

Independence by
Convergent Wealth Advisors
Part 2A of Form ADV
The Brochure

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This Brochure provides information about the qualifications and business practices of Independence by Convergent Wealth Advisors, LLC (“Independence”). If you have any questions about the contents of this Brochure, please contact us at (301) 770-6300 or Compliance@Independence.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Convergent Wealth Advisors (“Convergent”) is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Convergent and Independence is also available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

- As of April 2012, Convergent began receiving client referrals from Charles Schwab & Co., Inc. ("Schwab") through Convergent's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Convergent. Schwab does not supervise Independence and has no responsibility for Convergent's management of clients' portfolios or Independence's other advice or services. Convergent pays Schwab fees to receive client referrals through the Service. Convergent's participation in the Service may raise potential conflicts of interest described on page 9 of this document.
- As of December 31, 2011 Convergent's Assets Under Management were \$6,913,455,910. Please refer to page 2 of this document for more information.

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Advisory Business

Firm History and Principal Owners

Independence is a division of Convergent and was launched on October 1, 2011. Convergent is a majority owned subsidiary of Convergent Capital Management LLC, which is in turn wholly owned by City National Corporation (NYSE:CYN), the parent company of City National Bank, a private and business bank based in California. Convergent's senior management team maintains significant minority ownership position in the company. Convergent is headquartered outside of Washington, DC, with offices in Los Angeles, New York, and Portland (OR).

Convergent began as CMS Financial Services ("CMS") in 1994, when Steven Lockshin and a handful of professionals formalized the investment consulting services they had been providing to a single high net worth family since 1990. 1st Virtual Holdings, a privately held financial services firm, acquired CMS in 2001. 1st Virtual changed its name to Lydian Trust Company in 2002, and CMS followed by changing its name to Lydian Wealth Management in early 2003. As of May 2007, Convergent Capital Management purchased the wealth management division of Lydian Wealth Management, rebranding it as Convergent.

Investment Advisory Services to Individuals and Families

Independence provides investment advisory services on a discretionary basis to each of its clients, including both individuals and families (details on the types of clients Independence serves are in Item 7-Types of Clients). Independence will assist a client in determining the client's investment needs and objectives, as well as risk tolerance through the use of an asset optimization model for asset allocation and research on investment managers and investments. After the client's asset classes have been determined, the Advisor recommends managers and/or products that have been evaluated by Convergent's research group, the Investment Strategy Group ("ISG"). Convergent provides similar investment advisor services on a discretionary and non-discretionary basis to ultra high net worth individuals, families, trusts family entities, and institutions. For a full description of the services Convergent provides please request a copy at the phone number provided herein or by e-mailing compliance@convergentwealth.com.

The recommended strategies are based upon a client's goals, investment objectives, risk tolerance, and cash flow needs, which are documented in an Investment Policy Statement and reviewed periodically. Convergent will then implement the allocation into appropriate mutual funds, ETFs and/or investment managers within each asset class that meet the client's individual requirements. Convergent does not recommend individual company stocks and bonds.

Independence emphasizes the unrestricted right of clients to decline any investment recommendation by Independence. Clients may also request that Independence refrain from recommending affiliated private investment funds, if any, to them.

Independence focuses on mass affluent clients with approximately \$500,000 to \$5 million in investable assets.

Service Team

Each client works with a business development officer who assists with new client paperwork and provides prospective clients with information about Independence. Each client is then introduced to an Advisor who handles the ongoing service for each Client. Periodic meetings are conducted on the phone or via video conferencing.

Convergent may also provide clients periodic investment-related white papers, research reports, and articles related to asset allocation and investment policy development without a charge as a part of its consulting services.

Once the Advisor and the client develop a suitable portfolio for the client and it is implemented, the portfolio will be monitored by Independence and, when necessary and appropriate, Convergent will recommend subsequent modifications to a client's asset allocation or to specific mutual funds, ETFs, and/or investment managers in accordance with the investment goals and objectives established by the client. Each client will be provided the opportunity to place reasonable restrictions on the types of investments that may be recommended by Convergent. Convergent generally does not provide specific advice regarding individual stocks or bonds; however, on occasion, Convergent performs analyses of individual portfolios where concentrated, low-tax-cost-basis individual stock positions exist in taxable portfolios. In those analyses and similar circumstances, Convergent may advise clients on individual equity and debt holdings.

Convergent will monitor the performance of mutual funds, ETFs, private investment funds, and/or investment managers recommended or invested in by Convergent. Convergent may use third-party analytical and rebalancing software to facilitate management of certain accounts.

Among the assets to which Convergent provides its continuous and regular investment supervisory or management services are assets held by clients in their 401(k) accounts with various mutual fund companies. Because Convergent will be responsible for effecting the transactions in these accounts, it will request the client's user name and password permitting online access to the account. Convergent has adopted appropriate physical and procedural safeguards to control access to the user names and passwords it obtains.

Professional Service Providers

Independence may introduce clients to other investment and non-investment related service providers/professionals, such as accountants, attorneys, insurance providers, other luxury service providers, etc. The client is under no obligation to engage the services of any such introduced professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any introduction or recommendation from Independence. Although Independence may have experience with these service providers, Independence has not performed due diligence on these service providers and is not responsible for the services provided by these services providers and/or professionals. Independence is not responsible for any losses caused by the actions of any third party recommended by Independence, including, without limitation, any accounting or legal professional services. Independence cannot offer tax advice or replace the services provided by licensed CPAs or attorneys. Independence advises the client to contact individual tax consultants or legal advisors for additional information.

Investment Advice to City National Bank

Convergent also provides asset allocation and manager search and selection advice to City National Bank and affiliates of Convergent as part of its open architecture business. In addition, Convergent will provide support, training, and collateral material creation, among other services. City National Bank and/or other affiliates will compensate Convergent for these services. Additional information about Convergent's business relationship with City National Bank is in Item 10-Other Financial Industry Activities and Affiliations.

Assets Under Advisement and Assets Under Management

Convergent's Assets Under Management are below as of December 31, 2011:

Assets Under Management: \$6,913,455,910
Discretionary: \$4,999,439,228
Non-Discretionary: \$1,914,016,682

Fees and Compensation

Fees

Fees for clients are charges based on the client's assets under management.

Asset-Based Fees

For asset-based fee clients, the annual fee for Convergent's investment management services, based on the market value of the client's account at the beginning of the calendar quarter, is as follows:

Fee Schedule

AUM	Fee Rate
\$500,000 - \$1 million	1.5%
\$1 million - \$1.5 million	1.25%
\$1.5 million - \$2 million	1%
Over \$2 million	.75%

The minimum annual fee is \$7,500.

Independence may waive its investment advisory fee at any time when it deems it appropriate and/or necessary. Related client accounts may be aggregated for purposes of calculating fees.

If clients make contributions during the quarter, Independence reserves the right to bill the client for a pro-rata portion of the contributed assets to the investment account. Clients may be provided with a pro-rata refund when clients withdraw funds from the investment account during a calendar quarter.

Project Fees

Project fees range based on the scope of the project. These fees are at the sole discretion of management. Client fees are usually not stated on a project basis unless the project is expected to be completed in six months or less; otherwise, an annual retainer arrangement is employed. A portion of the client's project fee is billed at the commencement of the work. A standard arrangement, which may vary by client depending on the project, is to bill the remaining project fee in quarterly installments until completion of the work, at which any remaining project fees are billed.

Billing

Clients are billed quarterly in advance and are typically directly debited from their custodial account. Clients may review the amount of the fee in their custodial statement. Certain clients have negotiated to pay their advisory fees in arrears. Clients may also elect to be billed directly for fees. Please contact your advisors for questions and clarifications relating to the calculation of your fee.

Fees Charged by Custodians, Managers, Mutual Funds, Etc.

In addition to Independence investment management fees, clients bear trading costs, custodial fees, and other expenses that may be charged by other third parties. Independence's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers, and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients should review all fees charged by Convergent and its affiliates, custodians, brokers, and others to fully understand the total amount of fees to be paid. For additional information about brokerage, please see Item 12-Brokerage Practices.

The fees charged by Independence for investment management services are separate and distinct from the fees charged by recommended mutual funds, exchange traded funds, private investment funds, and investment managers. A description of these mutual fund, and investment manager fees are available in each mutual fund's prospectus and/or investment manager's disclosure documents, and each of these products/services can be purchased directly or through an agent or broker, who charges a commission. Such charges, fees, and commissions are exclusive of and in addition to Independence's fee, and Independence shall not receive any portion of these commissions, fees, and costs. Therefore, clients investing in mutual funds and with investment managers are essentially paying two or more levels of advisory fees on the same assets.

Convergent or any of its related persons receive any form of compensation from any recommended mutual funds or investment managers.

Termination

A client agreement may be canceled at any time, by either party, for any reason upon written notice. Certain client agreements specify an advance notice for cancellation by either party of between 30 days. Upon termination of any agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Valuation

Independence does not generally independently value any private securities held in client accounts unless it determines it is necessary given the facts and circumstances and relies on Convergent's policy for any valuation issues. The fair valuation methodologies employed by Convergent shall attempt to represent the amount at which an asset could be acquired or sold in a current transaction between willing parties in which the parties each acted knowledgeably, prudently, and without compulsion. However, the valuations may be modified by Convergent, in its sole discretion, if and to the extent that it shall determine such modifications are advisable in order to reflect market or liquidity conditions or other factors affecting value.

For marketable securities, the prices provided by custodians are used for client reporting and fee billing.

In some instances, precise account balances are unavailable to Convergent on a timely basis. Billing in those situations is therefore based on the most current information available to Convergent when fees are calculated.

Performance-Based Fees and Side-By-Side Management

Independence does not charge any performance based fees.

Types of Clients

Types of Clients

Independence provides portfolio management services to individuals, high net worth individuals, trusts, and family entities.

Account Minimums

Generally, Independence manages portfolios starting at \$500,000. Independence reserves the right to waive the minimum at any time.

Methods of Analysis, Investment Strategies, and Risk of Loss

Independence provides asset allocation and manager selection advice to clients. Convergent's ISG is responsible for Independence's investment strategy and manager due diligence and is overseen by the IC. The IC is responsible for overseeing and monitoring various aspects of the investment process and the performance of client investment portfolios, including risk and diversification. The IC is also responsible for, among other things: determining Convergent's overall investment philosophy; analyzing and interpreting changing economic trends as they impact Convergent's investment process and portfolio performance; revising Convergent's investment philosophy and implementation strategies accordingly; and establishing and articulating Convergent's implementation philosophy, including the appropriateness of incorporating various asset classes, sub-asset classes, investment styles, and strategies in client portfolios. The IC meets at least quarterly.

Investment Strategies and Asset Allocation

Independence recommends or implements various investment strategies when providing asset allocation recommendations and advice to clients. Within Convergent's ISG, a committee meets periodically to evaluate Independence's current asset allocation and generate proposals on asset allocation to be presented to the IC. The IC is accountable for reviewing tactical and strategic asset allocation recommendations on a quarterly basis, if appropriate. Independence will evaluate investment alternatives (i.e., various asset allocations for investment in securities and with investment managers) to form a basis for the client to determine the strategies needed to achieve the client's investment goals and objectives.

Manager Due Diligence

For all Independence recommended managers or investments, ISG evaluates investment managers, mutual funds, ETFs, among other products and services. ISG employs a due diligence process that generally involves, among other things, a review of managers' Form ADVs, past performance, marketing literature, and possibly interviews with the investment managers and key personnel. ISG also considers a broad range of factors that may include investment performance, review of investment process, personnel depth, turnover and experience, operational issues, and financial condition. Periodically, ISG personnel conduct follow-up due diligence reviews on Independence recommended managers, including some or all of the above mentioned factors, in addition to other topics. In determining which investments are appropriate for recommendation and/or implementation for clients, ISG may also apply quantitative analysis using a factor based scoring system that ranks each investment option utilizing data and information obtained from third party databases. (However, the data and information provided by third party databases are not independently verified by

ISG.) The factor-based methodology and the resulting investments derived and approved through this scoring process are reviewed periodically by ISG to evaluate whether they continue to meet ISG's minimum standards for recommendation or should be placed on hold or terminate status. It is important to note that not all managers or products recommended by Independence are or were evaluated under the current due diligence process or any formalized due diligence process. ISG retains the discretion, based on their experience and knowledge, to determine the level of due diligence appropriate for each manager and/or product. Specific securities analysis methods are determined by the managers of the recommended mutual funds and private investment funds, and the investment managers recommended by Independence.

ISG's decisions and recommendations are generally reviewed and approved by the IC subject to the terms in Convergent's IC Procedures.

Additional information about investment managers, investment strategies, advisory fees, and other pertinent information is available and provided in the Form ADV Part 2 or other disclosure brochures made available by the investment managers (e.g., offering memorandum, prospectus).

Retention of managers and/or investment products will be evaluated by ISG and potentially the IC. In the event ISG terminates a manager, the client's Advisor team will make alternative recommendations or implementations for clients taking into consideration the client's tax or other situation. Due diligence on the manager will be conducted for two quarters after the termination. In the event the client does not take the recommendation to terminate the manager, the client is notified and asked to acknowledge that Convergent will no longer conduct due diligence on the manager and will no longer provide any recommendation or advice regarding the manager.

Sources of Information

As discussed above, ISG employs a due diligence process to evaluate managers and investment products. In addition to information directly requested from managers, ISG will use published databases of mutual funds and investment manager performance or third party databases. Some of the information provided in these third party databases is sourced from Form ADV, monthly performance returns, manager's assets under management, narratives on the manager's investment process, biographies on portfolio managers, changes in personnel, information on managers' errors and omissions insurance, and litigation. ISG does not independently audit or verify the performance figures or other information reported by the funds or managers that appear in these databases.

Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is no guarantee of future performance. Each investment is speculative and entails substantial risks. Market risks are inherent in all securities to varying degrees; therefore, no assurance can be given that the investment objectives will be realized.

Independence recommends or implements various strategies through asset allocation recommendations and manager selection. From time to time, Independence adjusts the allocations to each strategy based on a variety of factors, including the strategy's relative performance. Accordingly, a client's performance is affected by Independence's decisions concerning how much of the client's portfolio it allocates for management in each asset class and manager selection. A manager's performance depends on the portfolio managers' skill in making appropriate investments. As a result, a manager may underperform the market or similar funds/managers. For custom hedge fund portfolios, performance depends on the ability of the fund's investment manager to anticipate correctly the relative potential returns and risks of the asset classes in which the fund directly or indirectly invests.

Convergent is Not a Bank

Any investments recommended by Convergent are not deposits or other obligations of a bank, are not guaranteed by any bank, are not insured by the FDIC or any other Government Agency, are restricted as to any transfer, and involve investment risks, including possible loss of principal amounts invested.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Convergent or the integrity of Convergent's or Independence's management. Convergent's or Independence's and its employees have not been involved in any legal or disciplinary events in the past 10 years.

Other Financial Industry Activities and Affiliations

Convergent's Ownership Structure and Affiliations

Independence is a wholly owned, division of Convergent. As of May 2007, Convergent is majority-owned by Convergent Capital Management LLC ("CCM"), a holding company wholly-owned by City National Corporation ("CNC").¹ Employees of Convergent maintain a minority ownership in the firm. CCM and CNC also directly and indirectly own and maintain ownership interests in other financial services organizations, including other asset management firms, investment companies, and pension consultants. CCM makes available to its affiliates opportunities for cooperative purchasing of certain administrative programs and products.

CCM also provides Convergent with advice and assistance on general business issues unrelated to the investment advisory services. Convergent operates independently from CCM and CNC and each of its investment advisory affiliates, does not conduct joint operations with any of these affiliated investment advisers, and does not provide investment advice that is formulated, in whole or in part, by such affiliated investment advisers except as described below.

CNC owns City National Securities ("CNS"), a broker-dealer. Convergent utilizes CNS as placement agent for private investment funds sponsored/managed by Convergent and interests in which are recommended to Convergent's clients. In relation to that activity, certain employees of Convergent are registered representatives of CNS. Although clients may have accounts that trade at CNS, registered representatives that are also employees of Convergent will not receive any payment related to the execution of those trades.

CNC also owns City National Bank. Convergent may occasionally recommend the custodial services of City National Bank, which include banking and trust services that certain clients may require. These services may be obtained for other providers at a lower cost. In addition, City National Bank may refer related limited partnerships or limited liability companies sponsored/managed by Convergent to potential investors, and, as a result, may receive a portion of the administrative or management fee paid to Convergent. Additional information on referral arrangements with City National Bank and other affiliates is in Item 14-Client Referrals and Other Compensation.

¹ Prior to May 2007, Convergent was Lydian Wealth Management Company. As of May 2007, Windermere Investment Advisors and CMS Strategies became part of Convergent.

City National Bank and its affiliates uses asset allocation and manager search information provided by Convergent. Information on these services is in Item 4-Advisory Business.

All investment management arrangements with related parties are conducted on an arm's length basis so as to neither advantage nor disadvantage Convergent' other clients or Convergent' related parties.

Recommendation of Affiliated Managers

Convergent may recommend City National Asset Management ("CNAM"), a wealth management unit of City National Bank and a separate account manager, to clients. Convergent conducts due diligence on CNAM along with all other managers on its investment platform, and Convergent believes CNAM remains objective in giving investment advice regarding these funds and would only do so if it is in the best interest of the client. Convergent may add other affiliated managers to its platform after completing its due diligence process as described herein.

Code of Ethics

Independence is subject to Convergent's Code of Ethics, which requires that Convergent's Code of Ethics requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Convergent above one's own personal interests;
- Disclose conflicts of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Promote the right of the client to select and choose any broker or dealer he/she/it wishes to utilize;
- Emphasize the unrestricted right of the client to decline to implement or modify any advice rendered;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on you and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

Convergent's Code of Ethics also requires certain employees to: (1) pre-clear certain personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide Convergent with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

Additional procedures have been adopted to ensure compliance with the provisions of the Code of Ethics, including affirmations of compliance annually and upon amendment and regular reviews of holdings and transactions. Convergent and/or its officers or employees are permitted to trade in securities that are held in client accounts or being considered for purchase in client accounts. If the possibility of a conflict of interest

occurs, the Code requires that a client's interest prevail. It is Convergent's policy that clients' transactions will always have priority over the transaction of an employee of Convergent.

A copy of Convergent's Code of Ethics is available to any client or prospective client upon request by contacting the Compliance Department at Compliance@Independence.com.

Some of the officers of Convergent are investors and partners or members in several unaffiliated private investment partnerships, limited liability companies, or corporations that invest in securities or private equity opportunities. Certain of the investors in the private investment partnerships, limited liability companies, or corporations may also independently be clients of the adviser. Convergent does not act as an adviser, sponsor, or placement agent for these private investment partnerships or companies.

Convergent, a related entity, and/or its employees will generally have an investment in the Affiliated Private Investment Funds it manages. Due to the relationship between Convergent and the Affiliated Private Investment Funds, Convergent could be considered to have recommended the investment in which it has a material financial interest. Convergent's investment analysis and recommendation processes are designed to ensure that only appropriate recommendations are made to clients.

Gifts

In the normal course of business, Independence provides gifts and gratuities to various individuals or entities such as clients, vendors, consultants, and service providers. These gifts and gratuities are not premised upon any specific client referrals or any other type of benefit to Independence and guidelines relating to gifts and gratuities are included in Convergent's Code of Ethics.

Brokerage Practices

Brokerage Discretion

Independence recommends investments to clients, including mutual fund and/or ETFs. Unless directed otherwise, Independence will have brokerage discretion over client accounts. Independence typically executes transactions through the custodian who maintains custody over each client's assets. As a result, Independence generally (except as described below) does not aggregate orders when it has the opportunity to do so. In selecting or recommending broker-dealers to execute portfolio transactions for the client's account, Convergent may consider the quality and reliability of the brokerage services, as well as research and investment information and other services provided by the brokers or dealers. Commission rates, being a component of price, are one factor considered by Convergent together with other factors. Convergent is not obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for the client's account or recommend any broker or dealer on the basis of its purported posted commission rate. Accordingly, recommended brokers or dealers may charge commission rates in excess of the amounts another broker or dealer would have charged for effecting transactions when Convergent has determined in good faith that the broker's or dealer's commission rates generally are reasonable in relation to the value of the brokerage and/or research provided by the broker or dealer.

For most clients, Convergent recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., ("Schwab") a FINRA registered broker-dealer and member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Convergent may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Convergent is independently owned and operated and not affiliated with Schwab. Schwab Institutional provides Convergent with access to its institutional trading and custody services typically not

available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them as long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional. Schwab Institutional's services include execution of securities transactions, research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to Convergent other products and services that benefit Convergent and may not benefit its clients' accounts. Some of these other products and services assist Convergent in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts custodied at the same custodian), provide research, pricing information, and other market data, facilitate payment of Convergent fees from its clients' accounts, and assist with back-office support, recordkeeping, and client reporting. Many of these services may be used to service all or a substantial number of Convergent accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide Convergent with information and consulting services intended to help Convergent manage and further develop its business enterprise. These services may include compliance, legal and business consulting, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers. Schwab Institutional 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 Convergent. The availability to Convergent of the foregoing products and services is not contingent upon Convergent committing to Schwab Institutional any specific amount of business (assets in custody or trading). When negotiating fees on behalf of Convergent's clients, Schwab takes into consideration the entire Convergent relationship and not individual clients. Aggregating Convergent clients' assets should result in lower negotiated fees.

Clients may have a pre-established relationship with a broker and they will instruct Convergent to execute all transactions through that broker. In directing the use of a particular broker or dealer, clients may lose out on certain benefits that may otherwise be obtained and it should be understood the Convergent will not have authority to obtain volume discounts. Consequently, clients directing the use of a particular broker may not receive best execution. As a result of the client directing Convergent to use a specific broker, the client acknowledges that he/she/it may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case had the client effected transactions through brokers recommended by Convergent.

Each investment manager that Convergent selects or recommends to its clients generally will have investment discretion over that portion of the client's accounts managed by the particular investment manager. For non-discretionary clients, the client will have a direct contractual relationship with each such investment manager. Discretionary client assets may be placed with an investment manager based on an umbrella agreement between Convergent and the manager. These investment managers are responsible for providing their firm's Form ADV Parts 2A and 2B and other required disclosures to our mutual clients. The designation by a client of a particular broker for execution of client account transactions (particularly if it differs from the brokers used by that manager for execution of most of the manager's other clients' accounts) may affect the commission rates and the method and pricing of execution of the client's account transactions for the portion of the client's portfolio managed by a particular investment adviser. Non-discretionary clients are urged to review each portfolio investment manager's disclosures on brokerage practices in deciding whether to direct the investment manager to use a particular broker for execution of the client's portfolio transactions.

Certain clients set up margin accounts in connection with their Convergent managed brokerage accounts. After a discussion with a client, Convergent may utilize margin on the account either for short term transaction or as leverage, based on the clients individual risk profile.

Review of Accounts

Review of Accounts

Client accounts generally are reviewed at least quarterly, but often more frequently, for performance, adherence to the client's investment objectives, and client restrictions. All accounts are typically reviewed by each client's Advisor. Triggering factors include material changes in a client's financial situation, changes in a money manager's management team or advisory fee, as well as political and economic events.

Reporting to Investment Supervisory and Performance Measurement Clients

All clients receive on-line access via a portal to their account and performance information. Independence will also create a performance report annually as of year-end. These reports detail the client's positions, gains and losses (as reported by the custodian), income and expenses, and the performance of all mutual funds, ETFs, and/or investment managers in the client's portfolio managed by Independence. Independence may retain the services of a third party to generate performance reports or prepare reports itself. In all cases, Convergent reviews performance reports for accuracy and completeness.

Clients should rely exclusively on their qualified custodian to provide cost basis.

In addition, the reports compare the client's performance to relevant index benchmarks. In certain cases, a portfolio may be compared to a benchmark that is not directly investable. Indices included in the report are for the purpose of comparing a client's returns to the returns on a broad-based index of securities most comparable to the types of securities held in a client's account(s), to the general equity market or to another agreed upon benchmark. Although a client's account is invested in securities that are generally similar in type to the related indices, the particular issuers, industry segments, geographic regions, and weighting of investments in a client's account do not necessarily track the index. Independence may compare the same or similar investments to different benchmarks depending on the role the investment is intended to be positioned within the portfolio or based on client type. In addition, clients who request specific benchmarks may have different benchmarks than other clients.

Client Referrals and Other Compensation

Solicitation or Referral for Economic Benefit Arrangements

If a client was introduced to Independence through a solicitor, Independence may pay that solicitor a referral fee in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940. The referral fee shall be paid solely from Independence's fee as defined in the client investment advisor agreement, and shall not result in any additional charge to client.

Independence has entered into a solicitation arrangement with City National Bank, an affiliated entity. Representatives of City National Bank and/or City National Securities may receive cash or non-cash compensation for the referrals of clients and investors who ultimately become clients of Independence or investors in the Affiliated Private Investment Funds. In addition, Independence may enter into other solicitation agreements between or among Independence and its affiliates.

An inherent conflict of interest arises on behalf of the solicitor because it is receiving an economic benefit for the referral or recommendation of Independence's services. In all cases, Independence will provide all clients subject to a solicitation or referral fee a disclosure which they will be required to sign.

Independence receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Independence's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Independence. Schwab does not supervise Independence and has no responsibility for Independence's management of clients' portfolios or Independence's other advice or services. Independence pays Schwab fees to receive client referrals through the Service. Independence's participation in the Service may raise potential conflicts of interest described below.

Independence pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Independence is a percentage of the fees the client owes to Independence or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Independence pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Independence quarterly and may increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Independence and not by the client. Independence has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Independence charges clients with similar portfolios who were not referred through the Service.

Independence generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Independence will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Independence's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Independence will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Independence's fees directly from the accounts.

For accounts of Independence's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Independence's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Independence may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Independence nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Independence's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.