

## Uniform Application for Investment Adviser Registration

## Part II - Page 1

OMB APPROVAL

OMB Number: 3235-0049

Expires: February 28, 2011

Estimated average burden hours per  
response . . . 4.07

Name of Investment Adviser:

EDELMAN FINANCIAL ADVISORS LLC

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code Telephone Number

4000 LEGATO ROAD 9TH FLOOR

FAIRFAX

VA

22033

888 752-6742

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

## Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees . . . . .	2
2	Types of Clients. . . . .	2
3	Types of Investments. . . . .	3
4	Methods of Analysis, Sources of Information and Investment Strategies. . . . .	3
5	Education and Business Standards. . . . .	4
6	Education and Business Background. . . . .	4
7	Other Business Activities. . . . .	4
8	Other Financial Industry Activities or Affiliations. . . . .	4
9	Participation or Interest in Client Transactions. . . . .	5
10	Conditions for Managing Accounts. . . . .	5
11	Review of Accounts. . . . .	5
12	Investment or Brokerage Discretion. . . . .	6
13	Additional Compensation. . . . .	6
14	Balance Sheet. . . . .	6
	Continuation Sheet. . . . .	Schedule F
	Balance Sheet, if required. . . . .	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential Persons who are not to respond to the collection of information contained in this form are not  
required to respond unless the form displays a currently valid OMB control number.

Applicant:  
EDELMAN FINANCIAL ADVISORS LLC

SEC File Number:  
801- 68266

Date:  
6/5//2009

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |   |         |
|---|---------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services  | 86 %    |
| <input checked="" type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services  | 14 %    |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above   | _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription  | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above  | _____ % |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which client may use to evaluate securities | _____ % |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities  | _____ % |
| <input type="checkbox"/> (8) Provides a timing service  | _____ % |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above  | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

Yes No

B. Does applicant call any of the services it checked above financial planning or some similar term?

☐ ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of Clients** -- Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**3. Types of Investments** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input type="radio"/> A. Equity securities                   | <input type="radio"/> H. United States governmental securities   |
| <input type="radio"/> (1) exchange-listed securities         |  |
| <input type="radio"/> (2) securities traded over-the-counter | <input type="radio"/> I. Options contracts on:                   |
| <input type="radio"/> (3) foreign issuers                    | <input type="radio"/> (1) securities                             |
|  | <input type="radio"/> (2) commodities                            |
| <input type="radio"/> B. Warrants                            |  |
| <input type="radio"/> C. Corporate debt securities           | <input type="radio"/> J. Futures contracts on:                   |
| (other than commercial paper)                                | <input type="radio"/> (1) tangibles                              |
| <input type="radio"/> D. Commercial paper                    | <input type="radio"/> (2) intangibles                            |
| <input type="radio"/> E. Certificates of deposit             |  |
| <input type="radio"/> F. Municipal securities                | <input type="radio"/> K. Interests in partnerships investing in: |
|  | <input type="radio"/> (1) real estate                            |
| <input type="radio"/> G. Investment company securities:      | <input type="radio"/> (2) oil and gas interests                  |
| <input type="radio"/> (1) variable life insurance            | <input type="radio"/> (3) other (explain on Schedule F)          |
| <input type="radio"/> (2) variable annuities                 |  |
| <input type="radio"/> (3) mutual fund shares                 | <input type="radio"/> L. Other (explain on Schedule F)           |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |                                       |   |
|---------------------------------------|---|
| <input type="radio"/> (1) Charting    | <input type="radio"/> (4) Cyclical                      |
| <input type="radio"/> (2) Fundamental | <input type="radio"/> (5) Other (explain on Schedule F) |
| <input type="radio"/> (3) Technical   |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| <input type="radio"/> (1) Financial newspapers and magazines    | <input type="radio"/> (5) Timing services   |
| <input type="radio"/> (2) Inspections of corporate activities   | <input type="radio"/> (6) Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| <input type="radio"/> (3) Research materials prepared by others | <input type="radio"/> (7) Company press releases  |
| <input type="radio"/> (4) Corporate rating services             | <input type="radio"/> (8) Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |   |
|---|---|
| <input type="radio"/> (1) Long term purchases (securities held at least a year) | <input type="radio"/> (5) Margin transactions   |
| <input type="radio"/> (2) Short term purchases (securities sold within a year)  | <input type="radio"/> (6) Option writing, including covered options, uncovered options, or spreading strategies |
| <input type="radio"/> (3) Trading (securities sold within 30 days)              | <input type="radio"/> (7) Other (explain on Schedule F)   |
| <input type="radio"/> (4) Short sales   |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Yes No

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?.....

☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |   |   |
|---|---|
| <input checked="" type="radio"/> (1) broker-dealer  | <input type="radio"/> (7) accounting firm                                       |
| <input type="radio"/> (2) investment company  | <input type="radio"/> (8) law firm  |
| <input checked="" type="radio"/> (3) other investment adviser   | <input checked="" type="radio"/> (9) insurance company or agency                |
| <input type="radio"/> (4) financial planning firm   | <input type="radio"/> (10) pension consultant                                   |
| <input type="radio"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="radio"/> (11) real estate broker or dealer                         |
| <input type="radio"/> (6) banking or thrift institution   | <input type="radio"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

Yes No

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?...

☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Applicant:  
EDELMAN FINANCIAL ADVISORS LLC

SEC File Number:  
801- 68266

Date:  
6/5/2009

**9. Participation of Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

☒ ☐

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggers factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Please see Schedule F Item 11**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Please see Schedule F Item 11**

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                       |                       |
|--|-----------------------|-----------------------|
| (1) securities to be bought or sold? .....               | Yes                   | No                    |
|  | <input type="radio"/> | <input type="radio"/> |
| (2) amount of the securities to be bought or sold? ..... | Yes                   | No                    |
|  | <input type="radio"/> | <input type="radio"/> |
| (3) broker or dealer to be used? .....                   | Yes                   | No                    |
|  | <input type="radio"/> | <input type="radio"/> |
| (4) commission rates paid? .....                         | Yes                   | No                    |
|  | <input type="radio"/> | <input type="radio"/> |

B. Does applicant or a related person suggest brokers to clients? ..... ☐ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commission higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                       |                       |
|---|-----------------------|-----------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                   | No                    |
|   | <input type="radio"/> | <input type="radio"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes                   | No                    |
|   | <input type="radio"/> | <input type="radio"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... ☐ Yes ☐ No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p style="text-align: center;"><b>INTRODUCTION</b></p> <p>Edelman Financial Advisors LLC (“EFA”) is an investment adviser firm registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (“Advisers Act”). EFA provides a service to affiliated and unaffiliated registered investment advisers (collectively, “RIAs”) to make a wrap fee program available to their clients. In addition, EFA offers the wrap fee program to individuals, trusts, estates, charitable organizations, pension and profit sharing plans, and small businesses through its investment adviser representatives. Advisory personnel of EFA are also registered representatives of SMH Capital, Inc. (“SMH”), a registered broker-dealer which is also a registered investment adviser and a subsidiary of Sanders Morris Harris Group, Houston, TX (“SMHG”). As SMH registered representatives, these investment advisory personnel (“Financial Advisors”) may provide brokerage services to EFA clients.</p> <p>SMHG is a financial services organization which has investment adviser affiliates and has 76% ownership of EFA. Ric Edelman is Chairman and CEO and 22% owner of EFA. Edward Moore, President of EFA, is 2% owner. SMHG, Edelman and Moore have identical ownership of an affiliated investment adviser firm, Edelman Financial Services (“EFS”).</p> <p style="text-align: center;"><b>ITEM 1 - ADVISORY SERVICES</b></p> <p>Edelman Managed Asset Program<sup>®</sup> (“EMAP”) – The Edelman Managed Asset Program<sup>®</sup> is a wrap fee asset allocation program sponsored by EFA, with widely diversified asset allocation models consisting of combinations of unaffiliated investment products which include: no-load open-end investment company shares, exchange-traded funds, and variable annuities. EFA makes EMAP available to clients of an affiliated registered investment adviser, SMH Capital Inc., as well as unaffiliated registered investment advisers, through various channels discussed below.</p> <p>Edelman Direct Advisors (“EDA”) – EDA is a division of EFA designed to service and offer EMAP nationwide to prospective clients who live outside of the metropolitan Washington, DC, area. Generally, prospective clients who have heard “The Ric Edelman Show”, a radio talk show, read Ric Edelman’s books or newsletter, and/or attended his seminars, and seek the services of an investment adviser professional contact the firm. A qualified investment adviser representative holds an initial telephone meeting to explain the firm’s products, services, fees and charges. The prospective client’s investment objectives, financial, personal and other relevant information are collected and analyzed. Services provided are determined based on the prospect’s personal situation, including age, health, family circumstances, income, time horizon, risk tolerance, expenses, assets, debts, liquidity needs, goals, objectives, risk tolerance, preferences and other relevant factors. An asset allocation model</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 1

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>recommendation is presented for the prospective client's consideration and selection. Subsequent telephone conversations are held to establish an account and further explain the recommended asset allocation model(s) selection. Clients are serviced on an on-going and as needed basis.</p> <p>Guide to Portfolio Selection ("GPS") – Alternatively, a potential client may utilize the firm's website to seek asset allocation modeling direction. The process begins online with the individual entering their personal information by answering a series of questions. The questions are analyzed and an asset allocation model choice is given to the individual. The prospective client may choose to open an account or utilize the information independently. The client may contact the firm to initiate the new account process. A qualified investment adviser representative will gather the client information, assess the client's financial situation, ensure that the client understands associated fees and charges, and review the asset allocation model recommendation for the client's consideration and selection.</p> <p>Once established, accounts are monitored on an on-going basis and assets are rebalanced or reallocated based on market or other conditions as warranted. Changes in the asset allocation model which include adding, removing or replacing securities at the discretion of EFA, are made based on significant changes in the economic, financial or political climate; the tax code; and the management of the funds invested in the asset allocation model. EFA may replace a particular security if it significantly diverges from its relevant index in terms of risk or return with a security that is more in line with the risk/return profile desired. Clients are notified quarterly to update their personal information and investment objectives and are contacted annually to determine if changes are needed.</p> <p>Registered Investment Adviser ("RIA") Firms – EFA sponsors EMAP as discussed in detail above, and makes the asset allocation models available to clients of other registered investment adviser firms, including SMH Capital Inc., an affiliated registered investment adviser, utilizing systems and services provided by EFA. In addition, EFA provides back office support to the RIA firms. The RIA is responsible for the supervision of its investment adviser representatives and the overall EMAP asset allocation model recommendations made to clients. The RIA initiates the relationship with the client and is the on-going client relationship manager. Specifically, the RIA, through their registered investment adviser representatives, compiles personal and financial information about the client, maintains the appropriate books and records, makes an asset allocation model recommendation that will meet the client's goals and objectives, approves the recommendation, maintains the on-going client relationship, and meets with the client on a periodic basis to discuss suitability and any reasonable restrictions the client would like to impose on their account. Based on the foregoing, the RIA is responsible for assisting the client with the appropriate EMAP asset allocation model(s) recommendation for the client's acceptance. Once accepted, the RIA assists the client with the completion of the new account documentation, including</p>



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>an Investment Management Tri-Party Agreement, which among other things grants limited discretionary authority to EFA. After the EMAP asset allocation model is selected, the RIA promptly communicates the information to EFA. The RIA remains responsible for assessing initial and on-going suitability of EMAP and introducing the appropriate asset allocation model(s) to the client.</p> <p>Pursuant to the Investment Management Tri-Party Agreement between the client, the RIA, and EFA, transactions are effected in the client's account in accordance with the asset allocation model specifications provided to EFA by the RIA. EFA does not have direct contact with the RIA's clients. EFA provides back office services, including trading and operations functions, to the RIA. EFA facilitates the opening of new accounts, transfer of accounts, and handling of client funds and transactions utilizing unaffiliated clearing firms upon receipt of instructions from the RIA. EFA monitors client accounts on a daily basis to determine account rebalancing opportunities and acts on a discretionary basis by exercising limited trading authority to perform the necessary trading functions to keep account assets appropriately aligned in accordance with the selected asset allocation model. Clients are notified quarterly to update their personal information and investment objectives. EFA provides instructions for the RIA to meet with their clients annually to determine on-going suitability and any needed changes.</p> <p>Edelman Financial Network™ ("EFN" or "Network") – EFN is a network of investment adviser representatives created by EFA to refer prospective clients who are interested in working with a local advisor. With the exception of SMH Capital Inc., an affiliated advisory firm, referred advisors are unaffiliated with EFA.</p> <p>EFA offers investment adviser representatives throughout the country an opportunity to become a Network member. The investment adviser representative's philosophies must be aligned to a large extent with those of Ric Edelman and EFA. Each investment adviser representative is vetted by EFA through a due diligence process. Investment adviser representatives do not pay any fee to join EFN other than a nominal expense to cover the costs of background checks.</p> <p>In addition to offering the opportunity to obtain new clients, EFA may provide marketing support and practice management training. Investment adviser representatives may offer EMAP or any other financial planning product(s) which meets the prospective client's needs and goals. Investment adviser representatives who are part of EFN, as well as those who are not, will be compensated by EFA for any client assets that are invested in EMAP. EFA receives no compensation or economic benefit from products or services offered by the Network investment adviser representative, other than EMAP and the client does not pay any additional fees as a result of this arrangement.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 3

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>Edelman Strategic Asset Plan<sup>®</sup> – The Edelman Strategic Asset Plan<sup>®</sup> is a wrap fee program sponsored by EFA which was made available exclusively to clients via referrals to EFA by Financial Leadership Advisors (“FLA”), an unaffiliated registered investment adviser. The Edelman Strategic Asset Plan<sup>®</sup> consists of widely diversified asset allocation models in combinations of no-load mutual funds and exchange-traded funds, none of which are sponsored by or affiliated with EFA. This program is no longer open to new clients; however, it continues to be sponsored by EFA for existing clients.</p> <p>EFA provides an electronic website to access the Guide to Portfolio Selection, a proprietary tool to assist prospective clients with asset allocation modeling direction. Prospective clients answer questions about their risk profile, financial situation and investment objectives. The answers are analyzed, enabling EFA to assist each client in selecting an appropriate and suitable Edelman Strategic Asset Plan<sup>®</sup> asset allocation model and in determining whether to impose any reasonable restriction on the investment of account assets. The prospective client may choose to open an account or utilize the information independently. Subsequent telephone conversations with a qualified EFA investment adviser representative are held to determine suitability and to further explain recommended asset allocation model(s) selection, fees and services. Information regarding fees can be found in Schedule H.</p> <p>EFA is the on-going client relationship manager for investors in the Edelman Strategic Asset Plan<sup>®</sup>; however, it is closed to all new investors. The client’s investment objectives, as well as their financial, personal and other relevant information, are collected and analyzed. The investment asset allocation model selected is determined based on the prospect’s personal situation, including age, income, time horizon, risk tolerance, assets, debts, liquidity needs, objectives, risk tolerance, and other relevant factors. EFA provides on-going services to each client whose account is accepted and is available to each client for on-going consultation regarding the management of their account. In that regard, EFA will contact each client at least annually to determine whether the client’s financial circumstances or investment objectives have changed to an extent that might affect the manner in which the client’s account is managed and whether the client wishes to change any existing, or impose any new, reasonable restrictions on the management of the account.</p> <p><b>EMAP FEES</b></p> <p>Clients pay a fee, which includes all transaction costs and custody of assets when transactions are effected through the selected clearing firms. The minimum household account size is \$50,000 and the minimum annual fee is \$1,000. EFA may waive the minimum annual fee at its sole discretion. When calculating advisory fees, household accounts are aggregated to determine the lowest percentage if all accounts are</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>managed as one relationship. Accounts with less than \$50,000 will effectively pay a fee that is greater than the 2.00% noted in the schedule below. The minimum EMAP account size for employees and unaffiliated advisors is \$3,000. Clients authorize EFA to deduct the EMAP fee from their accounts under the EMAP Client Services Agreement or the Investment Management Tri-Party Agreement.</p> <p>The fee is based on the average daily balance of the client's assets in the account. The first payment is prorated for assets that are placed in an account at some point during a calendar quarter. Fees are determined following the last day of each quarter. Fees are deducted from the client's account no later than the fifteenth (15th) day after the end of each quarter, in arrears. If termination occurs prior to the end of a calendar quarter, the terminating client will pay fees due up to the termination date. Fees paid by clients are not negotiable. The fee schedule below shows the annual percentages:</p> <p>First \$150,000.....2.00%</p> <p>Next \$250,000.....1.65%</p> <p>Next \$350,000.....1.25%</p> <p>Next \$250,000.....1.00%</p> <p>Next \$2 million.....0.75%</p> <p>Next \$7 million.....0.60%</p> <p>Next \$15 million.....0.50%</p> <p>Amounts above \$25 million.....negotiable</p> <p>The fee does not include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, SEC fees, 12b-1 fees for certain money market funds, expenses charged by the mutual funds (including management fees, transaction charges incurred for fund-level portfolio trades, custody of fund assets and other fund expenses), exchange traded funds, or other fees or taxes that are required by law.</p> <p>Both EFA and RIAs who are authorized to recommend EMAP receive compensation based on the value of assets invested in the program. EDAs receive a salary and discretionary bonus based on their individual performance. The amount of such compensation may be more or less than what EFA or the unaffiliated RIA might earn from other programs available in the financial services industry. Therefore, EFA and the</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 5

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>RIA may have a financial incentive to recommend EMAP over other programs or services.</p> <p>The fees shown above are not based on the amount of trading in the account or the advice given in any particular time period. The program's features may cost more or less if the services were to be purchased separately. The savings enjoyed, or additional expense incurred, would depend on the fees charged by the advisor (based on the advisor's skills and experience), the securities purchased, and the extent and frequency of trading done in the account. Clients should be aware that lower fees for comparable services may be available from other sources.</p> <p>The client will pay the same annual account fee, regardless of whether the client selects an EMAP asset allocation model through EFA or an RIA. If the client invests via an RIA, EFA will pay a negotiated portion of the annual account fee to that adviser.</p> <p>EFA will pay a negotiated percentage, up to 65% of the annual account fee, to Advisers on accounts initiated and serviced by them. Also, at no additional cost to the client, EFA may occasionally pay additional basis points to the Adviser. To the extent a client selects an EMAP asset allocation model through EFA versus EFS; the client would pay the same amount in fees. However, EFS retains 100% of the fee collected, while EFA could pay up to 65% of the account fee to an Unaffiliated Adviser or SMH Capital Inc.</p> <p style="text-align: center;"><b>ITEM 4 - METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES</b></p> <p>The underlying funds used in EMAP and Edelman Strategic Asset Plan<sup>®</sup> portfolios are selected based on their holdings, past performance records, manager tenure, turnover, fees, and a variety of academic statistics, including beta, standard deviation, R-Squared, and Sharpe Ratio. These statistics are provided by third-party vendors and the investments' sponsors, and are evaluated by the Portfolio Manager as well as the investment committee on both an absolute and relative basis, relying on set standards. Asset allocation modeling for EMAP and Edelman Strategic Asset Plan<sup>®</sup> is provided by Edelman Business Services LLC ("EBS"), an affiliate of EFA. EBS, designs and periodically modifies the asset allocation models for the use, customization and implementation into client accounts. The asset allocation models and branding of EMAP and the Edelman Strategic Asset Plan<sup>®</sup> are maintained by EBS. EFS also offers EMAP asset allocation models to its clients and utilizes the services of EBS. In addition, the investment committee, back office personnel, including trading and operations, are situated together and/or shared between EFA and EFS.</p> <p>Clients are permitted to impose reasonable restrictions on the management of their accounts and are reminded to inform their investment adviser representative if changes</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>occur in their investment objectives or financial situation, or if they wish to impose reasonable restrictions. When imposing reasonable restrictions for their accounts, clients may request that particular securities or types of securities not be purchased, or that such securities are to be sold if held in the account. However, clients cannot request that particular securities be purchased for their accounts. Moreover, clients should note that it is not possible for EFA to influence or change the mix of securities held by any mutual fund, variable annuity, or ETF in which client accounts may be invested. EFA reserves the right, in its sole discretion, to reject any account for which unreasonable or overly restrictive conditions are requested. No securities held in an asset allocation model will be placed or traded on margin.</p> <p>Once EMAP or the Edelman Strategic Asset Plan<sup>®</sup> has been selected, EFA has limited discretionary authority to invest all of the assets in the EMAP or the Edelman Strategic Asset Plan<sup>®</sup> account as directed by the client. Pursuant to the EMAP or Edelman Strategic Asset Plan<sup>®</sup> Client Services Agreement or the Investment Management Tri-Party Agreement which clients execute, EFA is granted authority to effect client-approved investment strategies. That authority allows EFA to place orders through a clearing firm.</p> <p>Trading Authorization – EMAP and Edelman Strategic Asset Plan<sup>®</sup> clients must establish brokerage accounts with a clearing broker-dealer so that EFA can place securities transactions for their accounts and so that client assets are maintained with a qualified custodian. Once an asset allocation model has been selected, EFA has discretionary authority to invest all of the assets in the account. Pursuant to the EMAP or Edelman Strategic Asset Plan<sup>®</sup> Client Services Agreement or Investment Management Tri-Party Agreement which clients execute, EFA is granted authority to effect client-approved investment strategies through a clearing firm.</p> <p>Liquidations - EFA will accept and follow all liquidation instructions given by clients and seek to execute client orders in a timely manner on a best efforts basis. Occasionally, due to market conditions and time constraints imposed by custodying firms, trades may be executed the following business day.</p> <p>Rebalancing – Each client’s account is invested in accordance with the client’s asset allocation strategy. At the inception of an account, assets are invested in specific asset types, which, for EMAP accounts, are mutual funds (including funds that are used as funding vehicles for variable annuity contracts) or ETFs that invest in a variety of equity securities, fixed income instruments or cash items. Amounts invested in each asset type are determined in accordance with set target percentages of total assets in the account. Thereafter, as markets fluctuate and values change, amounts originally allocated to an asset type will either exceed or fall below the original target allocations. EFA periodically adjusts account holdings back to the original asset targets, or</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 7

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>“rebalances” the account. However, EFA does not rebalance accounts constantly and asset allocations may drift away from their original target percentages before EFA, within its authority and judgment brings those allocations back in line to the original percentages. In a sense, when EFA rebalances an account, it sells holdings that are appreciating in value to buy other holdings that may be declining in value. However, the investment philosophy of an asset allocation strategy is to be positioned in various asset types so that when the asset type becomes profitable, the account is positioned to take advantage of the upturn.</p> <p>Reallocations – EFA’s authority under the EMAP or Edelman Strategic Asset Plan<sup>®</sup> Client Services Agreement and Investment Management Tri-Party Agreement also permits EFA to reallocate assets in client accounts. In a reallocation, EFA changes the target percentages of some or all of the asset classes or types relative to the total account. Accounts are monitored on an on-going basis and assets reallocated based on market or other conditions, as warranted. Changes in the asset allocation model, which include adding, removing, or replacing securities at the discretion of EFA, are made based on significant changes in the economic, financial, or political climate; changes in the tax code; the management of the securities used by the asset allocation model; and/or the client’s personal circumstances, including health, employment, and family status. EFA may replace a particular security if it significantly diverges from its relevant index in terms of risk or return with a security that is more in line with the risk/return profile of the relevant index. Reallocations occur with less frequency than rebalancing and when EFA reallocates accounts, it generally does so in anticipation of the impact that expected long-term market volatility could have on specific asset classes or types.</p> <p>Cash Contributions – Contributed cash or money market fund shares into client accounts may remain uninvested in securities for a period of time. EFA invests liquid assets in an orderly manner and believes it is to each client’s benefit to invest in an orderly fashion rather than piecemeal. For this reason, a period of time may elapse between the deposit of cash or liquid assets to the account and the account reaching a fully invested position. Although clients may deposit freely tradable securities in their accounts to meet the minimum account size, EFA will liquidate those securities positions and invest the proceeds in EMAP or Edelman Strategic Asset Plan<sup>®</sup> securities matching the client’s selected investment strategy. Tax consequences associated with this liquidation and reinvestment process will likely occur; therefore, clients are advised to consult with their tax professionals before depositing securities in their accounts.</p> <p style="text-align: center;"><b>ITEM 5 - EDUCATION AND BUSINESS STANDARDS</b></p> <p>Although EFA has no formal policy, emphasis is placed on professional education and practical experience in the field, along with FINRA and state licensing as required.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 8

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>Generally, EFA requires that Edelman Direct Advisors have at least a college education and a minimum of three years of industry related experience or other substantially equal qualifying experience. EFA senior management reserves total discretion when applying these standards.</p> <p>Information on disciplinary history and the registration of EFA and its associated persons may be obtained by contacting the Public Reference Branch of the U.S. Securities &amp; Exchange Commission ("SEC") at (202) 551-8090. Alternatively, information may be obtained via the registered advisor website sponsored by the SEC: <a href="http://www.adviserinfo.sec.gov">http://www.adviserinfo.sec.gov</a> .</p> <p style="text-align: center;"><b>ITEM 6 - EDUCATION AND BUSINESS BACKGROUND</b></p> <p>Fredric (Ric) M. Edelman, born 1958. EFA Chairman, CEO and minority owner. Received a BA in Communications from Glassboro State College (now Rowan University), Glassboro, NJ, in 1980. Mr. Edelman is the founder and has been the Chairman of EFS since 1987. He is a Certified Fund Specialist, a Chartered Mutual Fund Counselor, a Registered Financial Consultant, a Qualified Financial Planner, Certified Retirement Counselor<sup>®</sup>, and is Board Certified in Mutual Funds. Mr. Edelman is the President and Director of Sanders Morris Harris Group as well as a registered representative with SMH Capital Inc. He is licensed to sell securities, life and health insurance and variable annuities. He was inducted into the Financial Investment Advisor Hall of Fame, sponsored by <i>Research</i> magazine, in 2004, and received an honorary doctorate from Rowan University in 1999.</p> <p>Edward (Ed) P. Moore, born 1960. EFA President and minority owner.. Received a BS in Industrial Engineering and Operations Research from Virginia Tech, Blacksburg, VA, in 1983. He has been the President of EFA since inception and is President and minority owner of EFS. He is a CERTIFIED FINANCIAL PLANNER<sup>™</sup> and is licensed to sell securities, life and health insurance and variable annuities. Mr. Moore is a registered representative with SMH Capital Inc.</p> <p>Eraine J. Parker, born 1960. Chief Compliance Officer (CCO). Received a BA in Business Administration from Georgia State University in 1988. Ms. Parker has been affiliated with EFA since its inception in 2007. She has worked in the areas of compliance and accounting within the financial services industry for more than twenty years, including five years with NASD, the predecessor to FINRA. Prior to joining EFA, Ms. Parker was employed by a bank affiliated broker-dealer and registered investment adviser for twenty-three years where she served as CCO. Ms. Parker is a registered representative and principal with SMH Capital Inc. and Chief Compliance Officer for Edelman Financial Services LLC.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 9

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>Lesley V. Roberts, born 1966. Chief Operating Officer (COO) for EFA and EFS. Ms. Roberts has been affiliated with EFA since its inception in 2007. She has been affiliated with EFS since 1998, first as the Director of Human Resources. Her areas of responsibility now cover Human Resources, Information Technology, Facilities, Brokerage Operations and Project Management. Prior to joining EFS, she was employed as a human resources manager in the airline industry.</p> <p>Louis A. Fanelli, born 1954. Chief Marketing Officer (CMO) for EFA and EFS. He received a BA in Communication from American University, Washington, DC, in 1976. Mr. Fanelli has worked in financial services marketing and communications for more than twenty-five years. This includes nearly fifteen years with a large financial institution and eight years with a life insurance company. Prior to joining Edelman Financial in 2008, Mr. Fanelli was President and owner of a marketing consulting firm serving the financial and other service related industries.</p> <p>Domenico (Dom) Conti, born 1966. Chief Financial Officer (CFO) for EFA and EFS. Received a BS in Accounting from the University of Maryland in 1989. Mr. Conti has been affiliated with EFS since 2006. Mr. Conti is a CPA with active status in Maryland. He has worked in the areas of finance and accounting within various industries for over twenty years, including America Online and the Central Intelligence Agency.</p> <p style="text-align: center;"><b>ITEM 7 - OTHER BUSINESS ACTIVITIES</b></p> <p>EFA advisory personnel are also registered representatives of SMH and are licensed to sell insurance and securities products for commissions. Less than 10% of their total time and effort is attributable to the sales function; more than 90% attributable to the advisory function.</p> <p>Radio Broadcasts—Ric Edelman is the host of a syndicated radio program, “The Ric Edelman Show”, and routinely appears as a guest on television shows pertaining to investing and financial planning. He does not discuss specific securities and does not reveal to listeners any of the EMAP or Edelman Strategic Asset Plan<sup>®</sup> holdings or recommendations. It is a live talk show and the public is invited to call into these broadcasts and discuss their personal situations. In any of these circumstances, a caller may discuss a specific mutual fund, ETF or insurance product that may be held in the accounts of certain EMAP or Edelman Strategic Asset Plan<sup>®</sup> clients or under consideration at the time of the caller’s question. Mr. Edelman does not give specific investment advice to callers and he may give advice to the caller that is the same as or different from the advice EFA has taken or may take for EMAP or Edelman Strategic Asset Plan<sup>®</sup> clients.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 10



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>Speaking Engagements — Ric Edelman is a public speaker and host of a radio program about investing, as described above. Fees for his speaking engagements range from free to \$30,000 plus first-class travel expenses, depending on sponsor, date, location, and program requested. For all speeches, 50% of the fee is required prior to the event, with the balance due at the conclusion of the event. Speaker fees are non-refundable.</p> <p>Seminars — Seminars are offered to the public to discuss a variety of financially related topics. Fees range from \$25 to \$495, with satisfaction guaranteed or 100% of the registration fee refunded. Fee is due prior to the event.</p> <p>Internet — EFA maintains several internet web-sites: <a href="http://www.edelmanfinancial.com">www.edelmanfinancial.com</a>, <a href="http://www.emapinvestor.com">www.emapinvestor.com</a>, and <a href="http://www.strategicassetplan.com">www.strategicassetplan.com</a>. Generally, except as discussed above, information offered involving securities is generic and is intended to educate the public about finances and investing. No specific investment recommendations are offered. EMAP or Edelman Strategic Asset Plan® clients may access their account information directly through this secure website.</p> <p style="text-align: center;"><b>ITEM 8 - OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS</b></p> <p>Broker-Dealer – Sanders Morris Harris Group, majority owner of EFA, owns SMH Capital, Inc. (“SMH”), a registered broker-dealer and investment adviser. As such, as previously mentioned, EFA is affiliated with a registered broker-dealer and investment adviser. EFA investment advisors are also registered representatives of SMH. Transactions for Edelman Strategic Asset Plan® and EMAP wrap fee clients are executed and cleared through various unaffiliated broker-dealers. No additional clearing and/or custody fees are charged to the client.</p> <p>Investment Advisers – EFA is affiliated with Edelman Financial Services LLC (“EFS”), which is owned by SMHG 76%, Ric Edelman 22% and Edward Moore 2%. EFA and EFS are located in the same home office space and share a Richmond, Virginia, location. Although each entity maintains its own required separate books and records, they share the Investment Committee, employees, systems and culture. EFA is affiliated with, but has no material business relationships, with the following subsidiaries of SMHG which are also registered investment advisers: Pool Capital Partners LLC, SMH Capital Advisors, Inc., SOF Management, LLC, Rikoon Group LLC and Leonetti &amp; Associates Inc.</p> <p>Insurance Company or Agency – EFS is a registered investment adviser affiliate of EFA and is licensed as an insurance agency in several states. For variable insurance products EFS is affiliated with Harrison, Web, Garrison (“HWG”), an insurance agency affiliated with its parent corporation, SMHG.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 11

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>Other – Edelman Business Services LLC (“EBS”) is a wholly owned subsidiary of Edelman Financial Center (“EFC”) which is majority owned by SMHG 76% and Ric Edelman 24%. In addition to designing asset allocation models for the EMAP and Edelman Strategic Asset Plan<sup>®</sup> product and maintaining the brand, EBS markets The Retirement InCome — for Everyone Trust<sup>®</sup> (RIC-E Trust<sup>®</sup>), which is an individual grantor trust enabling the grantor to set aside assets for a child’s retirement. EBS receives an administrative fee of \$300 for each RIC-E Trust<sup>®</sup> established. This fee is not associated with investment advisory services offered by EFS or EFA.</p> <p style="text-align: center;"><b>ITEM 9 - PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b></p> <p>Transactions executed on behalf of wrap fee clients are executed for a single fee, which diminishes the potential conflict of interest associated with executing a large number of orders for client accounts and earning transaction-based compensation following each order. Thus, neither EFA nor the RIAs earn any additional revenue from the trades effected in such accounts beyond the wrap fee. Trading charges incurred to buy or sell securities are included in the wrap fee and EFA and/or the Adviser do not receive commissions for executing such transactions. Therefore, EFA does not earn more of the fee if it places fewer trades. As a result of the wrap nature of the fee, EFA has no economic incentive to place more or fewer EMAP account trades.</p> <p>Recommendations Involving Financial Interest - EFA, Adviser professionals or other access persons as defined by the Investment Advisers Act may implement for their own account an EMAP or Edelman Strategic Asset Plan<sup>®</sup> asset allocation model and may give advice and take action with respect to their own account(s) that might differ from action taken by EFA on behalf of client accounts. EFA is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that EFA, its affiliates or their respective Access Persons, as defined by the Advisers Act, may buy or sell for its or their own account(s) or for the accounts of any other client except to the extent that such investments violate the Code of Ethics (“Code”) adopted by EFA.</p> <p>Although all employees of EFA and the investment adviser representative of other RIAs offering EMAP get the benefit of a fee reduction on EMAP accounts, those accounts are not given preferential trading treatment, and are monitored and rebalanced on the same basis as all other unrestricted client accounts invested in accordance with the same EMAP asset allocation model strategy. There are no reduced fees for employees of EFA or investment adviser representatives of other RIA accounts utilizing the Edelman Strategic Asset Plan<sup>®</sup>. Since EFA employees may establish an EMAP or Edelman Strategic Asset Plan<sup>®</sup> account for themselves, in that regard they will buy and sell for themselves the same underlying securities as clients would buy or sell for themselves. From time to time, employees and principals of EFA, or any related</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 12

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>person(s), may have interests in securities owned by or recommended to EFA clients, including mutual funds and exchange traded funds. As these situations may represent a potential conflict of interest, EFA has adopted procedures relating to personal securities transactions and insider trading procedures that are designed to prevent actual conflicts of interest. In addition, it is possible that one of the unaffiliated underlying funds could purchase SMHG stock. Neither EFA, EFS, nor Ric Edelman have any control over the investment decisions made by the manager to the underlying funds.</p> <p>Code of Ethics – The EFA Code of Ethics (“Code”) was adopted in accordance with Advisers Act Rule 204A-1 to govern personal transactions by Access Persons of EFA and to address potential conflicts between the interests of Access Persons and the interests of EFA clients. Assess Persons are also required to comply with reporting obligations. In addition, the EFA Code of Ethics also requires all Access Persons and all Supervised Persons of EFA to comply with ethical restraints relating to clients and their accounts, including restrictions on giving gifts to, and receiving gifts from, clients in violation of EFA gift policy. A copy of the EFA Code of Ethics is available to any client or prospective client upon request.</p> <p>Insider Trading Policy – EFA and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor decision to buy, sell or hold a security. Under applicable law, EFA and its related persons is prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is an EFA client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they are prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law.</p> <p>EFA has adopted a policy on “Protection of Material Nonpublic Information” in accordance with Advisers Act Section 204A which establishes procedures to prevent the misuse of material information by EFA Supervised Persons. Among other things, these provisions include a requirement that Supervised Persons shall direct their brokers to forward copies of all personal securities transactions confirmations as well as brokerage statements for every account in which they or their immediate family members have a beneficial interest. These confirmations and statements are submitted to and reviewed by EFA’s CCO or designee, who is also a securities principal, as well as by SMH if trades were placed through it. EFA will also maintain restricted lists when necessary.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 13

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>Any officer or employee of EFA who fails to observe the above-described policies risks serious sanctions, including personal liability and or termination of employment.</p> <p style="text-align: center;"><b>ITEM 10 - CONDITIONS FOR MANAGING ACCOUNTS</b></p> <p>The minimum EMAP household account size is \$50,000 and the minimum annual fee is \$1,000. EFA may waive the minimum annual fee at its sole discretion.</p> <p>The minimum EMAP account size for employees and unaffiliated advisors is \$3,000.</p> <p style="text-align: center;"><b>ITEM 11 - REVIEW OF ACCOUNTS</b></p> <p>Review – Accounts are monitored on an on-going basis and accounts are rebalanced based on market or other conditions as warranted. Securities for accounts are bought or sold by EFA subject to its limited discretionary authority.</p> <p>On at least an annual basis the assigned EDA or RIA must conduct a meeting with the client to update their financial and personal information and to determine what changes, if any, are warranted to meet the client's on-going needs and assess the on-going suitability of the wrap fee account. To the extent there are any changes, it is the responsibility of the RIA to promptly report those changes to EFA. EDAs will implement such changes internally. Reviews may also be conducted at the request of a client or when otherwise warranted in the reviewer's opinion.</p> <p>Nature and Frequency of Client Reports – Clients receive monthly and/or quarterly account statements and confirmations from the clearing broker-dealer, and generally have unlimited and continuous access, 365 days per year, to their account information through web-sites offered and maintained by the executing and custodizing broker-dealers for the wrap fee program.</p> <p style="text-align: center;"><b>ITEM 12 - INVESTMENT OR BROKERAGE DISCRETION</b></p> <p>Limited Discretionary Authority – The EMAP Client Services Agreement, Investment Management Tri-Party Agreement, and the Edelman Strategic Asset Plan<sup>®</sup> Client Services Agreement each provide EFA with limited discretionary authority to carry out the following in accordance with the client's specified investment objectives, without client consultation or further consent before a transaction is effected:</p> <ul style="list-style-type: none"> <li>• invest client assets into the specified asset allocation model consisting of a diversified mix of asset classes and investment securities primarily in the form of</li> </ul>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 14

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>shares of open-end registered investment companies and exchange-traded funds as well as variable annuities;</p> <ul style="list-style-type: none"> <li>• modify or change the mix of asset classes and investment securities within the account; and</li> <li>• rebalance the asset allocation model periodically.</li> </ul> <p>Selection of Executing Brokers and Dealers – EFA may establish clearing relationships with various non-affiliated third party broker-dealers. Clients choosing to establish a wrap fee account must consent to execution and custody through a mutually agreed upon unaffiliated clearing broker-dealer with which EFA has a clearing arrangement. These clearing arrangements with other third party broker-dealers will not affect the wrap fee paid by the client. EFA has selected several unaffiliated registered broker-dealers, which are members of FINRA and SIPC, to custody and clear client funds and securities. As such, EFA places all transactions associated with wrap fee accounts for execution through these executing broker-dealers. Each clearing broker-dealer offers services which include custody of securities, trade execution, clearance, and settlement of transactions. Each also provides services which are typically made available to institutional investment managers (and generally are not offered to retail customers). These services include duplicate client statements and confirmations, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts), the ability to have advisory fees deducted directly from client accounts, and access to mutual funds with no transaction fees. In selecting clearing firms, EFA evaluates all of the services offered, the quality of those services and the cost indirectly borne by clients, and determines if the clearing firm provides overall quality of services for the price. EFA will periodically compare clearing firm services and prices against other broker-dealers qualified to provide comparable services. While another broker-dealer may offer these services at a lower overall cost, EFA is not required to move all accounts to that broker-dealer.</p> <p>Transaction costs imposed by the brokerage firms are covered by the EMAP fee, except as noted and in the client agreement(s). EFS has negotiated fixed fees with clearing firms that are based on a percentage of the value of the assets maintained in client brokerage accounts.</p> <p>In general, the securities purchased for wrap fee accounts are no-load mutual fund shares, variable annuities or exchange-traded funds. While EFA has attempted to negotiate favorable commission rates for transactions and believes that each clearing firm offers competitive commission rates, EFA does not otherwise seek to obtain the best combination of price and execution with respect to wrap fee account asset allocation model transactions. Clients pay a wrap fee, which includes all brokerage</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 15

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>execution costs, without regard to the number of transactions executed during the billing period. The wrap fee does not include certain securities related costs, including the fees embedded in the mutual funds in which wrap fee accounts invest. In general, EFA believes that the wrap fee, which includes execution for fixed asset-based fees, custody and advice, provides clients with best execution with respect to securities transactions.</p> <p>Batch Transaction Policy – When the price or execution of a security can be impacted favorably by aggregating orders among accounts, EFA aggregates transactions on behalf of all EMAP and Edelman Strategic Asset Plan<sup>®</sup> accounts respectively, including accounts of its investment adviser professionals, other access personnel and EFS. It is the EFA policy that such transactions will be allocated to all participating accounts in a fair and equitable manner. There is no preferential treatment given to any account. Transactions may be traded together to ensure best execution and to avoid price differential. There is no problem finding sufficient mutual fund shares to purchase for wrap fee accounts. These shares are purchased from the issuer and sold at the net asset value determined after an order is received. Shares of mutual funds are sold back to the issuer and since the asset allocation models consist mostly of open-end funds, each issuing mutual fund stands ready to buy the shares back at the share's net asset value, as determined at close of business on the day the redemption order is received. Similarly, EFA buys and sells highly liquid ETF interests or shares and there is seldom any difficulty finding a sufficient supply of ETFs on the market. When selling ETFs, there typically is no impact to the price at which ETFs trade when EFA sells out of a position across client accounts.</p> <p>Trade Allocation Policy – In our effort to seek best execution for our clients and treat all clients fairly and equitably over time, we utilize a rotation procedure for executing trades. All client and employee accounts are included in the rotation. All EMAP equity trades will be executed at their respective custodian on a block basis. The order of the custodians' trades will be rotated on a daily basis and in sequential fashion. For example, if there are three custodians and Custodian 1 goes first on a particular day, Custodian 2 will go first the following day, and Custodian 3 will go first on the third day.</p> <p>One exception to this rotation procedure is when a custodian has a large block order of 30,000 shares or greater. In order to avoid having an order of this size unfavorably impact the market and the orders that follow, such custodian will be the last to trade on that particular day. The normal rotational schedule will continue on the following day.</p> <p>In the limited circumstances where sufficient quantities of a particular security are not obtainable, a <i>pro rata</i> allocation may be used when a batch order in the security cannot be fully executed in a single day. The partial fill is generally allocated among the participating client accounts based on the size of each account's original order, subject</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 16

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>to rounding in order to achieve “round lots.” Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. As previously mentioned, orders for all EMAP and Edelman Strategic Asset Plan<sup>®</sup> wrap fee clients respectively, including those of EFA and EFS, generally will be aggregated to ensure equal pricing for all clients.</p> <p style="text-align: center;"><b>"Soft" Dollar or Research/Execution Policy</b></p> <p>EFA has no formal soft dollar arrangements and does not use soft dollars to acquire any research services, whether proprietary services created and provided by a broker-dealer or third party research provided through a broker-dealer. EFA utilizes platform systems that are provided by the custodying broker/dealers.</p> <p style="text-align: center;"><b>ITEM 13 - ADDITIONAL COMPENSATION</b></p> <p>Client Referrals — EFA may pay unaffiliated solicitors for client referrals in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act and the respective federal and state laws governing the same. Such fees will be based on a percentage of client assets invested in EMAP<sup>®</sup>. Any such referral fee shall be paid solely from the investment advisory fee. The fee to the client will not be increased by the amount to be paid to such solicitors. Compensation to the solicitor is on a negotiated basis. The unaffiliated solicitor shall provide the client with a copy of EFA’s ADV Part II, including Schedule H, and a copy of the disclosure which describes the arrangement between EFA and the solicitor including the terms, conditions, and compensation.</p> <p>Edelman Financial Network<sup>™</sup> (“EFN” or “Network”) - EFA may refer prospective clients to investment adviser representatives of other affiliated or unaffiliated registered investment advisory firms for advisory service in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act and the respective federal and state laws governing the same. In selecting advisors, EFA takes into consideration the investment adviser representative’s investment philosophy, regulatory status, and overall credibility. EFA completes due diligence on each investment advisory firm and investment adviser representative prior to referring a prospective client. Investment adviser representatives do not pay any fee to join EFN other than a nominal expense to cover the costs of all necessary background checks. EFA receives no compensation or economic benefit from products or services offered by the Network investment adviser representative, other than EMAP. Investment adviser representatives that are part of EFN, as well as those who are not, will be compensated by EFA for any client assets that are invested in EMAP. Therefore, the investment adviser representative may have an economic incentive to offer EMAP to prospective clients that are referred. There are</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 17

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>no additional costs to the client and accordingly the client does not pay a higher fee as a result of this arrangement.</p> <p>Non-Client Arrangements – TD Ameritrade, an unaffiliated clearing and custodial firm, may sponsor the radio show, “The Ric Edelman Show,” or other events hosted by Ric Edelman. In connection with its sponsorship, TD Ameritrade may buy advertising time during the show or related event and Ric Edelman may promote TD Ameritrade by referencing its sponsorship.</p> <p style="text-align: center;"><b>DESCRIPTION OF PROXY VOTING POLICIES</b></p> <p>EFA generally has no obligation or authority to take action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by client accounts. With respect to ERISA accounts, EFA generally expects clients to expressly retain the authority and responsibility for proxy voting and to specify, in writing, which has voting authority. EFA has written proxy voting policies and procedures as required by Advisers Act Rule 206(4)-6. Under these policies and procedures, EFA generally declines to accept proxy voting responsibility for client accounts. However, to the extent that EFA may accept a discretionary account through EMAP, which requires EFA to vote its proxies in writing, EFA will vote such proxies in the best interests of clients. EFA has written guidelines for certain issues on which votes may be cast, which may determine its vote. EFA would, if required to vote, generally cast proxy votes in favor of management proposals given that it invests, on a discretionary basis, only in mutual funds, variable annuities and exchange-traded funds, which have, in large part, been chosen based on their historical track records and existing management. The proxy administrator is responsible for ensuring that votes are cast in accordance with the EFA policy and records are maintained. In the event of a material conflict of interest, EFA will follow its procedures for resolving material conflicts as identified below.</p> <p>EFA acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. Senior management and advisory personnel of EFA must disclose to the proxy administrator any personal conflicts, such as officer or director positions held by them, their spouses or close relatives, with another company. Conflicts based on business relationships with EFA or any affiliates of EFA will only be considered to the extent that EFA has actual knowledge of such relationships. When a material conflict of interest between EFA’s interests and its clients’ interests appears to exist, EFA may eliminate the conflict by choosing one of several options, which include: (1) vote in accordance with the EFA policies and procedures if it involves little or no discretion; (2) vote as recommended by a third party service if EFA utilizes such a service; (3) “mirror vote” the proxies in the same proportion as the votes of other proxy holders that are not EFA clients; (4) if possible, erect information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict;</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 18



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV  
Part II**

Applicant:	SEC File Number:	Date:
EDELMAN FINANCIAL ADVISORS LLC	801- 68266	06/05/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: EDELMAN FINANCIAL ADVISORS LLC	IRS Empl. Ident. No.:
---	-----------------------

Item of Form (identify)	Answer
	<p>(5) if practical, notify affected clients of the conflict of interest and seek a waiver of the conflict; or (6) if agreed upon in writing with the client, forward the proxies to affected clients allowing them to vote their own proxies.</p> <p>Clients may obtain copies of the EFA written proxy voting policies and procedures as well as information on how proxies were voted for their account by requesting such information from EFA at the address and phone listed on page 1 of Part II of Form ADV. EFA will not disclose proxy votes for a client to other clients or third parties unless specifically requested, in writing, by the client.</p> <p style="text-align: center;"><b>Trade Error Policy</b></p> <p>EFA trading employees implement investment management trading decisions carefully. Nonetheless, if a trade error does occur, EFA corrects the trade promptly in such a manner that the affected client is not disadvantaged and bears no loss. This policy applies only to trade errors made by EFA and its employees.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 19