



Form ADV, Part 2A • Client Brochure



ITEM 1: COVER PAGE

This brochure provides information about the qualifications and business practices of The Colony Group of Naples, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, Vincent Gratch, by telephone at (617) 896-2131 or by email at vgratch@thecolonygroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Colony Group of Naples is available on the SEC's website at www.adviserinfo.sec.gov. The Colony Group of Naples' SEC number is 801-67456.

Registration with the SEC does not imply a certain level of skill or training.

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Version Date: 06/03/11

**ITEM 2:
MATERIAL CHANGES**

The Colony Group of Naples, LLC has not yet filed an annual updating amendment using the Form ADV, Part 2A. Therefore, there are no material changes to report.

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ITEM 4: **ADVISORY BUSINESS**

A. Description of the Advisory Firm

The Colony Group of Naples, LLC (“TCGN”) has been in business since 2007. TCGN has two owners/members. These include Colony Ventures, LLC, a subsidiary of The Colony Group, LLC (“Colony”), and George A. Wilson (“Wilson”).

B. Types of Advisory Services

Investment Management Services Offered

- Asset allocation strategies
- Discretionary management of proprietary equity and fixed-income strategies
- Discretionary management of mutual fund and exchange-traded fund strategies
- Selection and supervision of alternative investments and other private offerings
- Selection and supervision of third-party separate account managers

C. Client-Tailored Advisory Services

Investment Management Services

TCGN tailors its investment management services to the individual needs of its clients. TCGN seeks to understand each client’s goals, objectives, time horizon, risk tolerance, and tax position. The client and TCGN then decide on an investment plan that may include the utilization of one or more TCGN proprietary equity and fixed-income strategies, mutual funds, exchange-traded funds, alternative investments, and/or third-party separate account managers. A client is free to impose reasonable restrictions with respect to the management of his/her investment accounts.

D. Wrap Fee Programs

TCGN does not currently participate in wrap fee programs, but it does offer certain of its proprietary investment strategies on select custodial platforms.

E. Assets Under Management (AUM)

TCGN has the following assets under management:

Discretionary AUM	\$50,566,668
Non-Discretionary AUM	\$ -
Date Calculated	March 31, 2011

ITEM 5: FEES AND COMPENSATION

A. TCGN's current fee schedule for advisory services is as follows:

	Colony Equity Accounts and Colony Balanced ¹ Accounts with Individual Stocks	Colony Fixed-Income Accounts	Managed Allocation Strategies ² and Colony Balanced ¹ Accounts without Individual Stocks and Mutual Fund Accounts ²
\$0-1,000,000	1.25%	0.60%	1.00%
\$1,000,001-2,500,000	1.00%	0.60%	0.90%
\$2,500,001-5,000,000	1.00%	0.50%	0.85%
\$5,000,001-10,000,000	0.80%	0.40%	0.80%
\$10,000,001-30,000,000	0.60%	0.35%	0.60%
\$30,000,001-50,000,000	0.50%	0.30%	0.50%
Over \$50,000,000	negotiable	negotiable	negotiable

Colony Hedged Equity-Income Strategy

1.50% if Client's aggregate assets under management with Manager are less than \$750,000; or
1.30% if Client's aggregate assets under management with Manager equal or exceed \$750,000

Colony Fund Portfolios

0.75% on all assets under management

Colony Multi-Strategy Fund, L.P.

Management fee of 0.80% of the Limited Partner's capital account;
10% performance fee with a hurdle based on the 90-day Treasury Bill rate

Limited partnerships for which Colony does not serve as investment advisor ²

0.50% on all assets under advisement

¹ "Balanced" shall mean accounts that are comprised of some combination of equity, fixed income, and/or mutual funds (whether domestic or international) regardless of the relative weightings of the asset class.

² Asset management fees payable to Colony are separate and in addition to fees/expenses charged by any mutual fund, separate account manager, limited partnership, or other manager as the case may be. Such fees/expenses should be disclosed by the respective disclosure documents of the particular investment.

TCGN reserves the right to negotiate fee arrangements with prospective and existing clients. TCGN reserves to take into account any other fees paid by the client when negotiating investment management fees. Some client relationships predated TCGN's current fee schedule. For these reasons, a client's fees may be higher or lower than those reflected in the foregoing schedule.

B. Payment of Fees

Investment Management Services

Except as provided below, TCGN deducts its investment management fee from the client's investment accounts. Upon engaging TCGN to manage such account(s), a client grants TCGN this limited authority through a written instruction to the custodian of his/her account(s). The fee is billed in advance on a quarterly basis. A newly managed account is charged a fee from the start date to the end of the quarter. The fee is based on the value of the account the day prior to the start date. Thereafter, the quarterly fee is based on the market value of the account on the last business day of the previous quarter. A net deposit to a managed account that exceeds 10% of the account's prior-day value generally will be charged an interim fee for the remainder of the quarter.

For limited partnerships and similar private offerings managed or supervised by TCGN, the manner of payment of a client's fee will depend on the specific investment offering.

Clients generally are required to have their investment management fees deducted from their accounts. In some cases, however, TCGN will bill a client for investment management fees if it determines that such billing arrangement is appropriate given the circumstances.

C. Clients Responsible for Custodial and Brokerage Fees

In connection with TCGN's management of an account, a client will incur fees and/or expenses separate from TCGN's management fee. These additional fees include brokerage fees, custodian fees, transaction charges, and mutual fund fees. The client is responsible for all such fees and expenses. Please see Item 12 of this brochure regarding brokerage practices.

D. Prepayment of Fees

As noted in Item 5(B) above, investment management fees generally are paid in advance. Except as provided below, TCGN will, upon receiving notice from a client that he/she has terminated the investment management relationship, issue a refund equal to the unearned management fee for the remainder of the quarter. The client may specify how he/she would like such refund issued (i.e., a check sent directly to the client or a check sent to the client's custodian for deposit into the client's account).

For limited partnerships and similar private offerings managed or supervised by TCGN, the ability of a client to obtain a refund of prepaid fees will depend on the specific investment offering.

E. Outside Compensation for the Sale of Securities to Clients

TCGN does not accept compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES

In general, TCGN does not charge performance-based fees for its management services. Nevertheless, Colony is the investment manager of a limited partnership, Colony Multi-Strategy Fund, L.P., (the “Partnership”). Moreover, Colony Funds, LLC, a subsidiary of Colony (the “General Partner”), serves as the general partner of the Partnership. The General Partner has discretionary authority to manage the Partnership’s activities. Currently, limited partnership interests in the Partnership are available only to Qualified Purchases (as such term is defined in the Investment Company Act of 1940, as amended, and the rules promulgated by the SEC).

The General Partner and Colony have engaged Palmer Square Capital Management LLC (the “Subadvisor”) to serve as the Partnership’s subadvisor. The Subadvisor is responsible for the Partnership’s day-to-day portfolio management under the general supervision of the General Partner and Colony. Palmer Square Capital Advisors LLC (the “Special Limited Partner”), an affiliate of the Subadvisor, serves as a special limited partner of the Partnership, and, in that capacity, assists the General Partner and Colony in the supervision of the Subadvisor.

Pursuant to the Partnership’s fund documents, at the end of the fiscal year, the General Partner and the Special Limited Partner may receive a performance fee based on the increase to a limited partner’s capital account if such increase exceeds a pre-defined hurdle. The possibility of receiving a performance-based fee may create an incentive for Colony, the General Partner, the Subadvisor, and the Special Limited Partner to make investments on behalf of the Partnership that are riskier or more speculative than would be the case in the absence of such an arrangement.

ITEM 7: TYPES OF CLIENTS

TCGN generally provides investment management services to individuals, trusts, and retirement/profit-sharing plans.

In general, investment accounts managed by TCGN must meet a minimum of \$500,000 at inception. Exceptions are as follows:

- | | |
|---|-----------|
| • Colony Fund Portfolios: | \$50,000 |
| • Colony Multi-Strategy Fund: | \$250,000 |
| • Colony Hedged Equity-Income Strategy: | \$250,000 |

Also, the minimum account size for an alternative investment, private offering, or third-party separate account varies depending on the manager, investment vehicle, and/or platform. In addition, certain allocations within a balanced account may require that the minimum account value exceed \$500,000. In any event, at its discretion, TCGN the right to waive its minimums.

Some client relationships predated TCGN’s current minimum account schedule. For this reasons, a client’s account minimum may be higher or lower than those reflected in the foregoing schedule.

ITEM 8:

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Risk of Loss

TCGN's methods of analysis include fundamental analysis and technical/charting analysis.

1. Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. This method involves the analysis of factors that can affect a security's value, including macroeconomic factors, such as the overall economy and industry conditions, and company-specific factors, such as its financial condition, management, and competitive advantages.
2. Technical/charting analysis is a method of evaluating a security by analyzing statistics generated by market activity, such as past prices and volume. It does not attempt to measure a security's intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity of the security.
3. With respect to TCGN's use of other managers, TCGN evaluates such managers and their strategies based on multiple criteria such as their performance, experience, potential for style drift, underlying holdings, size, turnover, process, and fees.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and involve a high degree of risk.

B. Material Risks Involved

1. Fundamental analysis concentrates on factors that determine a company's intrinsic value based on expected future cash flow. This strategy seeks to purchase stocks that are trading below our estimation of intrinsic value. Risks such as our ability to forecast future cash flow accurately and use the appropriate discount rate could impact our ability to value a security correctly.
2. With regard to technical/charting analysis, prices and volume are backward looking and cannot predict future prices. Moreover, these metrics reflect the collective wisdom of the marketplace, which is often wrong about the future direction of prices. Finally, when looking at charts, there is a large amount of subjectivity in interpreting what the chart is forecasting.
3. With regard to the use of other managers, risks include the possibility of manager turnover, style drift, underperformance, size constraint, tax inefficiency, compliance, and fee changes. In addition, for alternative investment, private offering, and certain other third-party managers, potential risk factors include lack of liquidity, lack of transparency, layering of fees, and other risks as identified by such managers in their disclosure documents. With respect specifically to TCGN Multi-Strategy Fund and other alternative investment vehicles that may charge performance fees, the possibility of receiving a performance-based fee may create an incentive for the manager to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement.

TCGN's management of equity, fixed-income, mutual fund, and ETF accounts generally involves normal levels of trading. Clients should know that frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs/expenses and taxes.

C. Unusual Risks of Specific Securities

TCGN does not primarily recommend a particular type of security. Generally, TCGN designs a diversified portfolio of investments for clients.

Colony Hedged-Equity Income Strategy

For certain clients, TCGN will construct a portfolio consisting primarily of exchange-traded funds (“ETFs”), including one or more inverse exchange-traded funds. When utilizing this strategy, TCGN emphasizes ETFs on which exchange-traded call options currently are available. There are numerous risks associated with an options trading strategy. In focusing on the creation of cash flow from writing (selling) covered call options on some or all of the portfolio’s ETF holdings, a client assumes the obligation or risk of selling a position at a specified price, which generally is higher than where the position currently is trading. Because of this risk, TCGN provides each client interested in the strategy the “Characteristics and Risks of Standardized Options” (the “Pamphlet”), written and published by the Options Clearing Corporation. TCGN requires that each client, prior to investing in the Hedged Equity-Income Strategy, sign a disclosure that incorporates the Pamphlet and serves as an acknowledgment that he/she has received and read the Pamphlet.

ITEM 9: DISCIPLINARY INFORMATION

TCGN has no legal or disciplinary events to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither TCGN nor any Colony-supplied TCGN employee is registered as a broker-dealer or a registered representative of a broker-dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or an Associated Person of the Foregoing Entities

Neither TCGN nor any Colony-supplied TCGN employee is registered as a futures commission merchant, commodity pool operator, commodity-trading advisor, or an associated person of the foregoing entities.

C. Relationships Material to Advisory Business

- Other investment advisory firm: *The Colony Group, LLC*

TCGN is affiliated with The Colony Group, LLC (“Colony”), a separate SEC-registered investment advisory firm headquartered in Boston, MA with an office in Naples, FL (SEC # 801-27451). Colony has over twenty owners/members. The principal office/place of business

for TCGN and Colony is the same. Colony provides TCGN with officers and personnel that are reasonably necessary for TCGN to provide investment advisory services to its clients.

- Law firm: *Sadler, Nathanson & Lupica, LLP*

Colony is affiliated with Sadler, Nathanson & Lupica, LLP (“SNL”), a law firm based in Boston, MA. SNL may provide legal services with respect to estate planning, taxation, and related matters to Colony’s clients. A client does not engage Colony for legal services. Several of Colony’s employees are attorneys and may perform legal work on behalf of SNL. All of SNL’s attorneys also are employees of Colony. All attorneys are licensed to practice law in Massachusetts, with the exception of one, who is licensed to practice exclusively in New York. One Massachusetts-licensed attorney also is licensed to practice in North Carolina. Another Massachusetts-licensed attorney also is licensed to practice in Florida. From time to time SNL may utilize attorneys in states in which its own attorneys are not licensed to practice law.

SNL charges fees for its services, including the possible provision of trustee services. These fees are separate from and in addition to the fees charged by Colony for its services. Because all of SNL’s attorneys also are employees of Colony, there may be an incentive for Colony to refer legal business to SNL. In addition, because Colony and SNL are under common control, there may be an incentive for Colony to recommend the use of SNL for trustee services with respect to accounts that are or could be managed by Colony. Colony and SNL seek to mitigate these potential conflicts of interest by disclosing them to current and prospective clients and by notifying Colony clients that they are not obligated to engage SNL for any services.

- Pooled investment vehicle: *Colony Multi-Strategy Fund, L.P.*

As noted in Item 6 above, Colony controls Colony Funds, LLC, the General Partner of Colony Multi-Strategy Fund, L.P. The General Partner has the authority to manage the Partnership’s activities. Interests in the Partnership are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Partnership does not constitute a complete investment program, and who fully understand and are willing to assume the risks involved in the Partnership’s investment program. Limited partners must qualify as Accredited Investors (as such term is defined in Rule 501 of Regulation D promulgated by the SEC under the Securities Act of 1933) and currently must qualify as Qualified Purchasers (as such term is defined in the Investment Company Act of 1940, as amended, and the rules promulgated by the SEC).

Pursuant to the Partnership’s fund documents, at the end of the fiscal year, the General Partner and the Special Limited Partner may receive a performance fee based on the increase to a limited partner’s capital account if such increase exceeds a pre-defined hurdle. The possibility of receiving a performance-based fee may create an incentive for Colony, the General Partner, the Subadvisor, and the Special Limited Partner to make investments on behalf of the Partnership that are riskier or more speculative than would be the case in the absence of such an arrangement.

None of the management agreement or any of the agreements, contracts, and arrangements between the Partnership, on the one hand, and the General Partner, Colony, and/or their respective affiliates, on the other hand, was or will be the result of arm’s-length negotiations. The attorneys, accountants, and others who have performed services for the Partnership in connection with the issuance of interests, and who will perform services for the Partnership in

the future, have been and will be selected by the General Partner. The General Partner and Colony are affiliates and under common control. Similarly, the Special Limited Partner and the Subadvisor are affiliates and under common control. Nevertheless, the General Partner and Colony, on the one hand, and the Special Limited Partner and Subadvisor, on the other hand, are not affiliates and are independent of each other. The Partnership's fund documents contain additional information that must be reviewed by any potential investor.

D. Selection of Other Investment Advisors and Compensation Received

TCGN may utilize third-party managers and/or unaffiliated alternative investment vehicles for the purpose of providing a client an overall diversified portfolio. TCGN does not receive compensation from those managers or alternative investment vehicles.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

A. Description of Code of Ethics

TCGN has adopted a Code of Ethics (the "Code") pursuant to SEC rule 204A-1. The Code provides that each employee place the interests of TCGN's clients ahead of their own. The Code covers the following areas: Prohibited and Restricted Activities; Reporting Requirements; Certification of Compliance; Confidentiality; Recordkeeping Requirements; Insider Trading; and Compliance with Laws and Regulations. TCGN's Chief Compliance Officer will provide a copy of the Code to any client or prospective client upon request.

B. Recommendations Involving Material Financial Interests

Under the Code, related persons of TCGN are required to disclose any personal material interest they have in a security that TCGN recommends to clients. As explained in Item 6, Colony is the investment manager of a limited partnership, Colony Multi-Strategy Fund, L.P. (the "Partnership"). Also, Colony Funds, LLC, as General Partner, has a financial/ownership interest in the Partnership. TCGN may recommend limited partner interests to an eligible client for whom it believes the investment would be suitable given the client's goals, objectives, risk tolerance, tax circumstances, and liquidity needs. Conflicts of interest are addressed in Item 8 and further detailed in the fund's offering documents. Prospective limited partners are encouraged to consult their own counsel as to the terms and provisions of the Partnership and its offering documents. Limited partners receive annual audited financial statements prepared in accordance with GAAP, unaudited account statements at least quarterly from the fund's administrator, and such other reports as determined by the General Partner.

C. Investing Related Person's Money in the Same Securities as Clients

Related persons of TCGN may invest in a particular investment strategy in which TCGN's clients invest. Trades on behalf of clients may be aggregated with trades on behalf of a related person only if the following conditions are met:

1. The clients' trades are treated equally with trades of the related person;
2. Each related person and each client in the trade receive average execution and average commissions; and

3. The securities purchased or sold are allocated pro rata.

The account of a related person receives no favorable treatment with respect to the management of the account or the execution of transactions. Should a potential transaction on behalf of a related person likely conflict with any of TCGN's clients, TCGN will place its clients' interest first. TCGN reviews accounts that it manages on behalf of its related persons to ensure that such accounts have not received preferred treatment.

As explained in Item 6, Colony is the investment manager of a limited partnership, Colony Multi-Strategy Fund, L.P. (the "Partnership"). Also, Colony Funds, LLC, as General Partner, has a financial/ownership interest in the Partnership. TCGN may recommend limited partner interests to an eligible client for whom it believes the investment would be suitable given the client's goals, objectives, risk tolerance, tax circumstances, and liquidity needs. Conflicts of interest are addressed in Item 8 and further detailed in the fund's offering documents.

D. Trading Securities At/Around the Same Time as Client's Securities

Pursuant to the Code, related persons of TCGN may invest in individual securities that also are holdings in TCGN's investment strategies. Each related person is required to conduct all personal securities transactions in a manner that is consistent with the Code and to avoid any conflict of interest. No related person may misuse information about client accounts, abuse his or her position of trust and responsibility, or take inappropriate advantage of his or her position. TCGN has a policy concerning individual trading by related persons that it believes is reasonably designed to minimize potential conflicts of interest with its clients. In furtherance of minimizing such potential conflicts of interest, TCGN prohibits its related persons from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding such securities or communicating material non-public information to others.

**ITEM 12:
BROKERAGE PRACTICES**

A. Factors Used to Select Custodians and/or Broker-Dealers

TCGN recommends that its investment management clients custody their accounts/assets at unaffiliated broker/dealer custodians with which Colony has an institutional relationship. Currently, these include Charles Schwab & Co., Inc. ("Schwab"), Fidelity Brokerage Services LLC and National Financial Services LLC (together, "Fidelity"), and TD Ameritrade, Inc. ("TD Ameritrade") (BD/Custodian(s))), all of which are "Qualified Custodians" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by TCGN.

In selecting a BD/Custodian, some of the factors that Colony considers include:

- Trade order execution; the ability to provide accurate and timely execution of trades
- The reasonableness and competitiveness of commissions and other transaction costs
- Access to a broad range of investment products
- Access to trading desks
- Technology that integrates within Colony's environment, including interfacing with Colony's portfolio management system

- Access to research
- Ability to provide a full range of options for account registrations for Colony's clients
- Availability of a soft dollar or additional services program
- A dedicated service or back office team and its ability to process seamlessly and timely a myriad of requests from Colony on behalf of its clients
- Ability to provide Colony with access to client account information through an institutional website
- Ability to provide clients with electronic access to account information and investment and research tools

TCGN may place portfolio transactions through the BD/Custodian where the clients' accounts are custodied. In exchange for using the services of the BD/Custodian, TCGN may receive, without cost, computer software and related systems support that allows TCGN to monitor and service its clients' accounts maintained with such BD/Custodian. Additional benefits include the receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk that exclusively services institutional brokerage group participants, access to block trading services that provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, and/or access to an electronic communication network for client order entry and account information. Other benefits TCGN may receive include consulting, publications, and conferences on practice management, information technology, business succession, and regulatory compliance. TCGN's receipt of such benefits is reviewed to ensure compliance with Securities Exchange Act 28(e)'s safe harbor for so-called "soft dollar" arrangements and the SEC's latest guidelines.

If a client's account meets the BD/Custodian's minimum account size, TCGN generally recommends that the client enter into a Prime Brokerage Services Agreement with the BD/Custodian. This agreement permits TCGN, in its discretion, to trade away from that BD/Custodian when placing securities transactions on behalf of the client. The account will incur a trade-away fee from the BD/Custodian for each transaction that is executed on a trade-away basis. This fee is separate from the commission/transaction fee imposed by the broker-dealer through which the trade was executed.

Trading away may be advantageous for the client because:

- the broker-dealer may have expertise in a particular security or market
- the broker-dealer makes a market in a particular security
- a particular security is thinly traded
- the broker-dealer can identify a counter-party for a trade

A client may pay higher net execution costs than he/she would have paid if the transaction were placed through the BD/Custodian holding his/her account. TCGN reviews its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. TCGN maintains a list of brokers-dealers that have been approved for trading clients' assets away from the BD/Custodians. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner

- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

1. Research and Other Soft Dollar Benefits

TCGN uses client brokerage commissions to obtain research or other products or services. This is an economic benefit to TCGN, as TCGN does not have to pay for such research, products, or services. TCGN may have an incentive to select a BD/Custodian or other broker-dealer based upon it receiving such benefits, rather than on the client's interest in receiving most favorable execution.

TCGN will enter into soft dollar arrangements in accordance with Section 28(e) of the Securities Exchange Act of 1934 and the following policy. Where more than one broker-dealer is believed to be capable of providing the best combination of price and execution with respect to a particular portfolio transaction, TCGN may select a broker-dealer that furnishes products and/or research services. In addition, if the TCGN determines in good faith that the commission charged by a broker-dealer is reasonable in relation to the value of brokerage and research services provided by such BD, TCGN may cause a client account to pay such a broker-dealer an amount of commission greater than the amount a BD/Custodian or other broker-dealer may charge, but generally within a competitive range. Research products and/or services may include:

- fundamental research reports
- technical and portfolio analyses
- pricing services
- economic forecasting, interest rate projections and general market information (including but not limited to research and information services such as BCA, First Call, Reuters, Bloomberg, Dow Jones News Services and other similar services)
- historical database information
- computer hardware and software that assists TCGN's investment management process, including effecting securities transactions and performing functions incidental thereto (such as clearance and settlement).

Research, products, or services received from soft dollar benefits generally serve to benefit all client accounts. TCGN does not allocate soft dollar benefits to client accounts proportionately to any soft dollar credits that the accounts generate.

Colony has soft dollar arrangements with Schwab and Fidelity, two of the BD/Custodians that it uses for custody of clients' accounts. It also has arrangements with other unaffiliated BDs, including UBS,

Credit Suisse Group, Barclays Capital, Bernstein & Co. LLC, and William Blair and Co. On an annual basis, Colony reviews its arrangements with the BD/Custodians and broker-dealers by evaluating those factors detailed in Item 12(A).

2. Brokerage for Client Referrals

Except as provided below, TCGN does not select or recommend broker-dealers based on whether or not it may receive client referrals from a broker-dealer or third party. Nevertheless, TCGN does participate in client referral programs with Fidelity and TD Ameritrade. See Item 14 below for further discussion of these referral programs.

3. Directed Brokerage

Generally, in the absence of specific instructions to the contrary, TCGN has full discretion with respect to securities transactions placed on behalf of a client's account. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by TCGN. In selecting a broker-dealer to execute a client's securities transactions, TCGN seeks prompt execution of orders at favorable prices. A client, however, may instruct TCGN to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer.

In directing brokerage transactions, a client should consider if the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if TCGN exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- TCGN's ability to negotiate commission rates and other terms on behalf of such clients could be impaired
- such clients could be denied the benefit of TCGN's experience in selecting broker-dealers that are able to execute efficiently difficult trades
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited
- the client could receive less favorable prices on securities transactions because TCGN may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

B. Trade Aggregation

Balancing the Interests of Multiple Client Accounts

TCGN may manage multiple accounts with similar investment objectives and strategies or may manage accounts with different objectives or strategies that may trade in the same securities. Despite these similarities, TCGN's portfolio decisions about each client's investments and the performance resulting from these decisions may differ from those of other clients.

Allocating Investment Opportunities

TCGN will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportionate amounts for all eligible clients. It is expected, however, that client accounts with similar objectives may trade in the same securities at the same time.

TCGN will allocate investment and trading opportunities (including the sequence of placing orders if not “batched”) in a manner believed by the TCGN to be fair and equitable to each client. In making these allocations, TCGN will take into account the following factors:

- the clients’ investment objectives and strategies;
- the composition, size and characteristics of the account;
- the cash flows and amount of investment funds available to each client;
- the amount already committed by each client to a specific investment;
- each client’s risk tolerance and the relative risk of the investment; and
- the marketability of the security being considered.

TCGN may deviate from strictly pro rata allocation, when appropriate, taking into account the following factors:

- to avoid creating odd lot positions in any account;
- to allocate a smaller portion to those accounts for which the purchased security would be a peripheral investment and a larger portion to those accounts for which the security would be a core investment;
- to the extent that the purchased security is especially appropriate for accounts with certain investment goals or risk tolerances;
- to satisfy demand with respect to an account’s cash position relative to its portfolio (i.e., to allocate a small portion to accounts with less cash or liquidity and a greater portion to accounts with more or highly liquid investments; and
- when a proportionate allocation would, given the size of a client account, result in a position that is too small to be meaningful or too large to maintain an appropriate level of diversification

If it is not possible in a single transaction or at a single price to affect trades in a particular security that is appropriate for multiple accounts, TCGN, may, if feasible, compute and give to each participating client account the average price for that day’s transactions in the securities.

Batching Orders

When the same investment decision is made for more than one client on the same day, TCGN may place orders to buy or sell the same securities for a number of clients. Whenever possible, orders to purchase or sell the same security for multiple accounts are aggregated. All accounts that participate in an aggregated transaction shall participate on a pro rata basis. TCGN will not aggregate investment transactions for accounts unless the transaction is consistent with the terms of the applicable investment management agreement and each account’s investment objectives, restrictions, and policies.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

TCGN performs regular reviews of the accounts it manages on behalf of its clients. Each account is managed by one of several portfolio managers, whose review responsibilities include the following:

- review the account's securities for price changes, volume, and relevant news;
- compare the account's allocation with stated goals;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, asset allocation; and
- assess its performance

A client's counselor also is responsible for reviewing his/her managed accounts. Counselor reviews are conducted quarterly. The review seeks to ensure that the account is consistent with the client's investment objectives and guidelines, the investment strategy remains suitable for the client, and any material changes with respect to the account or client have been incorporated. Counselors also review the clients' investment management billing rates.

B. Other Reviews

TCGN's Chief Compliance Officer performs random account reviews. These reviews cover various topics, including, but not limited to, comparing an account's strategy and/or allocation to the account's stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

C. Content and Frequency of Regular Reports Provided to Clients

TCGN generates and provides written investment reports to its investment management clients on a quarterly basis. The reports include performance, income/expenses, cash flow, realized gains/losses, and an appraisal. Colony also prepares a quarterly market commentary letter and provides a copy to all of its clients. Moreover, each client receives monthly account statements from the qualified custodian of his/her account.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Fidelity and Schwab also offer other services intended to help TCGN manage and further develop its business enterprise. These services may include: (1) compliance, legal, and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants, and insurance providers. Fidelity and Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to TCGN. Fidelity and Schwab may discount or waive fees it would otherwise charge for some of these

services or pay all or a part of the fees of a third party providing these services to TCGN. Fidelity and Schwab may also provide other benefits such as educational events or occasional business entertainment of TCGN personnel. In evaluating whether to recommend or require that clients custody their assets at Fidelity or Schwab, TCGN may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost, or quality of custody and brokerage services by Fidelity or Schwab, which may create a potential conflict of interest. As stated above, TCGN reviews its arrangements with the BD/Custodians against other possible arrangements in the marketplace.

TCGN participates in the TD Ameritrade Institutional Advisor Program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. TCGN receives some benefits from TD Ameritrade through its participation in the program.

Through participation in TD Ameritrade's Institutional Customer Program (the "Program"), TCGN may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between TCGN's participation in the program and the investment advice it gives to its Clients, although TCGN receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving TCGN participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to TCGN by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by TCGN's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit TCGN but may not benefit its Client accounts. These products or services may assist TCGN in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help TCGN manage and further develop its business enterprise. The benefits received by TCGN or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TCGN or its related persons in and of itself creates a potential conflict of interest and may indirectly influence TCGN's choice of TD Ameritrade for custody and brokerage services.

TD Ameritrade - Additional Services

TD Ameritrade and Colony have entered into an Additional Services Agreement whereby TD Ameritrade makes available certain products, research, services or other economic benefits ("Additional Services") to Colony for referring clients to TD Ameritrade and for their maintenance of assets in the accounts at TD Ameritrade. *Colony and TD Ameritrade acknowledge that Colony and its affiliated investment advisory firm, The Colony Group of Naples, LLC, collectively benefit from services provided under the Additional Services Agreement.*

This is *not* a soft dollar arrangement or program. The provision of such Additional Services falls outside of the soft dollar safe harbor in Section 28(e) of the Securities Exchange Act of 1934; it is *not* based on the number or amount of securities transactions executed through TD Ameritrade, and such Additional Services do not consist of fees, commissions or other remuneration contingent on the execution of securities transactions or the utilization of any other service or product.

TD Ameritrade provides the Additional Services to Colony in its sole discretion and at its own expense; Colony does not pay any fees to TD Ameritrade for the Additional Services. The Additional Services may or may not be offered to other independent investment advisors. TD Ameritrade and Colony have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Colony’s receipt of Additional Services, however, raises potential conflicts of interest. In providing Additional Services to Colony, TD Ameritrade most likely considers the amount of profitability to TD Ameritrade of the assets in, and trades placed for, Colony’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Colony may have an incentive to recommend to its clients that the assets under management by Colony be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. *Colony shares the Additional Services with its affiliated investment advisory firm, TCGN. Consequently, Colony’s clients’ brokerage commissions and custodial fees generated at TD Ameritrade may be used to benefit TCGN.*

The receipt of Additional Services does not diminish the duty of Colony and TCGN to act in the best interest of their clients, including to duty seek best execution of trades for client accounts.

Currently, such Additional Services includes the following:

1. Two (2) Bloomberg License Fees through the Bloomberg Service which is used by Colony for the purpose of conducting fixed income and other research for its in-house investment analysts and portfolio managers in order to manage client portfolios. Appurtenant to the Bloomberg Service are Bloomberg Entitlement Fees. Client portfolios benefit from Colony’s use of Bloomberg’s service. This is an economic benefit to Colony whereby TD Ameritrade pays Bloomberg up to \$41,000 on an annual basis on behalf of Colony; and
2. Gimme Credit. This consists of daily research reports with comprehensive coverage of investment grade and high yield bonds and debt market and credit analysis. Client portfolios benefit from Colony’s use of Gimme Credit’s service. This is an economic benefit to Colony whereby TD Ameritrade pays Gimme Credit \$12,000 on an annual basis on behalf of Colony.

Note that prior to 04/15/11, Colony’s fixed income portfolio manager had access to Credit Sights’ credit research. This comprehensive coverage of investment grade and high-yield bonds and debt market and credit analysis was used by Colony in managing its clients’ fixed income portfolios. Client portfolios benefited from Colony’s use of Credit Sights’ service. This was an economic benefit to Colony whereby TD Ameritrade paid Credit Sights \$16,000 on an annual basis on behalf of Colony.

Both the Bloomberg and Gimme Credit research services are provided to Colony for a one-year term, after which time TD Ameritrade and Colony may allow for their renewal pursuant to the terms of the Additional Services Agreement.

Colony's participation in this arrangement may raise potential conflicts of interest; however, as part of its fiduciary duty to clients, Colony and TCGN endeavor at all times to put the interests of their clients first. Colony reviews its relationship with TD Ameritrade on an annual basis.

Colony may receive an award or recognition from unaffiliated rating services, companies, and/or publications. Colony receives no compensation or other financial benefits in receiving an award or recognition. Awards or recognitions should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if Colony is engaged, or continues to be engaged, to provide investment advisory services. They should not be construed as a current or past endorsement of Colony by any of its clients. Awards or recognitions generally are based on information prepared and/or submitted by Colony.

B. Compensation to non-Supervised Persons for Client Referrals

TD Ameritrade - AdvisorDirect Program

TCGN receives client referrals from TD Ameritrade through TCGN's participation in the TD Ameritrade AdvisorDirect Program (the "Referral Program"). TD Ameritrade is an SEC-registered broker-dealer independent of, and unaffiliated with TCGN. TD Ameritrade has established the Referral Program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management to independent investment Advisors. TD Ameritrade does not supervise TCGN and has no responsibility for TCGN's management of client portfolios or TCGN's other advice or services. In addition to meeting the minimum eligibility criteria for selection for participation in the Referral Program, TCGN may have been selected based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, TCGN's clients' accounts maintained at TD Ameritrade.

TCGN's participation in the Referral Program may raise potential conflicts of interest. TD Ameritrade will most likely refer clients through the Referral Program to investment Advisors that encourage their clients to custody their assets at TD Ameritrade.

TCGN pays TD Ameritrade a participation fee on all referred client accounts that are maintained in custody at TD Ameritrade. TCGN will also pay TD Ameritrade the fee on any management fees received by TCGN from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired TCGN on the recommendation of such referred client. The participation fee is a percentage, which shall not exceed 25%, of the investment management fee the client owes to TCGN. The fee is billed to TCGN quarterly.

The participation fee is paid by TCGN, not the client. TCGN will not charge clients referred through the Referral Program fees higher than TCGN's standard fee schedule offered to other clients or otherwise pass referral fees paid to TD Ameritrade through to its clients.

TCGN has agreed not to solicit clients referred through the Referral Program to transfer their brokerage accounts from TD Ameritrade or establish brokerage or custody accounts at other custodians other than when its fiduciary duties require it to recommend other broker-dealers or custodians. For accounts of TCGN's clients maintained in custody at TD Ameritrade, TD Ameritrade's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees.

Thus, TCGN may have an incentive to cause trades to be executed through TD Ameritrade rather than through another broker-dealer and will factor in the potential for additional fees when examining this arrangement with others in the marketplace to ensure it is seeking best execution.

As part of its fiduciary duty to clients, TCGN endeavors at all times to put the interest of its clients first. TCGN acknowledges its duty to seek best execution of trades for client accounts. TCGN and TD Ameritrade are independent of each other and they have neither an agency nor employment relationship with each other. Trades for client accounts held in custody at TD Ameritrade may be executed through a different broker-dealer than trades for TCGN's other clients. Thus, trades for accounts custodied at TD Ameritrade may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

ITEM 15: CUSTODY

TCGN's investment management clients' assets are held at unaffiliated qualified custodians. Although TCGN does not hold these assets, it is deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisors Act due to its management of client accounts where it may deduct its management fee directly from its clients' accounts.

As mentioned in Item 13(C) above, TCGN provides all clients with quarterly investment reports. These reports are in addition to statements provided by the clients' custodians on at least a quarterly basis. TCGN urges all investment management clients to compare the account statement statements received by TCGN with those received by their custodians.

ITEM 16: INVESTMENT DISCRETION

For clients that have hired TCGN for investment management services, TCGN has discretionary authority to manage their investments, such authority having been granted by an Investment Management Agreement and one or more Investment Policy Statements ("IPS") executed by TCGN and the client.

With respect to TCGN's exercising actual investment discretion over an account, this authority is granted through a limited power of attorney granted by the client to TCGN through a client-executed custodial application and/or related custodial form. A client retains the right and ability to remove any and all of TCGN's discretionary authorities over his/her account.

As explained above in Item 4(C), a client may impose reasonable restrictions or limitations on the management of his/her account. Any such restrictions or limitations generally are reflected in an IPS executed by TCGN and the client and/or other written instructions provided to TCGN.

ITEM 17: VOTING CLIENT SECURITIES

It is TCGN's policy that each client is responsible for voting all of the proxies related to the securities held in his/her account.

ITEM 18: FINANCIAL INFORMATION

A. Balance Sheet

TCGN does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

B. Financial Conditions Reasonable Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither TCGN nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

TCGN has not been the subject of a bankruptcy petition.