

SOUTHLAND EQUITY PARTNERS, LLC
PART 2A OF FORM ADV: FIRM BROCHURE

Item 1. Cover Page.

Southland Equity Partners, LLC
4970 Fairhaven Way
Roswell, Georgia 30075
Telephone: 770-998-5879
Fax: 770-992-2190
Email: pkrusssel@southlandep.com
Primary contact: Peter Krussel, Chief Compliance Officer
Website: None
Date of Brochure: Current as of March 30th, 2016

This brochure provides information about the qualifications and business practices of Southland Equity Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 770-998-5879. 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 Southland Equity Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes.

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur subsequent to the most current release of the Firm Brochure.

Material Changes since the Last Update

Advisor's most recent Firm Brochure was dated March 31, 2015. This Brochure constitutes a material change since the last filed Brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 770-998-5879 to speak with Peter Krussel, Chief Compliance Officer or by email at: pkrusssel@southlandep.com

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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.

Item 4. Description of Advisory Business.

A. Description of Advisor.

Southland Equity Partners (“us”, “we”, “our” or “Advisor”) is a Limited Liability Company organized under the laws of the Commonwealth of Virginia, with its principal business office located in Roswell, Georgia.

We offer investment advisory products and services to individuals and businesses. Our products and services are offered through advisory representatives of Southland Equity Partners. We manage client assets directly or indirectly through unaffiliated portfolio managers that we recommend.

B. Advisory Services Offered.

I. Financial Planning Services

We prepare and provide you with a financial plan designed to help you achieve your financial goals and investment objectives. The preparation of a plan may necessitate that you provide us with personal data such as: family records, budgeting, personal liability, estate information and additional financial goals.

The financial plan may include any or all of the following areas: personal, tax and cash flow, retirement, estate, insurance, and investments.

Planning and review of investments may include the assessment of and nondiscretionary recommendations for: brokerage accounts, mutual fund accounts, and the sub-accounts within variable annuities.

Should you choose to implement the recommendations contained in the plan, we suggest that you work closely with your attorney, accountant, insurance agent, and broker-dealer representative.

II. Direct Asset Management Services

We perform research, consultation and implementation for a portfolio that is designed to meet your objectives, risk tolerance, tax considerations, time horizon and unique needs and circumstances.

The investment strategies utilized, and portfolios constructed and managed, depend on the confidential information that you provide us. You are expected to promptly communicate to us any changes in financial conditions or objectives. Model portfolios, options, and/or margin may be used as a part of the investment strategy. However, you have the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio. We may periodically rebalance your account to maintain the initially agreed-upon asset allocation. However, no changes are made to the agreed-upon asset allocation in nondiscretionary accounts without your prior review and consent.

Clients participating in Direct Asset Management Services may choose from a wrapped or non-wrapped pricing option. Wrap pricing structures allows you to pay an all-inclusive fee for management, brokerage, clearance, custody and administrative services. As an alternative to the wrap pricing structure, the transaction charges can be unbundled from the advisory and administrative fees.

III. Unaffiliated Portfolio Managers

In addition to direct asset management services, we have also entered into agreements with various other unaffiliated investment advisors for the provision of portfolio management services. In order to assist you in the selection of a particular outside portfolio manager, we typically gather information from you about your financial situation, investment objectives, and reasonable restrictions that you want imposed on the management of the account.

Based on information gathered from you, we evaluate and recommend the use of an unaffiliated portfolio manager for one or more of the asset classes in your portfolios. Factors considered in the selection of outside portfolio managers include: our preference for a particular portfolio manager; your risk tolerance, goals, objectives, and investment experience; fees charged to our clients by the portfolio manager; the experience and capabilities of the portfolio manager; and the amount of assets that you have available for investment.

All securities transactions are decided upon and executed by the portfolio manager. Typically, the portfolio manager exercises discretion in the management of client accounts. We do not manage, or obtain discretionary authority over the assets in accounts participating in these programs.

We periodically review reports that are provided to you. We contact you at least annually, or more often as agreed upon, to: review your financial situation and objectives, communicate information to the portfolio manager as warranted, and to assist you in understanding and evaluating the services provided. You are expected to notify us of any changes in your financial situation, investment objectives, or account restrictions.

C. Tailoring of Services.

As explained in Item 4.B., Advisor tailors its Advisory and Financial Planning Services to the objectives of its clients.

Client may impose restrictions on the purchase of specific securities or types of securities even when granting Advisor discretionary authority over investments (please see Item 16).

D. Wrap Fee Programs.

Please refer to our separate Wrap Fee Brochure.

E. Assets Under Management.

As of March 30, 2016, Advisor had approximately \$46,000,000.00 in assets under management. Of this amount, approximately \$43,800,000.00 was managed on a discretionary basis and \$2,200,000.00 was managed on a non-discretionary basis.

Item 5. Fees and Compensation.

A. Compensation Arrangements and Fee Schedule.

I. Financial Planning Fees

Financial planning services are charged through a fixed fee or hourly arrangement as we agree. Fees are negotiable and vary depending upon the complexity of your situation and services you choose to be provided. Similar financial planning services may be available to you elsewhere for a lower cost.

Fixed fees range from \$1,000 to \$40,000 per project. Hourly fees range from \$0 - \$500 per hour, depending on the experience and qualifications of the advisory representative. An estimate for total hours is determined at the start of the advisory relationship.

II. Direct Asset Management Services Fees

We offer our services on a fee-only basis. Our fee is calculated based upon the market value of the assets in your account on the last day of the previous quarter. Broker-dealers and other financial institutions that hold client accounts are referred to as custodians ("custodian/ broker-dealer"). Your custodian/broker-dealer determines the values of the assets in your portfolio. Fees for the initial quarter are based on the value of your cash and securities on the date the custodian/broker-dealer receives them and are prorated based upon the number of calendar days in the calendar quarter that our agreement is in effect.

If you select the wrap fee option, you will pay an all-inclusive fee according to the Management Agreement.

For further details, including a more complete description of fees and services, please refer to our Direct Asset Management Services Wrap Brochure.

Most brokers and custodians charge transaction fees to place trades for a client's account. These fees are levied by the broker or custodian to cover their costs. We do not share or participate in transaction fees. Transaction fees vary by custodian/broker-dealer. Please ask us for details on transaction fees and/or commissions specific to your account.

As a fee-based investment adviser, we generally avoid investment vehicles that charge you a commission for your sales or purchases. However, if a transaction fee or commission is charged, this cost will be passed on to you. If you select the non-wrap fee option, you may pay separate transaction charges and/or commissions in addition to the advisory and administrative fees listed in the Management Agreement.

III. Unaffiliated Portfolio Managers Fees

Compensation generally consists of the following elements: management and advisory fees shared by us, our advisory representatives, and the unaffiliated portfolio manager; transaction costs – if applicable – which may be paid to purchase and sell such securities; and custody fees.

B. How Fees are Billed and Collected.

You must authorize us to have the custodian/broker-dealer pay us directly by charging your account. This authorization must be provided in writing. One-fourth of the annual fee is charged each calendar quarter.

Quarterly Fee Calculation

$(\text{Assets under Management} \times \text{Annual Fee} \times \text{Number of Days in Quarter}) / 365 = \text{Quarterly Fee}$

Your custodian/broker-dealer provides you with statements that show the amount paid directly to us. You should verify the calculation of our fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations.

Please be sure to read the section entitled “Brokerage Practices,” which follows later in this brochure.

The financial planning fee is due and payable either in advance, in increments during the planning process, or after completion of the plan, as we agree. The financial plan will be presented to you within a mutually agreed upon timeframe, provided that you have promptly provided all information needed to prepare the financial plan. If you wish to terminate the planning process prior to completion, you may do so with written notice. Upon receipt of written notification, we will return a prorated amount of any prepaid fee based upon the amount of work completed prior to notification. In the event that you agreed to pay upon completion of the plan, any earned fee will immediately become due and payable.

You must pay our advisory fees in advance of receiving our services. Should you terminate the advisory agreement we have entered into within five (5) business days from the date the agreement is executed, you will receive a full refund of any fees paid.

Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, any unearned fees that were deducted from your account will be returned to you by us. The amount refunded to you is calculated by dividing the most recent advisory fee you paid by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial quarter, is subtracted from the total fee you paid in advance to determine your refund.

Your advisory representative may also be a registered representative of FSC Securities Corporation (“FSC”), a registered broker-dealer and investment adviser that is a member of FINRA and SIPC. If your advisory representative is a registered representative of a broker-dealer, they may receive compensation from the sale of mutual fund products sold to you (such as so-called “12b-1 fees”, which are fees paid to cover promotion, distributions, marketing expenses). Mutual funds include these fees in the calculation of their operating expenses.

Your advisory representatives may also be licensed to sell insurance products through various insurance companies. As such, commissions may be earned by your advisory representatives if you purchase insurance products through your advisory representative.

We may also refer you to various asset management firms. Referral fees or a portion of the advisory fee will be paid to us if you establish a relationship with the asset manager.

The compensation arrangements noted above present a conflict of interest because they create an incentive for your advisory representative to make recommendations based upon the amount of compensation to be received rather than based upon your needs. To address these conflicts of interest, we will explain the specific costs associated with any recommended investments with you upon request. Additionally, we may recommend that you purchase certain no-load and load-waived mutual funds to further address these conflicts of interest. You always have the option to purchase investment and insurance products through other brokers or agents who are not affiliated with us.

C. Other Fees Paid By Clients.

In addition to our fee, you may be required to pay other charges such as: custodial fees, transaction fees, internal fees and expenses charged by mutual funds or exchange traded funds ("ETFs"), and other fees and taxes on brokerage accounts and securities transactions.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment. You are strongly encouraged to read these explanations before investing any money. You may ask us any questions you have about fees and expenses. If you purchase mutual funds through the custodian/broker-dealer, you may pay a transaction fee that would not be charged if the transactions were made directly through the mutual fund company. Also, mutual funds held in accounts at brokerage firms may pay internal fees that are different from funds held at the mutual fund company.

While you may purchase shares of mutual funds directly from the mutual fund company without a transaction fee, those investments would not be part of our advisory relationship with you. This means that they would not be included in our investment strategies, investment performance monitoring, or portfolio reallocations.

Please refer to Item 12 for additional information on brokerage relationships.

D. Prepayment of Fees.

Advisor does not require prepayment of fees for advisory services

E. Compensation Associated with the Sale of Securities/Other Investment Products.

As explained elsewhere in this brochure certain persons associated with our firm may from time to time receive compensation for the sale of securities or any other investment products in their capacity as registered representatives of a broker-dealer firm or insurance agency.

Item 6. Performance-Based Fees.

Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally a percentage of the profits made on the investments. We do not offer performance-based fees on any of our client accounts.

Item 7. Types of Clients.

We provide advisory services primarily to individuals, including their trusts, estates and retirement accounts. We also provide services to corporations or business entities including their pension and profit sharing plans. As a condition for starting and maintaining an advisory relationship, we generally require a minimum portfolio size of \$10,000.

We, at our sole discretion, may accept clients with smaller portfolios based upon certain factors including: anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing client relationships.

We may consider the portfolios of your family members to determine if your portfolio meets the minimum size requirement.

Item 8. Methods of Analysis, Investment Strategies, Risk.

A. Methods of Analysis and Investment Strategies.

We select specific investments for your portfolios through the use of charting, technical and fundamental, including economic cycle analysis.

Charting involves identifying patterns that can suggest future activity in price movements. A chart pattern is a distinct formation on a stock chart that creates a trading signal or a sign of future price movements. Chartists use these patterns to identify current trends and trend reversals to trigger buy and sell signals. Some of the chart types are Line Charts, Bar Charts, Candlestick, Point and Figure, etc.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

Economic cycle analysis is a form of fundamental analysis that involves the process of making investment decisions based on the different stages of an industry at a given point in time.

Our investment strategies may include long-term and short-term purchases and sales, the use of options, margin, short sales and trading (securities sold within 30 days). You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

B. Material Risks of Investment Strategy.

All investments involve risks that can result in losses, such as: loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Additionally, these risks may include: market risk, interest rate risk, issuer risk, and general economic risk.

Although we manage your portfolio in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss. You must also be aware that the use of margin, options and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be infinite. Additionally, frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

C. Risk Associated with Particular Types of Recommended Securities.

Mutual Funds and ETFs.

Mutual funds and ETFs are baskets of stocks. Mutual fund shares are sold/redeemed directly by the mutual fund company (or transfer agent) at their net asset value as determined at the close of business each trading day. In contrast, ETFs trade throughout the day on a securities exchange (just like an individual stock or bond) and are bought in transactions between buyers and sellers with a bid and offer.

Mutual funds, ETFs and the securities they hold are subject to the investment risks set forth in Item 8.B. above. An ETF is subject to the additional risk that its share price may diverge from net asset value. This decoupling often is most pronounced during periods of high volume and market volatility, which may be the time an investor most wants to sell the ETF (with the result that the underlying value of the ETF may not be fully realized on a sale). In addition, the spread between net asset value and market price generally is wider in bond as compared with equity ETFs.

Bond ETFs share the same interest rate risk as nearly all bond investments, with the value of the ETF generally falling as interest rates rise and the value rising as interest rates fall. This impact usually is more pronounced with ETFs holding longer-term bonds.

For a more complete explanation of the specific risks, please consult the applicable prospectus if available.

Item 9. Disciplinary Information.

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations.

A. Advisor (no BD applications pending)

Certain of its associated persons and/or management persons are registered with a broker-dealer as stated above, but do not have an application pending to register as a new broker-dealer.

B. Advisor (no other applications pending)

Southland Equity Partners and its management persons are not registered and do not have an application pending to register as a futures commission merchant, commodity pool operator or commodity trading advisor.

C. Advisor (material relationships)

Advisor is under common ownership with Service First Brokerage, Inc., a Master General Insurance Agency located in Charleston, West Virginia. The Managing Partner and Southland's advisory representatives maintain licenses with a variety of insurance companies through their relationship with Service First Brokerage, Inc. Commissions may be earned by the Managing Partner and your advisory representative in relation to this business. Insurance purchased through this relationship may result in greater total commissions to the Managing Partner. Additionally, other than has been disclosed above, management persons do not maintain a relationship or arrangement with any broker-dealer, investment company, other

investment advisor, futures commission merchant or banking or other financial institution, or professionals associated with the foregoing, that is material to Advisor's business or to Advisor's clients.

D. Advisor (potential compensation from other advisors)

Southland Equity Partners may receive compensation for recommending or selecting third-party investment managers for clients. All referral agreements will be in compliance with the Investment Advisers Act of 1940. As required, clients will be provided with written disclosures describing the terms and fee arrangement between Southland Equity Partners and the applicable third-party manager at the time of the recommendation or selection.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Advisor and its related persons have a fiduciary duty to act in clients' best interests and always to place clients' interests before their own.

A. Code of Ethics.

We have adopted a Code of Ethics ("Code") to address the securities-related conduct of our advisory representatives and employees. The Code includes our policies and procedures developed to protect your interests in relation to the following: the duty at all times to place your interests ahead of ours; that all personal securities transactions of our advisory representatives and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an advisory representative's or employee's position of trust and responsibility; that advisory representatives may not take inappropriate advantage of their positions; that information concerning the identity of your security holdings and financial circumstances are confidential; and that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to you or any prospective client upon request.

B. Participation or Interest in Client Transactions.

Advisor and its related persons do not participate in or have an interest in client transactions. Additionally, we do not buy or sell securities for our firm that we also recommend to clients

C. Personal Trading.

Our advisory representatives and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account(s). The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is: owned by you or considered for purchase or sale for you.

We have adopted policies and procedures that are intended address these conflicts of interest. These policies and procedures: require our advisory representatives and employees to act in your best interest, prohibit favoring one client over another, and provide for the review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for you.

D. No Personal Trading when Trading Contemplated For or Being Effected in Client Accounts.

Consistent with Item 11.C., neither Advisor nor its related persons will trade in a security that is (1) being considered for purchase or sale or (2) currently being purchased or sold, for a client to that client's detriment.

Item 12. Brokerage Practices.

A. Factors in Recommending Broker-Dealers; Research and Other Benefits; Aggregation in Purchase and Sales of Securities.

We may recommend certain broker-dealer and/or custodians ("custodian") for your account. The custodian will assist us in servicing your accounts. We are independently owned and operated and are not affiliated with the custodian. Our use of the custodian is, however, a beneficial business arrangement for us and for the custodian. Information regarding the benefits of this relationship is described below. We provide services listed in Item 4.B. above through Pershing, LLC.

In recommending the custodian responsible for executing transactions for your portfolios, we consider at a minimum the custodian's: existing relationship with us, financial strength, reputation, reporting capabilities, execution capabilities, pricing, and types and quality of research.

The determining factor in the selection of a custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether the custodian can provide what is, in our view, the best qualitative execution for your account.

The custodian provides us with access to its institutional trading and custody services, which includes: brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

The custodian does not charge separately for holding our client accounts, but may be compensated by you through other transaction-related fees associated with the securities transactions it executes for your accounts.

The custodian also makes available to us other products and services that benefit us but may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that: (a) provide access to account data such as duplicate trade confirmations, bundled duplicate account statements, and access to an electronic communication network for client order entry and account information; (b) facilitate trade execution, including: access to a trading desk serving advisory participants exclusively and access to block trading which provides the ability to combine securities transactions and then allocate the appropriate number of shares to each individual account; (c) provide research, pricing information and other market data; (d) facilitate payment of our fees from client accounts; (e) assist with back-office functions, record keeping and client reporting; and (f) receipt of compliance publications.

The custodian also makes available to us other services intended to help us manage and further develop our business. These services may include: consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

The custodian may also make available or arrange for these types of services to be provided to us by independent third parties. The custodian may discount or waive the fees it would otherwise charge for some of the services it makes available to us. It may also pay all or a part of the fees of a third party providing these services to us. Thus, we receive economic benefits as a result of our relationship with the custodian, because we do not have to produce or purchase the products and services listed above.

Because the amount of our compensation or the products or services we receive may vary depending on the custodian/broker-dealer we recommend to be used by our clients, we may have a conflict of interest in making that recommendation. Our recommendation of specific custodian/broker-dealers may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. We nonetheless strive to act in your best interests at all times.

Commissions and other fees for transactions executed through the custodian may be higher than commissions and other fees available if you use another custodian/broker-dealer firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by the custodian outweighs the benefit of possibly lower transaction costs which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained at through the custodian. We do not attempt to allocate these benefits to specific clients.

We may engage in bunched trading, which is the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a bunched trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given bunch were executed. Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all of the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

Bunched trades are placed only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients. Transactions for nondiscretionary client accounts are not bunched with transactions for discretionary client accounts. Transactions for the accounts of our employees and advisory representatives may be included in bunched trades. They receive the same average price and pay the same commissions and other transaction costs, as clients. Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

We are not obligated to include any client account in a bunched trade. Bunched trades will not be placed for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

B. Brokerage for Client Referrals.

We do not recommend or select broker-dealers on the basis of whether that broker-dealer will refer clients to Advisor.

C. Directed Brokerage.

Advisor permits clients to direct brokerage. Advisor alerts all clients and potential clients that it may be unable to achieve the most favorable execution for client transactions as a result of using the broker-dealer selected by client. Directed brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because client may not be able to participate in aggregated orders to reduce transaction costs, or the client may receive less favorable prices. When Advisor becomes aware that such is the case it shall recommend one or more other broker-dealers to client,

and should client desire to remain with its current broker-dealer thereafter, Advisor shall require that client provide a signed written statement to that effect.

Item 13. Review of Accounts.

A. Periodic Review of Accounts.

Upon account opening, your information is reviewed to determine whether a particular investment or strategy is suitable for you. In addition, each security purchase or sale effected by our Advisory Representative in your Account is monitored for suitability by an appointed supervisor. All accounts are reviewed on at least an annual basis. Such reviews and consultation typically contain, when warranted, advice regarding recommended changes to your investments and recommendations for implementation of proposed changes.

B. Non-Periodic Review of Accounts.

Your financial status, goals and objectives are reviewed and updated as needed. More frequent reviews may be triggered by factors including, but not limited to, your comfort level with the strategy, life changing events, changing markets which may dictate different strategies, and the availability of new products that may enhance portfolios. Significant market volatility or a change in a client's circumstances/investment objectives as communicated to Advisor also may lead to additional account reviews. Clients are required to provide notice to Advisor regarding any material changes in their circumstances or investment objectives.

C. Reports.

Clients receive confirmation notices and regular monthly/quarterly statements from their custodian. Advisor shall be either copied on these communications or shall have online access to and obtain such information from clients' accounts. Advisory Services clients may receive quarterly reports breaking down the client's asset allocation and security holdings as of quarter end with respect to investments under Advisor's management.

Item 14. Client Referrals and Other Compensation.

A. Economic Benefits from Non-Clients.

We receive certain economic benefits as a result of our participation in the custodian's institutional program. Those benefits are described in detail in Item 12 above entitled "Brokerage Practices."

B. Compensation for Client Referrals.

We do not directly or indirectly compensate any person who is not one of our advisory representatives or employees for client referrals.

Item 15. Custody.

The Advisor does not maintain custody of client funds or securities. Client's assets are on custody with a qualified custodian.

You will receive statements from the custodian that holds your investment account on at least a quarterly basis identifying the amount of funds and of each security in the account at the end of the reporting period and setting forth all transactions in the account during the reporting period.

We urge you to carefully review these statements. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact your advisory representative or our Chief Compliance Officer should you have any questions or concerns regarding your account.

Item 16. Investment Discretion.

We offer our advisory services on a discretionary and non-discretionary basis. Discretionary means that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts. Non-discretionary means that we do need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts.

Additionally, we do not have the ability to withdraw funds from your account (other than to withdraw our advisory fees which, may only be done with your prior written authorization.) This discretion is used in a manner consistent with the stated investment objectives for your account.

Clients may grant Advisor discretionary authority to: (a) determine the type and amount of securities to buy and sell for client's account, and (b) implement such decisions with client's broker-dealer. Before accepting discretionary authority the parties must enter into an Investment Management Agreement. A copy of a typical Investment Management Agreement granting discretionary authority is available upon request. Clients may impose restrictions on the purchase of specific securities or types of securities even when granting Advisor discretionary authority. Such restrictions would be set forth in the Investment Management Agreement.

As stated above, Advisor may also manage investments for clients on a non-discretionary basis with client approval required for all proposed transactions. In such instances Advisor may be granted authority to complete transactions (subsequent to client approval) with client's broker-dealer or client may retain exclusive responsibility for executing transactions with the broker-dealer. These and any other investment and trading restrictions would be set forth in either the Investment Advisory Agreement (non-discretionary accounts) and the Investment Management Agreement (discretionary accounts).

Item 17. Voting Client Securities.

A. No Voting.

Advisor does not accept from clients the authority to vote client securities.

B. Proxy Delivery and Solicitation.

We do not take any action or give any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which your accounts may be invested. In addition, we do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. Clients will receive their proxies and/or solicitation materials directly from their broker-dealer or from the transfer agent. We will, however, forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your accounts.

Item 18. Financial Information.

A. Prepayment.

Advisor does not collect fees more than six months in advance.

B. Financial Condition.

Advisor has sufficient financial resources and there exists no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you.

C. No Bankruptcy.

Advisor has not been subject to a Bankruptcy proceeding.

Item 19. Requirements for State-Registered Advisors.

Advisor is a SEC registered investment adviser, and is not required to provide information per this Item 19.