Advisor Representatives may be licensed to sell securities in their capacity as Registered Representatives or registered principals with Cambridge. Advisor Representatives, acting in their separate capacities as Registered Representatives or registered principals of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory Clients. As such, Advisor Representatives may suggest that advisory Clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory Clients elect to purchase these products through Cambridge, Cambridge and the Client's Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. CIRA does not require its Advisor Representatives to encourage Clients to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any broker-dealer or product sponsor they may select. However, Clients should understand that, due to certain regulatory constraints, Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

Affiliation with TBS Agency, Inc.

CIRA is under common ownership with TBS Agency, Inc. (TBS), a licensed insurance agency. CIRA and TBS are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by The Mary Sue Schwartz Revocable Trust.

Advisor Representatives may be licensed life insurance agents with TBS and may sell insurance products to advisory Clients. Therefore, the Client's Advisor Representative, in the capacity as a licensed life agent, may be able to implement insurance recommendations for advisory Clients electing to receive this service. In this event, Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales.

Affiliation with Continuity Partners Group, L.L.C.

CIRA is affiliated with Continuity Partners Group, L.L.C (referred to as “CPG”). CPG is registered as a Registered Investment Adviser firm with the SEC and a registered broker/dealer with FINRA.

CPG has been established by Cambridge Investment Group, Inc. (“CIG”), the parent company of CIRA and Cambridge, and certain principals of CIG, Cambridge and CIRA primarily to provide to certain Cambridge Rep-Advisors tools to enhance the value of their retail practices and to provide a source to finance the transitioning of their practices and/or purchase of existing practices.

Although CPG has registered as an Investment Adviser, CPG does not provide advisory services. CPG has registered as an Investment Adviser solely because it acquires the goodwill associated with the client relationships served by CIRA and CIRA Advisor Representatives participating in CPG. Correspondingly, CPG will receive a portion of advisory fees generated from such investment advisory client relationships. Advisory fees will be paid by CIRA directly to CPG. It should be noted that CPG does not provide investment advisory services. CIRA clients will not enter into a direct client relationship with CPG.

Advisor Representatives Affiliated with Independent Investment Adviser Firms

Some Advisor Representatives own or are affiliated with independent investment advisory firms. CIRA and the independent Investment Advisers are not affiliated companies. Typically, Advisor Representatives that own or are affiliated with an independent Investment Adviser may only provide financial planning services through the independent Investment Adviser firm. However, some Advisor Representatives may provide asset management and similar services through the independent Investment Adviser. Fees for financial planning services provided by an independent Investment Adviser are separate and distinct from the advisory fees paid to these Advisor Representatives in their capacities as Advisor Representatives.

Clients that engage an independent Investment Adviser will receive a copy of the independent Investment Adviser firm's disclosure document and will execute a Client agreement specifying the services provided and fees charged by the independent Investment Adviser.

Advisor Representatives' Other Business Activities – Accountants

While CIRA does not have a related person that is an accounting firm, certain CIRA Advisor Representatives may be accountants or Certified Public Accountants (“CPAs”). When CIRA Advisor Representatives that are accountants determine that their Clients are in need of tax or accounting services, those Clients may be referred to the CIRA Advisor Representative's accounting firm or practice. In addition, if accounting or tax Clients of a CIRA Advisor Representative are in need of financial planning or other advisory services, the CIRA Advisor Representative acting in his or her separate capacity as an accountant may refer Clients to CIRA. Clients are not obligated in any manner to use the services or an accounting firm recommended by a CIRA Advisor Representative.

Advisor Representatives' Other Business Activities – Attorneys

While CIRA does not have a related person that is a law firm, certain Advisor Representatives may be attorneys. When Advisor Representatives that are attorneys determine that their Clients are in need of legal services, those Clients may be referred to the Advisor Representative's law firm or practice. In addition, if legal Clients of an Advisor Representative are in need of financial planning or other advisory services, the Advisor Representative acting in his or her separate capacity as an attorney may refer Clients to CIRA. Clients are not obligated in any manner to use the services or a law firm recommended by an Advisor Representative.

Advisor Representatives' Other Business Activities – Pension Consultants

Certain Advisor Representatives may be pension consultants and provide pension consulting services

separate from their capacity with CIRA. When Advisor Representatives that provide pension consulting services determine that their Clients are in need of such services, those Clients may be referred to the Advisor Representative's pension consulting firm. In addition, if pension consulting Clients of an Advisor Representative are in need of financial planning or other advisory services, the Advisor Representative acting in his or her separate capacity as a pension consultant may refer Clients to CIRA. Clients are not obligated in any manner to use the services of a pension consulting firm recommended by an Advisor Representative.

Advisor Representatives' Other Business Activities – Real Estate and Mortgage

CIRA does not have a related person that is a real estate broker or dealer; however, Advisor Representatives may be real estate agents or mortgage loan originators. In this separate capacity, the Advisor Representative that is a licensed real estate broker will earn commissions for real estate transactions. Advisor Representatives that are mortgage brokers will earn commissions when selling or refinancing real estate loans.

To the extent that an advisory Client may use a portion of their proceeds from a loan on the Client's real estate or from the sale of their real estate, brokered by an Advisor Representative, to fund their securities account(s), a potential conflict of interest exists. The conflict is present in that the Advisor Representative has an incentive to recommend the proceeds be placed in a securities account managed by the Advisor Representative or used to purchase securities products through the Advisor Representative in his/her capacity as a Cambridge Registered Representative, thus increasing the compensation earned by the Advisor Representative.

Clients of CIRA are not obligated in any manner to use the mortgage or real estate services provided by Advisor Representatives.

Advisor Representatives' Other Business Activities – Insurance Agencies

Advisor Representatives may be licensed life insurance agents with various insurance companies and may sell insurance products to CIRA's advisory Clients. Therefore, the Client's Advisor Representative, in the capacity as a licensed life agent, may be able to implement insurance recommendations for advisory Clients electing to receive this service. In this event, Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. There may be a conflict of interest present in that the Advisor Representative has an incentive to recommend products to be purchased through the Advisor Representative, thus increasing the compensation earned by the Advisor Representative. Clients of CIRA are not obligated in any manner to use the insurance services provided by Advisor Representatives.

Advisor Representatives' Other Business Activities – Banking or Thrift Institutions

Cambridge has established and will continue to establish marketing arrangements with banks and other depository institutions. In certain circumstances, investment advisory services of CIRA may also be marketed through these banks and other depository institutions, provided that such marketing is done in compliance with applicable SEC and state regulations. Further, CIRA may have Advisor Representatives conducting business from and/or affiliated with a bank or other depository institution. These relationships may create compliance issues relative to consumer protection.

Cambridge has established a referral arrangement with FNBB Capital Markets, LLC, ("FNBB") which is a registered broker-dealer and state registered Investment Adviser in the state of Alabama. Pursuant to this arrangement, FNBB may refer prospective retail banks to designated representatives of Cambridge, and such designated representatives may then offer products and services to retail consumers through arrangements with third party banks in accordance with the terms of a separate Financial Institution Marketing Agreement between Cambridge and the bank. Cambridge will pay FNBB a portion of the compensation not to exceed 27.5 basis points arising from the sale by designated representatives of products and services to customers of the retail banks introduced to Cambridge by FNBB and services under a Financial Institution Marketing Agreement.

Arrangements with Unaffiliated Investment Advisers

CIRA has developed several programs, previously described in Item 5 of this Disclosure Brochure, designed to allow Advisor Representatives to recommend and select unaffiliated Investment Advisers for Clients. The selected unaffiliated Investment Advisers will act as either a third party money manager or a sub-adviser. Whenever another Investment Adviser is selected to manage all or a portion of the Client's assets, you need to know that the outside Investment Adviser will be paid a portion of the fees you are charged, and CIRA and its Advisor Representatives will also receive a portion of the fees you are charged. Please refer to Item 5 for full details regarding the programs, fees, conflicts of interest, and material arrangements when selecting other investment advisers.

While Advisor Representatives endeavor at all times to put the interests of their Clients first as a part of CIRA's fiduciary duty, Clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of Advisor Representatives when making recommendations.

In addition to the economic benefits detailed above, including assistance and services, CIRA and/or Cambridge enters into specific arrangement with product sponsors and other third parties. Advisor Representatives may offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment wrap programs (collectively referred to as "Approved Product Companies"). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of its Clients ahead of its own or those of its officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Cambridge or its affiliated persons when recommending investment products. These situations present a conflict of interest that may affect the judgment of our affiliated persons. Please review the CIRA and Cambridge Revenue Sharing Disclosure located at www.cir-info.com for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

Some of CIRA's Advisor Representatives have entered into an Equity Participation Plan ("EPP") with Cambridge. Under this arrangement, CIRA Advisor Representatives who participate in the EPP have the ability to earn a percentage of Cambridge's overall profit ratio. CIRA Advisor Representatives are not owners or officers of Cambridge. However, CIRA Advisor Representatives are eligible to participate in the EPP due to their affiliation as Registered Representatives of Cambridge or Advisor Representatives of CIRA. This arrangement between certain of CIRA's Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its clients in that it may inhibit CIRA's independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

Some of CIRA's Advisor Representatives are eligible to participate in the Cambridge Investment Group, Inc. private stock purchase program. Cambridge Investment Group, Inc. is 100% owner of CIRA and its affiliated broker/dealer CIR. CIRA Advisor Representatives who participate in this program do not act as officers of Cambridge. However, they would have a percentage of ownership and have the ability to participate in Cambridge's overall profits. CIRA Advisor Representatives are eligible to participate in the stock purchase program due to their affiliation as Registered Representatives of Cambridge and/or Advisor Representatives of CIRA. This arrangement between certain of CIRA's Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its clients in that it may inhibit CIRA's independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

C. Code of Ethics, Participation in Client Transactions, and Personal Trading

Code of Ethics Summary and Offer

Section 204A-1 of the *Investment Advisers Act of 1940* requires all Investment Advisers to establish, maintain, and enforce a Code of Ethics. CIRA has established a Code of Ethics that will apply to all of its supervised persons. An Investment Adviser is considered a fiduciary according to the *Investment*

Advisers Act of 1940. As a fiduciary, it is an Investment Adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its Clients at all times. CIRA has a fiduciary duty to all Clients. This fiduciary duty is considered the core underlying principle for CIRA's Code of Ethics, which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. CIRA requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with CIRA's Code of Ethics. CIRA has the responsibility to make sure that the interests of all Clients are placed ahead of CIRA's or its supervised person's own investment interests. Full disclosure of all material facts and potential conflicts of interest will be provided to Clients prior to any services being conducted. CIRA and its supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all Clients. This disclosure is provided to give all Clients a summary of CIRA's Code of Ethics. Clients may review the CIRA Code of Ethics in its entirety by written request or at www.cir-info.com.

Personal Trading Policy

From time to time CIRA or one or more of its supervised persons may purchase or own the same securities and investments that CIRA or the Client's Advisor Representative recommends to the Client. The fact that CIRA supervised persons may have personal accounts is a conflict of interest due to the potential that an Advisor Representative may devote more time to monitoring his/her personal accounts as opposed to spending that time reviewing and monitoring Client accounts. In addition, there is a potential that Advisor Representatives may favor their personal accounts over Client accounts. When the recommendation to the Client involves individual stocks, stock options, bonds, and other general securities, there could be a conflict of interest with the Client because the CIRA Advisor Representative may engage in practices such as front running, scalping, and other activities that are potentially detrimental to Clients.

CIRA has adopted policies and procedures to ensure that such conflicts are fully disclosed, and that neither CIRA, its Advisor Representatives, nor its supervised persons may trade ahead of or otherwise against the interest of Clients. It is the policy of CIRA that the interests of Client accounts are placed ahead of the interests of CIRA accounts and personal accounts of CIRA supervised persons.

None of CIRA's supervised persons may effect for himself or herself, or his or her immediate family (i.e., spouse, minor children, and adults living in the same household as the associated person), or for trusts for which the supervised person may serve as trustee or in which the associated person has a beneficial interest, any transactions in a security which is published on the CIRA Restricted Trading List on behalf of any of CIRA's Clients without prior approval from the Chief Compliance Officer or his/her designee.

The foregoing policies and procedures are not applicable to (1) transactions in any account which neither CIRA nor its advisory affiliates has any direct or indirect influence or control, and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

CIRA recognizes that some securities being considered for purchase or sale on behalf of its Clients trade in sufficiently broad markets without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to CIRA's Code of Ethics.

CIRA has also established policies and procedures to ensure that its supervised persons control for conflicts of interest and comply with applicable provisions of The Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"). To avoid control for conflicts of interest with Clients and to ensure compliance with ITSFEA, CIRA, among other things, does the following:

- Provides ongoing continuing education regarding avoiding conflicts of interest and complying with ITSFEA
- Requires supervised persons to report quarterly securities trading in personal accounts (except mutual funds and government securities), which are monitored by the

- Compliance Department
- Prohibits supervised persons from executing securities transactions for Clients or on their personal accounts based on information that is not available to the public upon reasonable inquiry
- Informs Clients that they are not required to purchase securities through CIRA or its Advisor Representatives, although if they choose to purchase securities through their CIRA Advisor Representative the transaction must be affected through Cambridge or a Cambridge approved trading platform

Agency Cross Transactions

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the Investment Adviser, acts as broker for both the advisory Clients and for another person on the other side of the transaction. Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Agency cross transactions are permitted for advisers only if certain conditions are met under Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

As a fiduciary, the interests of CIRA's Clients must always be placed first. CIRA's trading policies and procedures prohibit unfair trading practices and seek to avoid conflicts of interests, where possible, or to disclose conflicts when they arise. CIRA will attempt to resolve conflicts in the Client's favor when reasonably possible.

CIRA may engage in agency cross transaction only when it is deemed to be in the best interests of both Clients and neither Client is disfavored. Such cross transactions will only be used when it can be determined that doing so would achieve "best execution" and benefit the clients involved by saving commissions, market impact costs, and other transaction charges. Agency cross transactions involving an advisory client will be transacted without any compensation, unless specifically approved by CIRA's Chief Compliance Officer in compliance with the above criteria and in accordance with either Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

Where compensation is approved for an agency cross transaction involving advisory Clients, CIRA will provide a written disclosure to the customers that Cambridge will act as broker for, receive compensation from, and have a potential conflicting division of loyalties regarding both parties to the transaction. CIRA will also receive written, executed consent from the Client prospectively authorizing CIRA and Cambridge to effect agency cross transaction in Client accounts.

Where compensation is charged, CIRA and Cambridge will send to each Client at or before completion of the transaction, information which includes the date of the transaction, a statement of the nature of the transaction, an offer to furnish the time the transaction took place, and the total of all compensation received. Cambridge, through its clearing firm, will provide each client who was a party to an agency cross transaction for compensation an annual written disclosure statement identifying the total number of agency cross transactions since the last statement and the total compensation received.

It should be noted that agency cross transactions can only be processed through Cambridge accounts, and such transactions are not available through Institutional RIA Account platforms such as Charles Schwab & Company, Inc. and TD Ameritrade.

D. Review of Accounts

Advisor Representatives are in charge of providing all investment advice and conducting ongoing reviews of all accounts for their respective Client accounts. Advisor Representatives are also in charge of selecting and/or recommending strategies and managers within the CAAP Platform to their respective Clients. Therefore, you will need to contact your Advisor Representative for the most current information and status of your accounts.

CIRA does not impose a specific review schedule that all Advisor Representatives must follow. Generally, the calendar is the main triggering factor for Client reviews. However, more frequent reviews may be provided to any account depending on, among other issues, changes to the Client's financial or personal situation, or changes in market conditions. Clients generally will receive an annual letter from Cambridge confirming this personal information.

The Advisor Representative reviews Client accounts to analyze if the account is being managed in accordance with the Client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions.

Although not every Advisor Representative provides an annual financial review to every Client, CIRA encourages Clients to request such a review to discuss with their Advisor Representative such things as account performance; changes in investment objectives, goals, and financial situation; tax planning; estate planning; retirement planning; and any other questions the Client may have concerning their investment portfolio. In addition to the reviews provided by the Advisor Representatives, CIRA reviews transaction suitability for accounts managed by CIRA Advisor Representatives.

Client Reports and Statements

Clients may receive confirmations of purchases and sales in their accounts and will receive quarterly and/or monthly statements containing account information such as account value, transactions, and other relevant account information. Confirmations and statements are prepared and delivered from either the product sponsor or account custodian. Clients may also receive periodic reports reflecting the performance of their investment portfolio over a specified period.

CIRA urges Clients to review the contents of these custodial statements and compare them against the reports provided directly from CIRA or Advisor Representatives.

CIRA offers optional performance reporting solutions to its CIRA Advisor Representatives who utilize the Cambridge Investment Management Platform and CAAP program.

Some clearing firms used by CIRA, to effect transactions in CAAP accounts, may have the ability to suppress receipt of individual trade confirmations. Clients who have previously approved suppression of receipt of individual trade confirmations by signing the Confirmation Suppress Request, included in the CAAP Agreement and Application, may receive this capability in the future if offered by additional clearing firms. Currently, Pershing offers this trade suppression and all trade confirmation information will be provided by Pershing on the Client Brokerage Statement.

E. Client Referrals and Other Compensation

Other Compensation

CIRA Advisor Representatives, in their separate capacities as Registered Representatives of Cambridge, may receive commissions from the execution of securities transactions. Although not shared with CIRA Advisor Representatives, CIRA's affiliated broker-dealer, Cambridge, receives a portion of ticket charges for non-wrap accounts managed by CIRA and held at NFS or Pershing. In addition, CIRA Advisor Representatives may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such commissions, ticket charges, and 12b-1 fees could represent an incentive for CIRA and the CIRA Advisor Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. When managing ERISA and qualified accounts, CIRA Advisor Representatives must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by the CIRA Advisor Representatives in their individual capacities as Registered Representatives of Cambridge.

CIRA Advisor Representatives that are licensed insurance agents, including those approved to conduct business under CIRA's affiliated insurance company TBS, receive commissions and other incentive awards for the recommendation and/or sale of annuities and other insurance products. The receipt of this compensation may affect the judgment of CIRA's Advisor Representatives when recommending insurance products to their clients.

In certain circumstances, CIRA Advisor Representatives may receive additional benefits for recommending clients who participate in the CAAP program, or when more assets are held through the Investment Management Platform. Benefits could include, but are not limited to, reduced technology, conference assistance, reduced platform and E&O fees. In some cases CIRA Advisor Representatives may qualify for the CAAP Bonus Program in which they receive additional compensation based on assets held in the CAAP platform.

While CIRA and CIRA's Advisor Representatives endeavor at all times to put the interests of their clients first as a part of CIRA's fiduciary duty, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of CIRA and the CIRA Advisor Representatives when making recommendations or offering services of its affiliated broker-dealer, Cambridge, such as a non-wrap account held by NFS or Pershing.

In addition to the economic benefits, including assistance and services, detailed above, CIRA and/or Cambridge enters into specific arrangement with product sponsors and other third parties. CIRA Advisor Representatives may offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment wrap programs (collectively referred to as "Approved Product Companies"). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Cambridge or its affiliated persons when recommending investment products. These situations present a conflict of interest that may affect the judgment of our affiliated persons. Please review the CIRA and Cambridge Revenue Sharing Disclosure 45 Cambridge Investment Research Advisors, Inc. Disclosure Brochure for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

Compensation Paid for Client Referrals

Solicitors – Referring Parties

CIRA and its Advisor Representatives may enter into arrangements with individuals ("Solicitors") who will refer Clients that may be candidates for investment advisory services to CIRA. In return, CIRA agrees to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the Client entering into an advisory agreement with CIRA. Compensation to the Solicitor will be an agreed upon percentage of CIRA's investment advisory fee or a flat fee depending on the type of advisory services CIRA provides to Clients.

It should be noted that not all Advisor Representatives work with Solicitors. In fact, most Advisor Representatives do not use Solicitors.

CIRA's referral program will be in compliance with federal or state regulations (as applicable). All solicitation/referral fees are paid pursuant to a written agreement retained by both CIRA and the Solicitor. Solicitors are required to provide Client with a copy of CIRA's Form ADV Part 2A and a Solicitor Disclosure Document at the time of solicitation and CIRA will obtain acknowledgement from the Client of receiving those disclosures. Acknowledgement must be obtained prior to or at the time of entering into any investment advisory contract with CIRA. Solicitors are not permitted to offer Clients any investment advice on behalf of CIRA. The advisory fee charged to Clients may increase as a result of compensation being shared with the Solicitor.

Referral Arrangements with Representatives of Unaffiliated Broker-dealers

Certain Advisor Representatives have entered into arrangements with Registered Representatives of outside broker-dealer firms whereby the Registered Representatives of the outside broker-dealer firm will refer Clients to Cambridge and the Advisor Representative in his/her separate capacity as a Cambridge Registered Representative.

Marketing Arrangements with Financial Institutions

Cambridge has established, and will continue to establish, marketing arrangements with banks and other depository institutions. In certain circumstances, investment advisory services of CIRA may also be marketed through these banks and other depository institutions, provided that such marketing is done in compliance with applicable SEC and state regulations. Further, CIRA may have Advisor Representatives conducting business from and/or affiliated with a bank or other depository institution. These relationships create compliance issues relative to consumer protection.

The joint guidelines of regulators of the depository institution call for, at a minimum, both written and verbal disclosure at or prior to the time securities products are purchased or sold that such securities products:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund, the Federal Deposit Insurance Corp., the National Credit Union Administration, or any other federal or state deposit guarantee fund or other government agency
- Are not endorsed or guaranteed by the bank or credit union or their affiliates
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions
- Are subject to investment risks, including possible loss of principal invested

Cambridge has established a referral arrangement with FNBB Capital Markets, LLC, ("FNBB") which is a registered broker-dealer and state registered Investment Adviser in the state of Alabama.

Pursuant to this arrangement, FNBB may refer prospective retail banks to designated representatives of Cambridge and such designated representatives may then offer products and services to retail consumers through arrangements with third party banks in accordance with the terms of a separate Financial Institution Marketing Agreement between Cambridge and the bank. Cambridge will pay FNBB a portion of the compensation not to exceed 27.5 basis points arising from the sale by designated representatives of products and services to customers of the retail banks introduced to Cambridge by FNBB and services under a Financial Institution Marketing Agreement.

F. Financial Information

This item is not applicable to our Disclosure Brochure. We do not allow, require, or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Therefore, CIRA is not required to include a balance sheet for its most recent fiscal year. Neither CIRA nor our affiliated companies are subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients. Finally, we have not been the subject of a bankruptcy petition at any time.

Item 10 – Requirement for State Registered Advisers

CIRA is a federally registered investment adviser; therefore, this section does not apply.