

Part 2A Appendix I of Form ADV

Wrap Fee Program Brochure

Item 1 – Cover Page

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Date of Wrap Brochure: March 4, 2011

This Part 2A Appendix I of Form ADV Wrap Fee Program Brochure, our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940 is a very important document between our members (you) and Navy Federal Asset Management, LLC (also referred to as Navy Federal Asset Management or NFAM throughout this Brochure). This Brochure provides information about our wrap fee program.

This wrap fee program brochure provides information about the qualifications and business practices of Navy Federal Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 877-221-8108 or nffbsops@navyfederal.org. 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.

Additional information about Navy Federal Asset Management, LLC also is available at the SEC's website www.adviserinfo.sec.gov (go to the website, select “investment adviser firm” and type in our firm name or our CRD number which is 144244). Results will provide you both Part 1 and 2 of our Form ADV.

Navy Federal Asset Management is an investment adviser registered with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other investment advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Item 2 – Material Changes

1. Initial Filing on March 2 , 2011:
 - a. This is our “initial” filing of our wrap fee program brochure. While some of the information provided in this document reflects business that Navy Federal Asset Management has been doing since it opened, this Brochure, dated March 4, 2011, is brand new. This Brochure was developed in response to new requirements adopted and imposed by the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 (IA Act). As a result, this wrap fee program disclosure brochure is substantially different from previous versions and includes disclosures not specifically included in our previous Form ADV Part II and Schedule H.
 - b. As a result, this Brochure should be considered new. Although you will recognize most of the disclosures as similar or identical to what you have read in the past, there are new disclosures in this Brochure including:
 - i. Material Changes, Item 2;
 - ii. Review of Accounts, Item 13;
 - iii. Custody, Item 15; and
 - iv. The elimination of Part II (pages 1-6 which were the check the box pages).
2. In future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last annual update of this Brochure.
3. We may, at any time, update this Brochure and either send you a copy of our updated Brochure or a summary of material changes to our Brochure and an offer to send you a copy (either by electronic means (email) or in hard copy form) of the updated Brochure.
4. If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Patricia Price at 877-221-8108 or nfbsops@navyfederal.org.

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Item 4 – Services, Fees & Compensation

Navy Federal Asset Management is wholly owned by Navy Federal Financial Group, which is a wholly owned subsidiary of Navy Federal Credit Union. Navy Federal Asset Management began operations in June 2007. Navy Federal Asset Management's principal business activity is acting as an investment advisory firm. Navy Federal Asset Management offers advisory clients portfolio management services for a fee. These services (collectively known referred to as "advisory services") are offered through investment adviser representatives of Navy Federal Asset Management. Currently, all investment adviser representatives are also registered with the firm's affiliated broker/dealer, Navy Federal Brokerage Services, LLC. Navy Federal Asset Management clients may also be clients of the broker/dealer, dependent upon the products and services the client has selected.

NFAM offers advisory clients portfolio management services for a fee through its wrap-fee programs. NFAM provides additional advisory services not described in this Brochure, such as, financial planning services and referring clients to other money managers who will provide portfolio management services to clients for a fee and the money manager will pay NFAM a portion of the fee for such referrals. Additional advisory services provided by NFAM and the related fees received by NFAM are explained in NFAM's ADV Part 2A disclosure document which can be provided to clients upon request. These services, collectively referred to as "advisory services," are offered through investment advisory representatives of NFAM who are authorized in writing to act on its behalf. Currently, all investment advisory representatives are also registered with the firm's affiliated broker/dealer Navy Federal Brokerage Services, LLC. NFAM clients may also be clients of the broker/dealer, dependent upon the products and services the client has selected. NFAM provides advisory services to individuals, trusts, estates, charitable organizations, and corporations or other business entities.

Clients should have a conversation with their advisor representative and read this Brochure carefully as it explains, in detail, NFAM MAP and NFAM Advisory Program.

The Programs Sponsored by NFAM

Navy Federal Asset Management sponsors two portfolio management programs that are considered wrap-fee programs, NFAM MAP and the NFAM Advisory Program (collectively "Programs"). In these programs, Navy Federal Asset Management has discretionary authority to hire and fire third-party portfolio managers ("Sub-Advisors") who will be responsible for the portfolio management through discretionary asset allocation programs. A Navy Federal Asset Management investment advisory representative meets with a potential client to discuss financial objectives, needs, risk tolerance, and financial status. The investment advisor representative will assist the client in determining the suitability and selection of the particular Program that will be used as well as the suitability of the model(s) selected within the program. The selected Sub-Advisor will recommended portfolio allocation with specific investment recommendation. If the allocation is accepted by the client, the Sub-Advisor is given discretionary to select and change portfolios as necessary.

NFAM MAP

NFAM MAP is a mutual fund wrap program sponsored by Navy Federal Asset Management and administered by FundQuest. Under this program, Navy Federal Asset Management has the discretionary authority to hire and fire third-party portfolio managers (Sub-Advisors) who provide asset allocation services to the client using a wide range of mutual funds and exchange traded funds based on asset allocation models. Under NFAM MAP, a Navy Federal Asset Management investment adviser representative meets with a potential client to discuss financial objectives, needs, risk tolerance, financial status and reasonable investment restrictions. This information is gathered and sent to the selected Sub-Advisor for data review and to provide the client a recommended portfolio allocation with specific investment recommendation based upon the client's investment objective. If the proposed allocation is accepted by the client, the Sub-Advisor (and Navy Federal Asset Management when utilizing certain Sub-Advisors) is given discretionary authority to select and change the specific investments within the client's portfolio as necessary in accordance with the client's stated objective. NFAM MAP provides clients with investment management and monitoring of the designated assets, performance reporting and other advisory services, as well as trade execution and internet access to positions for a "wrap" fee.

Within NFAM MAP, the Sub-Advisors will maintain model portfolios selected by NFAM. The following are the model portfolios currently available to a client:

NFAM MAP Alpha Advantage – This personalized asset allocation services uses a wide range of mutual funds and exchange traded funds based upon asset allocation models. This strategy offers portfolios for a range of investment needs including income, capital preservation and various levels of growth. It emphasizes active fund managers that strive to outperform their benchmark index with higher return and lower risk. Risk management based on "Participate & Protect" philosophy. The Sub-Advisor for NFAM MAP is Madison Asset Management.

NFAM MAP ETF – This personalized asset allocation service uses a wide range of exchange-traded funds based on asset allocation models. This strategy offers portfolios for a range of investment needs including income, capital preservation and various levels of growth. The portfolio uses exchange-traded funds (ETFs) designed to closely track the performance of a market index. The Sub-Advisor for NFAM MAP ETF is Madison Asset Management.

NFAM MAP Tax Sensitive – This personalized advisory service seeks to provide the client with tax-efficient income and capital appreciation by investing primarily in a portfolio of core equity exchange-traded funds and municipal bond mutual funds. In general, to qualify for the portfolio, investments in this strategy should have low turnover, low expenses, and a high degree of tax sensitivity. The Sub-Advisor for NFAM MAP Tax Sensitive is Madison Asset Management.

NFAM Advisory Program

The NFAM Advisory Program is a wrap program sponsored by NFAM, which provides clients with personalized asset allocation services using a wide range of mutual funds and exchange traded funds based upon asset allocation models. Additionally, NFAM Advisory Program provides clients with account monitoring, monitoring and rebalancing of funds, performance reporting and other advisory services, as well as trade execution and internet access to positions for a "wrap" fee.

Under the NFAM Advisory Program, Navy Federal Asset Management has the discretionary authority to hire and fire third-party portfolio managers (Sub-Advisors). The Sub-Advisor shall act as the portfolio manager for accounts managed through the NFAM Advisory Program. Sub-Advisor shall have the full authority to supervise and direct the investment of monies contributed by the client to the NFAM Advisory Program account without prior consultation with the client. Subject to the limitations described in client responses to the Profile and Investment Strategy Report or other appropriate suitability analysis, the Sub-Advisor shall have unlimited investment discretion with respect to any changes to investments in the NFAM Advisory Program accounts, within the parameters of the selected portfolio model. This includes discretion to adjust asset allocations and replace or reduce the investment options in the NFAM Advisory Program portfolios. The Sub-Advisor will have full authority to supervise and direct the investment of monies contributed by clients to the NFAM Advisory Program without prior consultation except that clients shall retain the

ability to modify the Investment Strategy Report at any time and shall inform the Navy Federal Asset Management investment adviser representative of any such modifications. Sub-Advisor may in its discretion and within the terms of the NFAM Advisory Program agreement executed between Navy Federal Asset Management and the client utilize model portfolios to achieve the objectives of the various portfolios options offered under the NFAM Advisory Program. Navy Federal Asset Management has no discretionary authority to select the investments in these NFAM Advisor Program accounts but will have discretion to select the Funds to be liquidated if need be to cover a debt balance in relation to the quarterly fees or if a client requests a withdrawal of funds and the funds are not readily available in the Program account money market. Other than these specific liquidations, all transactions in NFAM Advisory Program accounts shall be initiated by Sub-Advisor. Clients participating in the NFAM Advisory Program will receive Sub-Advisor's disclosure document in addition to Navy Federal Asset Management's brochure. Clients should review Sub-Advisor's disclosure document more information on Sub-Advisor.

Navy Federal Asset Management shall be responsible for, among other things: (1) determining client suitability for the NFAM Advisory Program and the recommended portfolio option; and (2) confirming with the client the accuracy and completeness of the information contained in the Profile and Investment Strategy Report. Navy Federal Asset Management's investment adviser representatives shall communicate to clients the investments or separate account managers recommended by Sub-Advisor. Navy Federal Asset Management will have discretionary authority to hire and fire Sub-Advisor.

FundQuest - The following portfolio options are offered by FundQuest under NFAM Advisory Program:

NFAM Funds – Assets in this portfolio are limited to mutual funds. Mutual funds in this program are selected based on each individual clients needs with an emphasis on reaching the clients overall investment objective. Each fund within this program is selected for its individual strategy to fit within the confines of that client's objective. The Sub-Advisor for NFAM Funds is FundQuest.

NFAM Index Plus – This strategy offers portfolios that seek to provide investors with the best complement of strategies available. It enables the advisor to leverage the resources from professional money managers to monitor and make changes to meet individual client's goals. These portfolios use active mutual funds in the categories where active managers have been more likely to outperform, and passive investments where, on average, active managers have been less likely to beat their benchmark. The Sub-Advisor is FundQuest.

NFAM Active Passive Portfolios – The FundQuest Active Passive Funds are the building blocks used to create the NFAM Active Passive Portfolios. The Sub-Advisor FundQuest aims to enhance value to client portfolios through careful combinations of these funds, which feature both actively managed and passive (index-based) investments. The Sub-Advisor is FundQuest.

OBS/EFS - Funds for the Efficient Frontier Series ("EFS") are passively managed asset class portfolios that follow the covenants of Modern Portfolio Theory of reducing risk (volatility) by diversification among asset classes. Passively managed funds are supplied by Dimensional Fund Advisors (DFA). In addition, these portfolios utilize combination funds that are themselves well diversified. Regression analysis is used to place portfolios on or close to the Efficiency Frontier. The Sub-Advisor for EFS is OBS Financial Services, Inc. ("OBS"). Regression Analysis helps us understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed.

The following portfolio options are offered by OBS as Sub-Advisor under NFAM Advisory Program:

EFS Aggressive: The EFS Aggressive Portfolio is the most aggressive portfolio and offers full exposure to the stock market. The EFS Aggressive Portfolio is diversified between domestic and international stocks, with no exposure to the bond markets.

EFS Moderately Aggressive: The EFS Moderately Aggressive Portfolio provides exposure to the complete stock market, with an aggressive approach towards growth. A small bond presence is maintained, but income generation and downside protection is limited.

EFS Balanced: This Portfolio provides a fairly balanced investment approach with an emphasis on growth. The portfolio is more resistant to inflation with an increased potential for increased return. Its' 40% bond presence provides income to the investor and helps dampen volatility during a stock market downturn.

EFS Moderate: The EFS Moderate Portfolio provides a balanced investment approach, with a conservative emphasis. The portfolio has a healthy exposure to the stock market, with 40% of its assets diversified throughout, however, is moderated by a strong bond presence. With 60% of the portfolio assets in the bond market, the investor can receive a consistent stream of income and some protection from a volatile stock market.

EFS Conservative: This Portfolio provides investors with the opportunity to build wealth through a conservative risk managed approach. With 80% of the portfolio invested in fixed income assets, exposure to the stock market is limited, and the bond markets provide a consistent stream of income for the investor. To keep pace with inflation, the portfolio invests 20% into the stock market, which raises the growth potential over that of a portfolio void of stock exposure.

EFS Fixed Income - The EFS Fixed Portfolio provides investors with a conservative and consistent stream of income. The investor remains diversified by investing in asset classes, which are comprised of government and corporate bonds of various quality, geographical region and maturity.

OBS TD/EFS - Portfolio is based on the investors approximate retirement year. As each Portfolio's retirement date approaches, the asset allocations will become progressively more conservative. TD/EFS Portfolios with an earlier retirement date will have a more conservative asset allocation. TD/EFS Portfolios with a later retirement date will have a more aggressive asset allocation. Each TD/EFS Portfolio is designed primarily for the investor who seeks professionally managed investment program to assist the investor with their accumulation of assets prior to and during retirement.

TD/EFS Balanced Income – The Target Date/EFS Balanced Income Portfolio is designed for people who have already retired. This is the most conservative of the Target Date/EFS Portfolios. It is designed to provide a constant stream of income through fixed income holdings while still growing moderately through equity. All other Target Date/EFS Portfolio allocations eventually mirror the Balanced Income Portfolio.

TD/EFS 2010 – The Target Date/EFS 2010 Portfolio is designed for people planning on retiring in 2010 and up to 10 years after January of 2010. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every 5 years. In the year 2010, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

TD/EFS 2020 – The Target Date/EFS 2020 Portfolio is designed for people planning on retiring in 2020 and up to 10 years after January of 2020. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every 5 years. In the year 2020, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

TD/EFS 2030 – The Target Date/EFS 2030 Portfolio is designed for people planning on retiring in 2030 and up to 10 years after January of 2030. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every 5 years. In the year 2030, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

TD/EFS 2040 – The Target Date/EFS 2040 Portfolio is designed for people planning on retiring in 2040 and up to 10 years after January of 2040. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every 5 years. In the year 2040, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

TD/EFS 2050 – The Target Date/EFS 2050 Portfolio is designed for people planning on retiring in 2050 and up to 10 years after January of 2050. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2050, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

OBS SA/EFS - The OBS SA/EFS Portfolio utilizes a mutual fund family commissioned by Loring Ward and managed by Dimensional Fund Advisors. The family of funds consists of 3 Domestic Equity, 3 International Equity, 2 Fixed Income and 1 Real Estate Fund. Essentially, these asset classes are clones of DFA equivalency asset classes with the added benefit that the entire Service Fee is wrapped within the shareholder service charge. SA/EFS funds are divided into 6 portfolios based on a questionnaire that can be filled out by clients. This arrangement allows for the full use of diversification by asset class.

SA/EFS Defensive – The SA/EFS Fund Portfolios are an efficient way to access the DFA Asset Classes. These portfolios shave the service fees wrapped within the shareholder service charge. With a majority of the portfolio investing in fixed income assets, exposure to the stock market is limited, while the bond markets provide a consistent stream of income for the investor. To keep pace with inflation, the SA/EFS Defensive portfolio invests a small portion into the stock market, which raises the growth potential over that of a portfolio absent of stock exposure.

SA/EFS Conservative - The SA/EFS Fund Portfolios are an efficient way to access the DFA Asset Classes. These portfolios have the service fees wrapped within the shareholder service charge. The SA/EFS Conservative Portfolio has a healthy exposure to the stock market, with 40% of its assets diversified throughout equity asset classes; however, this exposure is moderated by a strong bond presence. With 60% of the portfolio assets in the bond markets, the investor can receive a consistent stream of income with some protection from a downward stock market.

SA/EFS Moderate - The SA/EFS Fund Portfolios are an efficient way to access the DFA Asset Classes. These portfolios have the service fees wrapped within the shareholder service charge. The SA/EFS Moderate portfolio aims to provide a balance between capital preservation and capital appreciation. With a 50/50 exposure to equity and fixed income, the moderate portfolio is designed for those who are most comfortable with a balanced approach and have an average tolerance for portfolio fluctuations.

SA/EFS Balanced - The SA/EFS Fund Portfolios are an efficient way to access the DFA Asset Classes. These portfolios have the service fees wrapped within the shareholder service charge. The SA/EFS Balanced Portfolio provides a fairly balanced investment approach with an emphasis on growth. The portfolio is more resistant to inflation with an increased potential for capital appreciation. However, the portfolio has a reasonable bond presence, providing income to the investor as well as protection in a downward market.

SA/EFS Moderately Aggressive - The SA/EFS Fund Portfolios are an efficient way to access the DFA Asset Classes. These Portfolios have the service fees wrapped within the shareholder service charge. The SA/EFS Equity Portfolio is the most aggressive of the SA/EFS series containing full exposure to equity securities. It is designed for investors that are willing to assume a higher level of risk to potentially achieve higher returns. These investors should have a long time horizon.

SA/EFS Aggressive - The SA/EFS Fund Portfolios are an efficient way to access the DFA Asset Classes. These Portfolios have the service fees wrapped within the shareholder service charge. The SA/EFS Aggressive Portfolio is the most aggressive of the SA/EFS series containing full

exposure to equity securities. It is designed for investors that are willing to assume a higher level of risk to potentially achieve higher returns. These investors should have the longest time horizon.

Program Fees

Navy Federal Asset Management charges fees as a percentage of assets under management for assets managed through the Programs ("NFAM fees"). These fees cover the initial and ongoing investment advisory services provided through Navy Federal Asset Management as well as the execution of securities transactions in connection with Navy Federal Asset Management accounts. The NFAM fees also cover the client's account custodial fees that will be established by the custodian to hold the assets. However, the NFAM fees will not cover mark-up or mark-down charges on over-the-counter securities ("OTC") transactions effected for the client's account, if any. These fees also do not cover compensation for any securities transactions requested involving assets or securities not held in a Navy Federal Asset Management account, nor do they cover short-term mutual fund redemption fees in certain instances.

A portion of the NFAM fees will be paid to Navy Federal Asset Management investment advisor representatives that recommend these accounts to clients. The amount of compensation received by the investment advisor representative may be more than he or she would receive if the client participated in other programs offered through Navy Federal Asset Management or if the client paid separately for investment advice, brokerage, and other services. Therefore, the investment advisor representatives may have a financial incentive to recommend these accounts over other programs or services. Additionally, clients may pay fees higher than those paid by other clients with similar sized accounts receiving similar services that may or may not have been introduced to Navy Federal Asset Management by another investment advisor representative.

Fees will be calculated based on a percentage of assets under management. A portion of this fee will be paid to the Sub-Advisors for the services provided to Navy Federal Asset Management. NFAM fees include Navy Federal Asset Management's fee for sponsoring, administering, and distributing Navy Federal Asset Management investment programs, the Sub-Advisor fee, and execution, clearing, and custody fees.

Fees for advisory services provided through the Programs will be charged according to the following fee schedules which have been established by Navy Federal Asset Management:

Fee Schedule for NFAM MAP Account Sub-Advised by Madison Asset Management

Investment Amount	Madison Asset Management Fee	FundQuest Administrative Fee	Navy Federal Asset Management Fee	Total Fee
First \$50,000	0.25%	0.15%	.60 - 1.60%	1.00 - 2.00%
Next \$50,000	0.25%	0.15%	.60 - 1.35%	1.00 - 1.75%
Next \$150,000	0.25%	0.15%	.60 - 1.10%	1.00 - 1.50%
Next \$250,000	0.25%	0.15%	.60 - .85%	1.00 - 1.25%
Next \$500,000	0.20%	0.15%	.50 - .65%	.85 - 1.00%
All Over \$1,000,000	0.20%	0.15%	.35 - .60%	.75 - 1.00%

Fee Schedule for NFAM Advisory Program Account Sub-Advised by FundQuest

Investment Amount	FundQuest Fee	Navy Federal Asset Management Fee	Total Fee
First \$250,000	0.35%	1.00 - 1.40%	1.35 - 1.75%
Next \$250,000	0.30%	.95 - 1.25%	1.15 - 1.55%
Next \$500,000	0.25%	.80 - 1.00%	1.05 - 1.25%
Next \$1,000,000	0.20%	.75 - .80%	.95 - 1.00%
Over \$2,000,000	0.20%	0.65%	0.85%

Fee Schedule for NFAM Advisory Program Account Sub-Advised by OBS

Investment Amount	OBS Fee	Navy Federal Asset Management Fee	Total Fee
First \$250,000	0.25%	1.00 - 1.40%	1.25 - 1.65%
Next \$250,000	0.25%	.95 - 1.25%	1.20 - 1.50%
Next \$500,000	0.25%	.80 - 1.00%	1.05 - 1.25%
Next \$1,000,000	0.25%	.75 - .80%	1.00 - 1.05%
Over \$2,000,000	0.25%	0.65%	.90%

How fees are charged

Depending upon the advisory program and Sub-Advisor selected fees are charged to an account in advance or in arrears on a quarterly basis. Upon termination of an advisory program for an account billed in advance, Navy Federal Asset Management will refund any prepaid but unearned fees. Upon termination of an advisory program for an account billed in arrears, Navy Federal Asset Management will collect fee due for the period of time the account has been managed since the last billing period.

- **Fees for NFAM MAP account sub-advised by Madison Asset Management are charged in advance on a quarterly basis using the average daily balance from the previous quarter. If there is a deposit over \$25,000 made during the quarter which was not included in the fee charged in advance, there is a look back and an additional fee (pro-rated) is charged for such deposit. Upon termination of a Madison Asset Management sub-advised account, Navy Federal Asset Management will refund any prepaid but unearned fees.**
- **Fees for NFAM Advisory Program account sub-advised by FundQuest are charged in advance on a quarterly basis using the average daily balance from the previous quarter. Upon termination of a NFAM Advisory Program sub-advised by FundQuest, Navy Federal Asset Management will refund any prepaid but unearned fees.**
- **Fees for NFAM Advisory Program account sub-advised by OBS are charged in advance on a quarterly basis using the balance on the first day of the current quarter. Upon termination of a NFAM Advisory Program sub-advised by OBS, Navy Federal Asset Management will refund any prepaid but unearned fees.**

For those accounts where fees are charged in advance on a calendar-quarter basis, the initial pro-rated fee will be charged to a client's account on or about the second business day after the account has been opened and funded. Upon termination or client request for funds withdrawal (including systematic withdrawal programs), costs to liquidate securities such as short term redemption fees, if any, may be borne by the client. You understand that such liquidations may have adverse tax consequences. Upon termination, Navy Federal Asset Management agrees to reimburse a pro-rata share of any prepaid, but unearned fees.

Each Navy Federal Asset Management investment advisor representative will determine the NFAM Fee that will be charged to his or her particular client. Therefore, different clients participating in the same Program may pay different fees. The above fee schedules are non-negotiable except that the investment advisor representatives will determine the amount of the fee within the fee ranges disclosed under the NFAM Fee columns on the previous fee schedules. The total fee will not exceed the fee ranges disclosed above. When determining the NFAM Fee, the investment advisor representatives will take into consideration factors such as, the services provided, the individuals involved in providing the services, the types of investments included in the account, the complexity of the clients financial situation, other services provided to the client by Navy Federal Asset Management or its investment advisor representatives, relationships with the client, and other such considerations. A detailed fee schedule will be provided for client review and signature prior to services being provided.

In addition to the NFAM fees, there may be other charges assessed to the Navy Federal Asset Management account for certain activity, termination of the Navy Federal Asset Management account, or other such occurrences. All such charges and fees will be fully disclosed to clients in the NFAM Client Services Agreement that will be executed by each client prior to services being provided.

Clients are obligated to pay applicable NFAM fees regardless of whether they follow any of the allocation recommendations provided by Navy Federal Asset Management or the Sub-Advisors. All fees and charges are deducted directly from the client's Program account and will be reflected on the client's account statements. All Navy Federal Asset Management accounts will contain a money market account. To provide clients with sufficient cash to pay the NFAM fees and any distribution that may be requested by the clients, Navy Federal Asset Management may sell shares within the clients' Navy Federal Asset Management accounts and transfer the proceeds to the money market account. Navy Federal Asset Management and/or the Sub-Advisor reserve the right, in their discretion, to determine which shares and how many shares to sell. Clients should be aware that such sales may have tax consequences.

The charges paid under Navy Federal Asset Management investment programs may be more or less than what clients would pay if the clients paid separately for investment management, brokerage, and other services. Clients can invest directly in Funds outside of Navy Federal Asset Management accounts without paying the NFAM fees. It may be less expensive to clients to invest outside of Navy Federal Asset Management. However, clients will not receive the services provided under Navy Federal Asset Management if clients invest outside of Navy Federal Asset Management. NFAM fees paid by each client may not be the same or lower than those paid by other clients participating in Navy Federal Asset Management investment programs or by clients that participate in comparable programs offered by other sponsors.

Navy Federal Asset Management and the Sub-Advisors will not be compensated based on a share of capital gains upon or capital appreciation of funds or any portion of funds or other investments in the client managed accounts.

Other Fees

Investments in Navy Federal Asset Management accounts may be subject to additional fees and charges imposed by third parties, such as: in the case of mutual fund investments, mutual fund management fees, 12b-1 distribution fees, administrative servicing fees, and contingent deferred sales charges upon redemption of previously purchased mutual funds; in the case of purchases made in connection with an individual retirement account ("IRA") or other qualified plan, various IRA and qualified retirement plan fees; and, in the case of all investments, clearing charges and services fees. Other parties may receive a portion of these third-party fees.

Navy Federal Asset Management and its Sub-Advisors will limit their mutual fund recommendations to classes of shares that are not subject to a front-end sales load (or those that qualify for a waiver of such load). Mutual fund shares subject to a sales load that were purchased and transferred into a Navy Federal Asset Management account are subject to all fees and charges that are normally charged on mutual fund shares held within the program, including fees under Navy Federal Asset Management, and 12b-1 distribution fees (which may be shared by the NFAM investment advisor representatives in their separate capacities as registered representatives of a broker/dealer). Additional details regarding mutual funds purchased on behalf of clients in Navy Federal Asset Management accounts can be found in the relevant fund prospectus that will be provided to clients at the time of purchase.

Clients should be aware that some of the underlying mutual funds utilized in client portfolios may charge 12b-1 fees and/or contingent deferred sales charges and such fees may be earned by Navy Federal Asset Management's broker/dealer or clearing broker/dealer pursuant to a selling agreement with the relevant funds. Clients will not receive any form of credit to their account for these fees. However, if client's Navy Federal Asset Management account is maintained on behalf of a plan subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") or a similar government regulation, and such mutual funds that pay 12b-1 fees are maintained in the Navy Federal Asset Management client's account, the Navy Federal Asset Management management fees will be reduced to offset the payment of such fees.

Clients wishing to hold mutual fund shares or individual securities not included in Navy Federal Asset Management, or to engage in transactions not initiated by Navy Federal Asset Management or the Sub-Advisors, must purchase or sell

such securities outside of their Navy Federal Asset Management account and, as a result, may incur applicable commissions, transaction fees and/or sales charges.

Termination of Services

Either Navy Federal Asset Management or the client may terminate services at anytime by providing written notice to the other party. If the client terminates services within five business days of executing an agreement for services with Navy Federal Asset Management services will be terminated upon receipt of notice of termination and will be terminated without penalty. However, clients should be aware that they will still be subject to market risk during this period, meaning any declines in securities markets may reduce the value of the clients Navy Federal Asset Management account assets.

If services are terminated in the NFAM Advisory Program after the initial five business days, the date of termination shall be the date upon which the account manager receives notice of termination. Any unpaid fees as of that date shall be due and payable by the client. Navy Federal Asset Management has 30 days from the date of termination to deduct fees from the client's program account.

If Navy Federal Asset Management elects to terminate a NFAM MAP client services agreement, the client will be given at least 30 days' written notice and the date of termination shall be a date selected by Navy Federal Asset Management not less than thirty nor more than sixty days following Navy Federal Asset Management's mailing of notice to client's address of record. If client elects to terminate a NFAM MAP client services agreement, the termination date shall be a date selected by client or if no date is provided, the termination date shall be the date upon which the account manager receives notice of termination. Any unpaid fees as of the date of termination shall be due and payable by the client. Navy Federal Asset Management has 30 days from the date of termination to deduct fees from the client's Program account.

If applicable, upon termination of a NFAM MAP or NFAM Advisor Program account NFAM will refund any prepaid but unearned fees. Fees will be prorated based on the number of days services were provided prior to the effective date of termination.

Item 5 – Account Requirements & Types of Clients

Opening an Account

Navy Federal Asset Management investment advisor representatives will meet with the client to describe the selected Navy Federal Asset Management investment program and to assist the client in determining whether he or she wishes to participate in that program. Individuals interested in opening a Navy Federal Asset Management accounts will be required to execute a NFAM Client Services Agreement, to provide all requested information, and to approve the initial investment model as well as the initial specific investment recommendations. Initial recommendations will not be implemented without client approval. If a recommendation is accepted by the client, the investment advisor representative will assist the client in establishing a Navy Federal Asset Management account

Account Minimums

Sub-Advisors participating in Navy Federal Asset Management investment programs may set a minimum amount of assets to be maintained in an account specific to each investment model. The minimum initial investment will be stated on the Miscellaneous Fee Schedule that will be provided to you prior to executing an Agreement for Services. Navy Federal Asset Management and the Sub-Advisor will have the discretion to lower the account minimum on a case-by-case basis as well as to terminate an account if the account falls below the account minimum.

The initial deposit for your Navy Federal Asset Management account must be in marketable securities or cash. After the initial deposit to your Navy Federal Asset Management account, you may make additional deposits of marketable securities or cash to the Navy Federal Asset Management account at any time in any amount. All cash deposited to the Navy Federal Asset Management account will be credited to the Navy Federal Asset Management account on the day it is available in good funds.

Cash awaiting investment or reinvestment may be invested in one or more money market mutual funds. Certain of

these money market mutual funds are advised by affiliates of the clearing broker-dealer, and the clearing broker-dealer or its affiliates may receive payments made pursuant to Rule 12b-1 under the Investment Company Act of 1940. Such payments are not credited to your account in calculating the fees. However, if your Navy Federal Asset Management account is maintained on behalf of a plan subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") or a similar government regulation, and such mutual funds that pay 12b-1 fees are maintained in your account, management fees will be reduced to offset the payment of such fees.

Upon written notice to Navy Federal Asset Management, you may make withdrawals in any amount from Navy Federal Asset Management advisory program account at anytime, although you should understand that certain minimum balances may be required to maintain the account. Such withdrawals will affect the average value of the Navy Federal Asset Management account, and thus the Navy Federal Asset Management fees and charges assessed to your accounts. You should understand that Navy Federal Asset Management accounts are designed as long-term investment vehicles and that asset withdrawals may impair the achievement of your investment objectives. All partial withdrawals or termination distributions will be made in cash unless otherwise specifically requested in writing by you, and will be transferred to you pursuant to your instructions as soon as practical after receipt by Navy Federal Asset Management of instructions in the case of partial withdrawals and after the effective termination date in the case of termination distributions. If you request a withdrawal in an amount in excess of the balance of the Navy Federal Asset Management account's money market fund, Navy Federal Asset Management reserves the right to determine which Fund shares will be sold.

Upon written notice to Navy Federal Asset Management, you may make withdrawals from NFAM MAP accounts in amounts of not less than \$1,000, or not less than \$250 on a systematic program withdrawal basis, provided that no partial withdrawal will be permitted if the market value of a your Navy Federal Asset Management account would thereafter be less than \$35,000 for the investment strategies with a \$50,000 minimum or \$150,000 for the investment strategies with a \$250,000 minimum. Such withdrawals will affect the average value of the Navy Federal Asset Management account, and thus the Navy Federal Asset Management fees and charges assessed to your Navy Federal Asset Management accounts. You should understand that Navy Federal Asset Management accounts are designed as long-term investment vehicles and that asset withdrawals may impair the achievement of your investment objectives. All partial withdrawals or termination distributions will be made in cash unless otherwise specifically requested in writing by a client, and will be transferred to the client pursuant to the client's instructions as soon as practical after receipt by Navy Federal Asset Management of instructions in the case of partial withdrawals and after the effective termination date in the case of termination distributions. If a client requests a withdrawal in an amount in excess of the balance of the Navy Federal Asset Management account's money market fund, Navy Federal Asset Management reserves the right to determine which Fund shares will be sold.

<u>Program</u>	<u>Minimum Account Size</u>
NFAM MAP Alpha Advantage	\$100,000
NFAM MAP ETP	\$50,000
NFAM MAP Tax Sensitive	\$100,000
NFAM Advisory Program Funds	\$50,000
NFAM Advisory Program ETF	\$50,000
NFAM Advisory Program Index Plus	\$50,000
NFAM Advisory Program Active Passive Portfolios	\$25,000
NFAM Advisory Program EFS Aggressive	\$25,000
NFAM Advisory Program EFS Moderately Aggressive	\$25,000
NFAM Advisory Program EFS Balanced	\$25,000
NFAM Advisory Program EFS Moderate	\$25,000
NFAM Advisory Program EFS Conservative	\$25,000
NFAM Advisory Program EFS Fixed Income	\$25,000
NFAM Advisory Program TD/EFS Balanced Income	\$25,000
NFAM Advisory Program TD/EFS 2010	\$25,000
NFAM Advisory Program TD/EFS 2020	\$25,000
NFAM Advisory Program TD/EFS 2030	\$25,000

NFAM Advisory Program TD/EFS 2040	\$25,000
NFAM Advisory Program TD/EFS 2050	\$25,000
NFAM Advisory Program SA/EFS Defensive	\$25,000
NFAM Advisory Program SA/EFS Conservative	\$25,000
NFAM Advisory Program SA/EFS Moderate	\$25,000
NFAM Advisory Program SA/EFS Balanced	\$25,000
NFAM Advisory Program SA/EFS Moderately Aggressive	\$25,000
NFAM Advisory Program SA/EFS Aggressive	\$25,000

Item 6 – Portfolio Manager Selection & Evaluation

Selecting Your Investment Strategy Your investment advisor representatives will meet with you to discuss your current financial situation, risk tolerances, and investment goals. Your investment advisor representatives will use this information to assist you in determining your objective(s), investment strategies, and investment suitability. Your investment advisor representative will assist you in completing a NFAM Account Application, Client Profile, and Investment Strategy Report. Your investment advisor representative will use the information provided by you to determine the appropriateness of a NFAM investment program for you. Please contact Navy Federal Asset Management to notify us of any changes in your investment objectives and/or financial situation.

Based upon information provided in the initial Client Profile and Investment Strategy Report, your investment advisor representative and the selected Sub-Advisor will review and analyze the information and use such information in connection with the Investment Proposal System (“IPS”) to create an Investment Proposal showing the recommendations for how your account should be allocated among various asset classes and investment styles (“Investment Allocation Proposal”). Your investment advisor representative will present you with a recommended Investment Allocation Proposal that will include a description of the NFAM Program that has been recommended and the specific investment recommendations. When assisting you with completing the initial paperwork to establish an account, your investment advisor representative will inquire whether you wish to impose any reasonable restrictions on the management of the assets in the account. Navy Federal Asset Management and/or the Sub-Advisor may or may not be able to accommodate such restrictions and will notify the client if they are not able to do so.

Selecting Sub-Advisors

Navy Federal Asset Management will select various Sub-Advisor based on their investment strategies and allocation models that will be offered through the Programs. Navy Federal Asset Management conducts a thorough client profile review with each client and selects the appropriate Sub-Advisor and Program based on the clients individual financial situation, goals, risk tolerance, experience, time horizon and over all needs. Navy Federal Asset Management has an Investment Committee that conducts due diligence and selects Sub-Advisors. Sub Advisors placed into the Navy Federal Asset Management investment universe must be within the parameters of quantitative (Track Record, Alpha, Beta, Sharpe Ratio, Information Ratio, Volatility, Up and Down Capture, Market Capitalization, Holdings, Fund Assets, Expense Ratio and Performance) and qualitative screens (Investment Philosophy and Process, Fund Management, Staff, Turnover and Sector Weighting). The quantitative screens serve the purpose of identifying potential sub-adviser based on valuation and performance metrics. The qualitative screens serve to identify those sub-advisers whose past success was built upon an investment process that is believed to be repeatable and likely to provide future positive, risk-adjusted returns over an alternative. The investment committee will be responsible for determining if a Sub-Advisor should be replaced due to poor performance or concerns with non-compliance with regulatory requirements. When determining whether or not to replace a Sub-Advisor Navy Federal Asset Management may also take in to account the number of client assets held with that Sub-Advisor and the overall cost and impact to or on the client that replacing the Sub-Advisor may cause. The investment committee will review the Sub-Advisor’s performance over an extended period of time on an ongoing basis. The investment committee will meet at least quarterly to discuss any potential concerns or recommended changes to the Sub-Advisors utilized in the portfolio management programs

Voting Client Securities

Navy Federal Asset Management does not vote proxies. Sub-Advisor(s) selected by Navy Federal Asset Management like FundQuest, Madison Asset Management or OBS may vote proxies for client accounts or may pass them directly to the client for voting. Specific information on the proxy voting policies of a selected Sub-Advisor can be found in the

Sub-Advisor's ADV Part 2 provided at the time of account opening or upon request thereafter. For more information on proxy voting information, please contact us at 877-221-8108.

Item 7 – Client Information Provided to Portfolio Managers

Your investment adviser representative will meet with you to discuss your financial objectives, needs, risk tolerance, and financial status. Your investment adviser representatives will assist you in determining the suitability and selection of the particular Program that will be used as well as the suitability of the model(s) selected within the program. A standard data gathering questionnaire will be used to gather information needed to determine the suitability of the Programs and the portfolios recommended. This information is gathered and sent to the selected Sub-Advisor for data review and to provide the client a recommended portfolio allocation with specific investment recommendation. If the allocation is accepted by you, it then becomes a discretionary program that allows the Sub-Advisor to select and change portfolios as necessary.

Item 8 - Client Contact with Portfolio Managers

Portfolio managers are selected by Navy Federal Asset Management using the guidelines explained in item 6 of this appendix. Navy Federal Asset Management Financial Advisors are the relationship managers for all clients that hold a Navy Federal Asset Management account. Clients have direct access to these Advisors at any time. Performance reports are sent quarterly to the client from the Sub Advisor and statements are sent at least quarterly by the independent Custodian. Navy Federal Asset Management Financial Advisors have access to Sub Advisors and can contact them with questions or assistance with a client account. Each clients portfolio is selected for the client based on their individual needs and can be changed at anytime upon request by the client.

Item 9 – Additional Information

Disciplinary Information

This item is not applicable to Navy Federal Asset Management's wrap fee program brochure because no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to Navy Federal Asset Management's business or integrity of Navy Federal Asset Management's management.

Other Financial Industry Activities and Affiliations

A. The management, certain support staff, and the advisors of Navy Federal Asset Management are registered with its affiliate, Navy Federal Brokerage Services, LLC which is a full service broker/dealer and also a wholly owned subsidiary of Navy Federal Financial Group see Item 10.C.2 for information on Navy Federal Financial Group.

B. Neither Navy Federal Asset Management nor any of its management persons are registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Other Arrangements

1. Navy Federal Asset Management is affiliated with Navy Federal Brokerage Services, LLC, which is a registered broker/dealer. Navy Federal Asset Management and Navy Federal Brokerage Services, LLC are both wholly owned subsidiaries of Navy Federal Financial Group and may serve the same clients. Please refer to Item 12. Brokerage Practices for more details about how Navy Federal Asset Management may utilize Navy Federal Brokerage Services, LLC with respect to your advisory services.

2. The parent company of Navy Federal Asset Management is Navy Federal Financial Group. Navy Federal Financial Group owns a less than 10% share of Members Trust Company, and the president of Navy Federal Asset Management and Navy Federal Financial Group is a member of the board of directors for Members Trust Company. Navy Federal Asset Management refers clients to Members Trust Company as a

third-party money manager and through its parent company, Navy Federal Financial Group; Navy Federal Asset Management continues to receive an ongoing solicitor fee from Members Trust Company for such client with assets under management by Members Trust Company. The relationship between Navy Federal Financial Group, Navy Federal Asset Management and Members Trust Company creates a material conflict of interest. Navy Federal Asset Management addresses that conflict of interest through due diligence reviews, financial audits and an account review process to verify Members Trust Company fits the client's investment needs.

3. Navy Federal Asset Management is affiliated with Navy Federal Credit Union. Its parent company, Navy Federal Financial Group, is a wholly owned subsidiary of Navy Federal Credit Union. Navy Federal Asset Management primarily serves members of Navy Federal Credit Union.

4. Navy Federal Asset Management's parent company, Navy Federal Financial Group, is also a licensed insurance agency and may be paid a portion of the insurance commissions received by GEICO for property and casualty insurance and CUNA Mutual Group for life and long term care insurance that are placed with members of Navy Federal Credit Union.

5. Navy Federal Brokerage Services, LLC clears through Pershing, this relationship is based on a piggybacking relationship with introducing broker-dealer, CUSO Financial Services, which facilitate back office processing and account processing and servicing of new and existing accounts for both Navy Federal Asset Management and Navy Brokerage Services, LLC. Navy Federal Asset Management, Navy Federal Brokerage Services, LLC and CUSO Financial Services have an agreement in place to perform these services in exchange for a fee which based upon the gross fees and commissions earned by Navy Federal Asset Management and Navy Federal Brokerage Services, LLC. CUSO Financial is not affiliated with Navy Federal Asset Management or Navy Federal Brokerage Services, LLC in anyway. Navy Federal Asset Management addresses security of account information and privacy within this relationship through due diligence reviews and financial audits.

D. Navy Federal Asset Management recommends various third party Sub-Advisors for each of its programs. As of March 2011, the Sub-Advisors available on the NFAM platform are the following:

1. Madison Asset Managers;
2. FundQuest; and
3. OBS

Review of Accounts

Your investment adviser representative will review your account on at least quarterly basis; however, your investment adviser representative may review your account more often due to changes in your circumstances, your express request or changes within the market. Our compliance and training supervisors, brokerage operations specialists or operations management staff review newly established accounts. Navy Federal Asset Management also has an investment committee, which consists of its president, chief compliance officer and assistant vice president of investment operations. The investment committee reviews on a quarterly basis a certain number of randomly selected accounts; these accounts are reviewed for suitability with your investment policy statement and your stated investment needs. In addition, the investment committee reviews the fees charged to these accounts to ensure that the accurate fee has been deducted from an account or refunded in the case of a closed account.

Navy Federal Asset Management and its investment adviser representatives do not provide reports directly to clients. In the case of our portfolio management programs, the qualified custodian, Pershing, LLC, provides quarterly account statements and FundQuest provides quarterly performance reports to each NFAM Advisory Program account sub-advised by FundQuest and each NFAM MAP account sub-advised by Madison Asset Management. Additionally, OBS provides quarterly performance reports to NFAM Advisory Program account sub-advised by OBS. To the extent that Navy Federal Asset Management, FundQuest, OBS or another Sub-Advisor ever prepares a report for you, you should compare such reports against the account statements delivered by the qualified custodian, Pershing, LLC.

Code of Ethics Summary

Navy Federal Asset Management has established a Code of Ethics that will apply to all of its supervised persons. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of clients at all times. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. Navy Federal Asset Management requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the advisor's Code of Ethics. Navy Federal Asset Management has the responsibility to make sure that the interests of all clients are placed ahead of Navy Federal Asset Management's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Navy Federal Asset Management and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

This disclosure is provided to give as a summary of Navy Federal Asset Management's Code of Ethics. However, if you wish to review Navy Federal Asset Management's Code of Ethics in its entirety, a copy will be provided promptly upon request.

Employee Personal Securities Transactions Disclosure

You should know that the supervised persons of Navy Federal Asset Management, LLC may buy or sell securities that are also recommended to clients such as yourself. In order to minimize this conflict of interest, Navy Federal Asset Management, LLC only recommends and purchases securities which are in general widely held and publicly traded.

Client Referrals and Other Compensation

For your accounts in NFAM MAP or your accounts in NFAM Advisory Program which are sub-advised by FundQuest, Navy Federal Brokerage Services, LLC serves as the introducing broker-dealer and may receive a portion of certain administrative fees charged by Pershing, LLC, the qualified custodian,

Except for the investment advisory fees charged by Navy Federal Asset Management, the referral fees paid by Members Trust Company and certain administrative fees received by Navy Federal Brokerage Services, LLC as an introducing broker-dealer, Navy Federal Asset Management nor any of its related persons accept economic benefit for providing investment advice or other advisory services to its clients.

Neither Navy Federal Asset Management nor any of its related persons, directly or indirectly, compensates any person who is not a supervised person of Navy Federal Asset Management for client referrals.

Financial Information

Navy Federal Asset Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Navy Federal Asset Management is not subject to a financial condition reasonably likely to impair its ability to meet contractual commitments. Finally, Navy Federal Asset Management has not been the subject of a bankruptcy petition at any time.