



Financial Guard

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Form ADV Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Financial Guard, LLC (hereinafter “Financial Guard” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (614) 973-6999 or at support@financialguard.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Financial Guard is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Financial Guard is 156059.

Item 2. Summary of Material Changes

Since the last annual update of the Brochure (dated March 30, 2016), the Brochure has been updated with information to reflect the acquisition of a majority and controlling interest in Financial Guard by Legg Mason, Inc., including without limitation inclusion of a discussion relating to conflicts of interest that Financial Guard might be facing as an affiliate of Legg Mason (see Item 10) and Financial Guard's adoption of a new Code of Ethics that meets Legg Mason standards (see Item 11). In addition, a number of other enhancements, clarifications and updates have been made to the Brochure, the most significant of which are described below:

- Item 4 discussion has been enhanced in an effort to more clearly describe the manner in which Financial Guard provides investment advisory services as well as the type of services that it offers and the basis on which Financial Guard determines investment advice and recommendations with respect to each client.
- Item 5 has been updated to reflect a change in the investment advisory fees paid by clients who utilize Financial Guard's discretionary Do-It-For-Me Service from a flat fee of \$11.95 per month to an asset-based annual fee of 0.50%. A discussion of how such asset-based fee is calculated has also been added.
- Item 7 reflects the addition of "licensing partners" as a new type of client to which Financial Guard provides services by licensing its technology, which is used by such licensing partners in providing investment advisory services to their clients, and/or acting as a subadviser to such licensing partner. In addition, Item 7 reflects changes in investment minimums with respect to both discretionary and non-discretionary client accounts from \$1,000 for both to \$5,000 and \$3,500, respectively.
- Item 8 contains a number of changes, revisions and enhancements designed to more clearly describe how model portfolios are constructed and how they are applied in providing investment advice and recommendations to clients, including without limitation how and when client accounts are rebalanced or recommended to be rebalanced. In addition, it reflects certain updates and enhancements to Financial Guard's systems and algorithms used in providing services to clients, such as, for example, the methodology for grading funds, including "Best of Class" funds, and the elimination of grading of individual stocks in clients' accounts. A few new risk disclosures as well as a disclosure regarding updates to clients' investment time horizons have also been added.
- A discussion of Financial Guard's brokerage practices in item 12 has been enhanced to more clearly explain the firm's practices and policies with respect to both discretionary and non-discretionary client accounts.

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Item 4. Advisory Business

General Description of the Firm

Financial Guard is an automated investment services provider registered with the Securities and Exchange Committee (“SEC”) as an investment adviser pursuant to Rule 203A-2(e) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Financial Guard has been providing investment advice and recommendations to clients through an interactive website at www.financialguard.com (the “Website”) since 2013. The firm is headquartered in Salt Lake City, Utah. On August 17, 2016, Legg Mason, Inc., a publicly traded company, acquired a majority and controlling interest in Financial Guard, which has caused Financial Guard to become an affiliate of Legg Mason, Inc. and its other affiliated managers (collectively, “Legg Mason”). As of April 24, 2017, Financial Guard provided non-discretionary advice and recommendations through its Website with respect to \$138,052,388 of client assets based on the information input into the Website by such clients. Financial Guard also had \$1,436,172 of discretionary assets under management as of the same date.

Financial Guard provides a simple solution to aggregating and managing savings and investments, and offers its investment advisory services only over the internet. This Brochure is meant to help you understand the nature of the advisory services offered by Financial Guard and whether they are right for you. You should review it carefully.

Summary of Financial Guard’s Advisory Services

Financial Guard’s automated investment platform allows clients to:

- Review holdings of their accounts maintained at various other financial institutions (“Outside Accounts”) in a consolidated dashboard using Financial Guard’s account aggregation functionality, which allows a client to link those Outside Accounts to their Financial Guard profile;
- Receive select market data on holdings in their portfolios; and
- Receive investment advice and/or recommendations of mutual funds and/or exchange-traded funds based on their investment objectives, risk tolerance and, where relevant, existing investment portfolios.

The investment advice and recommendations are designed to be consistent with each client’s investment objective and risk tolerances. Through the recommendation process, Financial Guard seeks to identify a model portfolio – the asset classes in which to invest and the ideal mix of asset classes – based on the client’s financial and risk profile. Each such model portfolio is designed to meet a particular investment objective, as described in more detail in Item 8 of the Brochure.

Financial Guard provides investment advice and recommendations primarily with respect to mutual funds and exchange-traded funds (ETFs). All investment advice and recommendations are based on client information gathered solely through the Website, and are dispensed exclusively through the Website, or through communications such as email generated by or through the Website.

Financial Guard tailors its advice and recommendations by assessing a client's ability to take risk and willingness to take risk solely through an online questionnaire that must be completed by the client as part of the onboarding process via the Website. Financial Guard asks each prospective client a series of objective financial profile questions such as investment time horizon and financial situation, including income and investible assets, as well as subjective risk tolerance questions such as the appetite for risk and capacity for loss. Once the client has provided information pertaining to those factors, Financial Guard will suggest an appropriate model portfolio suitable for such client based on an algorithm that combines all those factors, except in the case of an investment time horizon of less than 3 years where the algorithm will always recommend a conservative model portfolio regardless of the client's answers to the other financial and risk profile questions in the questionnaire. Financial Guard asks objective financial profiling questions to estimate the ability to take risk. Generally, the greater the income or investible assets, the greater the ability to take risk. Alternatively, the lower the income or investible assets, the lower the ability to take risk. Financial Guard also asks subjective risk profiling questions to determine the level of risk an individual is willing to take while taking into account consistency or inconsistency among the answers. For example, if an individual is willing to take a lot of risk in one case and very little in another, then the scores are combined to determine the appropriate risk profile. Within each model asset allocation portfolio (except the conservative model portfolio described above), a client's answers to the risk tolerance questions determine the client's assignment to one of five variations of that model asset allocation portfolio (labeled L1 through L5), with L1 representing the allocation of that specific model with the least risk and L5 representing the allocation of that specific model with the highest risk within that model.

After the recommendations are implemented and subject to the recommendation lock period of at least 90 days, as described in Item 8 of the Brochure, Financial Guard reviews the account and, if applicable, recommends that the client rebalance to realign the account to the most appropriate investments weightings based on the client's model portfolio. In order to ensure that Financial Guard's initial model portfolio recommendation continues to be suitable based on the client's responses to the online questionnaire, Financial Guard maintains the client's financial and risk profile information in the system. The Website allows clients to change their answers to the questionnaire in order to update their financial and risk profiles online at any time. A change to the financial and/or risk profiles may result in a change to the model portfolio recommendation.

Non-discretionary clients are under no obligation to follow any of Financial Guard's advice or recommendations and must make an independent determination as to whether to implement such advice and recommendations. As owners of all investments and assets in their Outside Accounts, clients are responsible for implementation of Financial Guard's non-discretionary advice and recommendations and must make their own arrangements for execution of any desired transactions because Financial Guard does not have discretionary investment authority over such Outside Accounts.

If a client would like to have Financial Guard implement the investment advice and recommendations generated by the system through the Website, Financial Guard's Do-It-For-Me Service allows the client to grant investment discretion to Financial Guard over the client's assets for this purpose. The advice and recommendations for the discretionary service offered

by Financial Guard are generally generated in the same manner as the advice and recommendations provided to non-discretionary clients taking into account clients' financial and risk profile information provided by them as part of the online questionnaire. The Do-It-For-Me Service requires the client to set up an account with a designated broker-dealer and custodian and to transfer assets into such discretionary account ("Discretionary Account") with respect to which Financial Guard is permitted to provide investment and trade instructions on a discretionary basis. A client who has signed up for the discretionary Do-It-For-Me Service also has the ability to place reasonable restrictions on the mutual funds and ETFs that may be purchased for the client's account. These restrictions are captured and monitored through the Website system. Discretionary accounts are opened and maintained according to a Discretionary Client Account Agreement ("Discretionary Account Agreement") which describes the discretionary authority that a client grants to Financial Guard.

Financial Guard's system has an account aggregation function that allows clients to grant Financial Guard the ability to view holdings in Outside Accounts through electronic linking to other financial institutions where such Outside Accounts are maintained. Clients may also input information about their Outside Accounts manually. Upon inception of a Financial Guard account, Financial Guard assigns a letter grade rating to certain mutual funds and ETFs that have at least a 3-year performance record and an assigned ticker symbol in the client's Outside Accounts.

In generating its advice and recommendations with respect to a specific client account, whether non-discretionary or discretionary, Financial Guard considers and takes into account only the client's financial and risk profile information provided as part of the online questionnaire pertaining to such client's account and does not consider any other client information to which Financial Guard may have access nor does it take into consideration such client's tax situation, debt obligations or specific goals. Clients are strongly encouraged to consult with their tax, legal and/or other advisers regarding their personal tax and financial circumstances.

Item 5. Fees and Compensation

Non-Discretionary Investment Advice and Services

Fees for non-discretionary investment advice and services are charged as a flat monthly subscription fee of \$15.95 per month per client and typically are not negotiable, although Financial Guard may, in its sole discretion, waive such fee, in whole or in part, in certain instances. Clients also have the option to prepay subscription fees for a whole year, in which case they receive a discounted rate of \$149.95 per year. The same subscription fee applies whether Financial Guard provides advice and recommendations to a client without a reference to any of client's Outside Accounts or with respect to one or more such Outside Accounts.

Financial Guard reserves the right to offer discount pricing or waive fees with respect to programs made available through or by our Referral Partners (as defined in Item 7, below) and to change these programs and/or fees associated with them at any time, subject to agreement with our Referral Partners. In any event, Financial Guard will either honor pre-paid fees or reimburse them to clients, as applicable.

Financial Guard may also run promotions or introduce discounts to its standard subscription fee from time to time.

Unless otherwise agreed, Financial Guard charges a client's credit card of record for subscription fees in advance. If a month-to-month client cancels his/her subscription prior to the expiration of the month for which the monthly fee was paid, such cancellation will take effect at the end of such month and client will no longer be charged monthly subscription fees going forward. If a client with an annual subscription cancels his/her subscription prior to the expiration of the 12-month period (the "Prepaid Period"), such cancellation will take effect at the end of the calendar month in which the client provided the cancellation notice to Financial Guard and the client will be refunded the prepaid subscription fee for the remainder of the Prepaid Period.

If Financial Guard's Referral Partners are responsible for payment of fees associated with clients' access to and use of our services, Financial Guard invoices such Referral Partners in arrears on either a monthly or quarterly basis.

"Do-It-For-Me" Service

With respect to Discretionary Accounts, clients generally pay an annualized investment advisory fee in the amount of 0.50% based on the Discretionary Account assets managed by Financial Guard (the "Advisory Fee"), although Financial Guard may, in its sole discretion, agree to or set fees that are different (either lower or higher) than the Advisory Fee stated herein, or entirely waive such Advisory Fee, depending on specific circumstances and/or nature of the relationship with a particular client.

The Advisory Fee is paid quarterly in advance within ten (10) business days following the end of each calendar quarter based on the market value of a client's Discretionary Account determined by the Designated Broker (as defined in Item 12, below) as of the close of the last business day of the previous quarter. The Advisory Fee for a new Discretionary Account is prorated for the number of days remaining in the calendar quarter and is paid for that period within ten (10) business days of the calendar month immediately following the initial funding of the Discretionary Account. The Advisory Fee for such initial billing period is based on the fair market value of the Discretionary Account assets determined by the Designated Broker as of the initial funding date. No adjustments to the Advisory Fee are made in the event of a client's additions to or withdrawals from the Discretionary Account during the quarter. In the event that Financial Guard's discretionary authority over a Discretionary Account is terminated (either by client or by Financial Guard) during a calendar quarter, Financial Guard refunds the client the portion of the Advisory Fee paid in advance, prorated for the number of days remaining in the last quarter during which the Discretionary Account was managed by it.

As part of the Discretionary Account opening and setup, each client must instruct Designated Broker (who is also the Custodian of the Discretionary Account) to deduct Financial Guard's Advisory Fee upon the receipt of an invoice from Financial Guard and to remit payment of such fee directly to Financial Guard within ten (10) business days after the end of the month or quarter, as applicable, with respect to which payment is due.

If for any reason there is insufficient cash available in a Discretionary Account to cover Financial Guard's Advisory Fees at the time they are charged and deducted from the Discretionary Account, Financial Guard, in its sole discretion, may cause the shares of mutual funds and ETFs in the Discretionary Account to be sold to generate cash sufficient to cover its Advisory Fees.

Fees for Services Available Through the Licensing Partners' Websites

With respect to the websites of our Licensing Partners (as defined in Item 7, below), client account fees are set and determined by such Licensing Partners and may be different from the fees charged by Financial Guard in connection with its provision of investment advisory services available through the Website, as described herein.

Mutual Fund and ETF Fees and Expenses

All fees paid by clients to our firm for investment advisory services provided to them, as described in this Brochure, are separate and distinct from, and in addition to, the fees and expenses that clients may bear by virtue of being invested in mutual funds and ETFs that Financial Guard may recommend to them as part of its investment advisory services. Such mutual fund and ETF fees and expenses that clients may be subject to are described in each fund's prospectus and generally include an investment management fee, other fund operating expenses, and, in some cases, a distribution fee or a sales load.

While clients certainly may invest in mutual funds and ETFs directly and without the use of Financial Guard's investment advisory services, they should note that in doing so, they would not receive the benefit of Financial Guard's asset allocation model recommendations and advice that are designed to assist clients in determining which mutual funds and/or ETFs are most appropriate for them based on their investment objectives and risk profile.

In addition to the fees paid to Financial Guard and the fees and expenses of the mutual funds and ETFs to which clients are subject by virtue of being invested in such funds, clients are also responsible for all transaction, brokerage, and custodian costs and fees incurred as part of or associated with their investment accounts (including without limitation their Discretionary Accounts managed by Financial Guard) and any transactions therein. Please see Item 12 of this Brochure for important disclosures regarding Financial Guard's brokerage practices.

Item 6. Performance-Based Fees

Financial Guard does not charge any fees based on a share of capital gains or capital appreciation of clients' assets.

Item 7. Types of Clients

Clients

Our firm generally provides investment advisory services to individuals and high net worth individuals who access our services directly through the Website. We also may partner with employers and financial firms ("Referral Partners") who offer information about and links to Financial Guard's investment advisory services and the Website to their employees, members and/or clients ("Referral Partner Clients") on such Referral Partners' websites. In each instance, however, such Referral Partner Clients must go to Financial Guard's Website in order to set up accounts and access Financial Guard's investment advisory services.

In addition to provision of investment advice through the Website, Financial Guard may, for a fee, license its technology ("Licensed Technology") to other financial firms that may utilize it in providing investment advisory services to their advisory clients ("Licensing Partners"). In such licensing relationships, Financial Guard may act as a subadviser to a Licensing Partner with respect to its clients or may not play any investment advisory role because the Licensing Partner has sole responsibility for development and provision of investment advice and recommendations utilizing Financial Guard's Licensed Technology.

Depending on the nature of the relationship and the requirements of a particular Licensing Partner, the website that Financial Guard helps the Licensing Partner develop and/or where its Licensed Technology is used may be structured in a different manner than and may offer different types of services (including without limitation a different basis for developing investment advice and recommendations) than Financial Guard's own Website.

Investment Minimums

We have no minimum account size for our clients that wish to utilize only our account aggregation and letter grade rating services. However, in order to provide a client with asset allocation model portfolio recommendations and related advice and information on a non-discretionary basis, the client's assets under advisement must be at least \$3,500. The minimum amount of assets that a client must deposit into a Discretionary Account upon inception is \$5,000, although Financial Guard may waive this minimum in its sole discretion. In the event that the total value of the Discretionary Account assets drops below \$3,500 for any reason (whether due to client withdrawals or due to market movement) after the Discretionary Account inception, Financial Guard may, in its sole discretion, terminate such account.

With respect to the websites of our Licensing Partners, client account minimums are determined by such Licensing Partners and may be different from the minimum account sizes required by Financial Guard in connection with its services made available through the Website.

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

Financial Guard employs the following types of analyses and processes to formulate its advice and recommendations to its clients.

Letter Grade Rating of Mutual Funds and ETFs

As part of its services, Financial Guard, using its grading and analysis tools, assigns a letter grade rating to certain mutual fund and ETF holdings, as described below, held in a client's Outside Accounts as well as the mutual fund and/or ETF holdings that are included in the recommended asset allocation model portfolio. The letter grades for mutual funds and ETFs result from a proprietary algorithm that includes variables to assess performance, risk, and fees for each mutual fund and ETF with a 3-year performance record and an assigned ticker symbol relative to other mutual funds and ETFs in the same asset category, as defined by Financial Guard. Generally mutual funds and ETFs with higher risk adjusted returns and lower fees are assigned a higher letter grade. Such letter grade ratings are provided to clients for informational purposes only and, on their own, do not represent a recommendation or call to take any particular investment action. Letter grades are updated quarterly and subject to change.

Developing and Applying Asset Allocation Models

Financial Guard's approach to building asset allocation models is based primarily on the principles of Modern Portfolio Theory ("MPT"). At its core, MPT is a mathematical framework for diversification, or the combination of different investments within a portfolio. The theory suggests that if you combine investments that behave differently from one another, you are spreading the risk among different types of securities which can limit the risk of the total mix while improving its potential returns. Diversification forms the basis for the Financial Guard asset allocation and investment philosophy. By mixing asset classes that behave differently from one another within a portfolio, Financial Guard seeks to provide better outcomes to help clients meet their investment objectives while mitigating potential risks.

While Financial Guard's Investment Committee (currently consisting of 5 individuals) has the ultimate responsibility for developing all asset allocation models, it has retained QS Investors, LLC, an affiliate of Financial Guard that develops asset allocation models ("QS"), to provide it with non-discretionary advice in the form of asset allocation guidance that is considered by the Investment Committee in developing the asset allocation models. The Investment Committee may also use other independent third-party research companies to assist it in developing its multi-asset class allocation models and asset allocation recommendations.

In developing asset class combinations that are furnished to Financial Guard for its consideration, QS incorporates the key tenets of MPT but with a key differentiating methodology in an effort to address some limitations such as the reliance on historical data and the statistical challenges that account for the randomness of returns. QS's method distinguishes between positive returns, or upside, and negative returns, or downside. QS views these outcomes separately in an effort to lessen the risk of negative returns while maintaining the potential to outperform. Additionally, QS incorporates advanced statistical techniques to understand how asset classes have performed over time and to estimate future behavior. QS integrates forward-looking asset class views to complement historical data and takes into account a level of uncertainty in those views when modeling portfolio outcomes.

Fundamentally, each of the various asset allocation models used by Financial Guard to provide investment advice to its clients may consist of 4 main asset categories (stocks, bonds, alternatives, and cash) with a number of distinct asset classes. Exposure to the various asset categories and classes is achieved through investments in ETFs and mutual funds, and clients have the ability to choose to receive their portfolio fund recommendations in the form of active investments (i.e., mutual funds) or passive investments (i.e., ETFs and index-based mutual funds). Limitations associated with MPT and diversification include the assumption that correlations among asset classes tend to be stable over time. Historically, in periods of market stress, correlations increase and asset classes behave similarly. In such market environments the diversification benefit from holding different asset classes may be reduced.

In an effort to use diversification to minimize portfolio risk, with respect to each asset allocation model, Financial Guard attempts to identify an appropriate ratio of equity, fixed income, alternatives and cash suitable to a client's investment objective and risk tolerance. As described in Item 4, based on a client's circumstances, Financial Guard's algorithm will match each client to the most appropriate Financial Guard asset allocation model in order to give the client a portfolio that is consistent with his/her responses to the online financial and risk profile questionnaire and, in the case of Discretionary Accounts, any investment restrictions imposed on the management of the Discretionary Account. In periods of market instability or other types of emergency or catastrophic events, Financial Guard may delay, suspend or otherwise manage trading in response to such conditions. Financial Guard may do so when it determines that it is appropriate to respond to extraordinary circumstances of market instability, such as incomplete execution, widening bid-ask spreads, or unstable markets. If Financial Guard delays placing orders in response to extraordinary market volatility during market hours, Financial Guard will notify clients of such delay either via email or via the Website. As it relates to the accounts of non-discretionary clients, Financial Guard may continue providing investment advice and recommendations during periods of market instability. However, Financial Guard may caution or advise clients not to proceed with implementing such advice and recommendations until the market conditions normalize.

Recommended Portfolios

Once Financial Guard's algorithm has matched a client to one of the asset allocation models, the algorithm will recommend mutual funds and ETFs to implement such an asset allocation model with the best funds available to that particular client based on the results of Financial Guard's proprietary algorithm and "Best of Class" fund review process and in accordance with the client's preference for either active or passive investments. Financial Guard maintains a list of "Best of Class" funds tied to each of the distinct asset allocation classes. The universe of mutual funds and ETFs from which Financial Guard selects the Best of Class funds is limited to the funds available for investment through the Designated Broker (as defined in Item 12) with respect to Discretionary Accounts. Financial Guard's Investment Committee selects the available funds, and these selections are based on several criteria, such as, for example, short and long-term performance, fund manager tenure, expense ratios and fees, Sharpe Ratio, and style purity and includes the identification of the best combination of funds to implement the asset allocation model. In addition, in the near future, this process will also include an in-depth analysis of underlying exposure of each fund using Financial Guard's factor-based model and QS' proprietary optimization engine that focuses on downside and expected shortfall, as

described in more detail in Item 10. The Best of Class funds are reviewed quarterly at a minimum and are subject to change. In some circumstances, including but not limited to a change in peer group, fees, or strategy change, the Investment Committee may initiate a detailed review outside of the standard quarterly cycle.

While Financial Guard strives to recommend its Best of Class funds in order to fill the specific asset classes of each asset allocation model that it recommends, it may not always be able to do so due to a variety of factors, including the availability of investment options within a client's retirement or record keeping platform (as described below) and limited assets in the account. In addition, in the case of Do-It-For-Me Service, clients have the ability to place reasonable investment restrictions on the purchase of specific mutual funds or ETFs for their Discretionary Accounts. However, clients are not able to restrict specific asset classes included in the overall asset allocation model recommended by Financial Guard. If a particular fund or ETF is restricted from purchase, Financial Guard will determine an alternative fund to be purchased for the Discretionary Account in lieu of the restricted fund. With respect to certain asset classes, Financial Guard may have a limited universe of funds and ETFs to choose from in order to fill those asset classes in accordance with the recommended asset allocation model and, therefore, a client may not be able to exclude or restrict funds or ETFs recommended with respect such asset classes as part of the asset allocation model as the imposition of such restrictions would be considered unreasonable and inconsistent with Financial Guard's investment strategy.

Recommendation Lock Period

With respect to the Accounts of non-discretionary clients, once Financial Guard's system recommends a particular asset allocation model portfolio (including specific funds and ETFs to be purchased and/or held), Financial Guard does not review the holdings in a client's Outside Accounts or update its recommendations as follows, subject to some limited exceptions, such as a client initiated activity (for example, a change in a client's financial or risk profile information):

- If the client has not commenced implementation of the recommended portfolio for an Outside Account in accordance with Financial Guard's non-discretionary recommendations, no lock will be set on the model portfolio recommendation for the client's Financial Guard Account.
- If the client has commenced the implementation of the recommended portfolio for an Outside Account in accordance with Financial Guard's non-discretionary recommendations, a lock will be placed on the model portfolio recommendation for the client's Financial Guard Account until 90 days after the client's Financial Guard Account was updated with data reflecting the client's purchases of the funds in the Outside Account in accordance with Financial Guard's recommendations within a certain designated percentage of the tolerance of the recommended allocation. The reason for the imposition of this 90-day recommendation lock period is to avoid incurring redemption fees that are imposed by fund companies in an effort to prevent fund shareholders from frequent trading in fund shares.

- If the client has more than one Financial Guard Account, the timing of fund purchases on one Account can reset the recommendation lock period on the other accounts because the lock is set on the “client level” as opposed to the “account level”. Therefore, clients are urged to implement Financial Guard’s non-discretionary recommendations with respect to their Outside Accounts as soon as reasonably practicable in order to avoid extending recommendation lock periods well beyond the original 90 days.

With respect to the Discretionary Accounts, once the system recommends a particular asset allocation model portfolio (including specific funds and ETFs to be purchased and/or held) and Financial Guard proceeds with implementing such recommendation, a lock will be placed on the model portfolio recommendation for a client’s Discretionary Account until 90 days after the last trade in such Account in order to avoid incurring redemption fees that are imposed by fund companies in an effort to prevent fund shareholders from frequent trading in fund shares, subject to some limited exceptions, such as a client initiated activity (for example, a change in a client’s financial or risk profile information). If a client has more than one Financial Guard Account, the timing of fund purchases on one Account can reset the recommendation lock period on the other Accounts because the lock is set on the “client level” as opposed to the “account level”. Therefore, clients who maintain non-discretionary Financial Guard Accounts in addition to Discretionary Accounts are urged to implement Financial Guard’s non-discretionary recommendations with respect to their Outside Accounts as soon as reasonably practicable in order to avoid extending recommendation lock periods for all of the Accounts (whether discretionary or non-discretionary) well beyond the original 90 days. Any client contributions to a Discretionary Account made during the recommendation lock period are invested in a bank deposit account, money market fund or similar vehicle selected by the client from among the cash sweep alternatives made available by the Custodian of the Discretionary Account (as described in Items 12 and 15) until the next rebalancing date when they will be invested as part of the Account rebalancing and in accordance with updated investment recommendations. Financial Guard has no role or responsibility regarding a client’s selection of his/her cash sweep alternatives.

Platform-Specific Best of Class Funds

Financial Guard has been maintaining Best of Class fund line-ups that are tailored to the recordkeeping platforms of Vanguard, TD Ameritrade and T.RowePrice where only certain funds are available for investment by investors who utilize such platforms. If a client utilizes one of those platforms, the Best of Class funds that Financial Guard would recommend as part of its recommended portfolio would be the Best of Class funds specific to that particular platform. The Financial Guard Investment Committee follows the same process in determining the platform-specific Best of Class funds as described above. In the near future, however, Financial Guard Investment Committee will no longer be supporting separate Best of Class fund determinations for specific platforms, as described herein, and will be providing non-discretionary advice and recommendations only utilizing the same universe of mutual funds and ETFs available for investment through the Designated Broker (as defined in Item 12) that it currently

uses in determining Best of Class funds with respect to Discretionary Accounts. Clients impacted by this change will be notified of it prior to the effective date.

Limited Subset Accounts

Limited subset accounts are client accounts that have a specific limited investment menu, such as 401(k), 401(a), 403(b) or other company sponsored plans. Because Financial Guard is not involved in selecting the funds and investments that are made available to plan participants by such retirement plans and because such plans often do not have funds available to fill all of the sections included in any asset allocation model maintained by Financial Guard, Financial Guard does not determine Best of Class funds or follow the same process as described above for such client limited subset accounts. Instead, the system attempts to rank each fund available in the particular retirement plan and recommends the one with the highest proprietary algorithmic ranking in the specific asset allocation model asset class to be held by the plan participant. See “Letter Grade Rating of Mutual Funds and ETFs”, above for information about the ranking process factors and considerations. Recommendations provided to clients with limited subset accounts are provided by Financial Guard only on a non-discretionary basis.

Legg Mason Advised Funds

Financial Guard is a subsidiary of Legg Mason, Inc. and, as such, is an affiliate of Legg Mason and all of its affiliated asset managers (“Legg Mason Advisory Affiliates”). Due to this affiliation, no fund that is managed by a Legg Mason Advisory Affiliate (“Legg Mason Advised Fund”) currently is included in Financial Guard’s Best of Class analysis or recommended as a Best of Class fund. However, if a client’s original portfolio contains a Legg Mason Advised Fund, such Legg Mason Advised Fund will be assigned a proprietary algorithmic letter grade rating based on the criteria described above so that Financial Guard can give a letter grade rating to a client’s overall portfolio. Except in the case of clients with limited subset accounts, the system will always recommend that a Legg Mason Advised Fund be sold. For clients with limited subset accounts, a Legg Mason Advised Fund may be recommended as a hold or as a purchase if it has a higher proprietary algorithmic letter grade rating than that of other fund options available in the specific asset category within the limited subset account.

Individual Stocks and Bonds Within A Client’s Portfolio

If an individual stock or bond is included in a client’s current portfolio, Financial Guard will not grade or rate it and in all cases, will recommend that the client sell such individual stock or bond holding. In the case of Do-If-For-Me Service, while Financial Guard may permit a client to deposit individual stocks or bonds into his/her Discretionary Account upon initial funding of such account, Financial Guard will proceed to promptly sell and liquidate such individual stocks or bonds from the Discretionary Account, which may result in client paying certain brokerage commissions and/or transaction fees.

Rebalancing of Discretionary Accounts

Financial Guard evaluates whether a client's Discretionary Account needs to be rebalanced at least ninety (90) days following the last trade date in that Discretionary Account, as described above under "Recommendation Lock Period". The algorithm rebalances the Discretionary Account based on the date of the last trade in the Account and a tolerance band around the holdings. This is done automatically without regard to structural market conditions or changes, except in the case of certain extraordinary circumstances of market instability described above when Financial Guard may decide to delay, suspend or otherwise manage trading in response to such unstable conditions. As described above and subject to certain exceptions, the Discretionary Account will not be rebalanced during the recommendation lock period. If the holdings in a Discretionary Account are within a certain percent (as determined by Financial Guard) of the selected asset class target allocation (a "Target Range") after the recommendation lock period has elapsed, then no trades will be placed in the Discretionary Account. In addition, no trades will be placed in the Discretionary Account if the holdings with respect to only one asset class are outside the Target Range after the recommendation lock period has elapsed. In all other cases, if the composition of the securities in a Discretionary Account is outside of the Target Range, then such Discretionary Account will be rebalanced in accordance with the selected asset class target allocation.

Each day the US stock markets are open, Financial Guard determines, around the beginning of the day, whether any Discretionary Accounts need to be rebalanced and/or traded on the same day. Financial Guard reviews new Discretionary Accounts that need to be traded (e.g., purchase mutual funds and/or ETFs associated with an asset allocation model) as well as existing Discretionary Accounts that are eligible for rebalancing. When Financial Guard identifies all Discretionary Accounts that need to be rebalanced and/or traded during its review process, the Discretionary Account information for all identified Discretionary Accounts is maintained in Financial Guard's review system and then sent to the Designated Broker (as defined in Item 12) as follows:

- Trading instructions for Discretionary Accounts that need to be rebalanced are sent to the Designated Broker before trade instructions for new Discretionary Accounts are sent to the Designated Broker.
- Trading instructions for Discretionary Accounts that need to be rebalanced are sent to the Designated Broker in the order in which Financial Guard's review system confirms that trading should occur in a Discretionary Account. There is no particular criteria used to determine the priority in which Discretionary Accounts that need to be rebalanced are traded once all of the eligible Discretionary Accounts are identified. After all rebalancing-related transactions are submitted to the Designated Broker, trade orders for new client accounts are then submitted to the Designated Broker. Regardless of whether trades will be made in an existing or new Discretionary Account, all trade orders are sent to the Designated Broker on an account-by-account basis and not in a block. There is a delay between each account's trade order, and the length of the delay depends on the speed at which Financial Guard's review system is able to confirm that a trade order for a Discretionary Account should be submitted to the Designated Broker. The Designated

Broker executes trade orders in the order in which they are received from Financial Guard. If a trade order for the purchase or sale of an ETF in a Discretionary Account is sent to the Designated Broker, such account will receive the ETF price at the time such trade order was executed. Thus, Accounts that have ETFs that are being traded on the same day may receive different prices for the same ETF because the transactions will occur at different times.

- If a Discretionary Account is being rebalanced and Financial Guard submits a trade order to sell at least one mutual fund in such account (a "Sell Trade Order"), the subsequent purchase in that same Discretionary Account (a "Buy Trade Order") will occur on the next day the U.S. stock markets are open, provided that there were no errors with the Sell Trade Order. Buy Trade Orders necessary to complete rebalancing of a Discretionary Account are submitted to the Designated Broker in no particular order. Buy Trade Orders could be submitted prior to, after or during the time that other client orders, as described above, are submitted to the Designated Broker for execution.
- If there are changes made to the holdings in or composition of asset allocation models that impact all Discretionary Accounts at the same time, e.g., changes in investment managers or allocation updates, Financial Guard will use the Designated Broker's trading system that blocks trade orders for all Discretionary Accounts across same security. This trading system will automatically allocate shares to the Discretionary Accounts, and in the case of ETFs, all Discretionary Accounts will receive the average price for the ETFs.

Updates to Investment Time Horizon

When completing the financial and risk profile questionnaire on the Website, each client must indicate his/her investment time horizon, which, together with other information provided by the client, assists Financial Guard in determining the appropriate model asset allocation portfolio for the client's account. In generating such model asset allocation portfolio recommendation, the algorithm assumes that the client's time horizon remains static over time, except in the case of clients with retirement accounts. For example, if a client indicated an investment time horizon of 8-10 years, Financial Guard's advice over the life of the account will be based on the assumption that the client will not need to access the assets in the account for 8-10 years. Financial Guard will not, on its own initiative, adjust the time horizon that it considers in providing advice to the client to reflect the passage of time. However, the client may change the investment time horizon that should be considered by Financial Guard in advising on his/her account by revising his/her financial and risk profile questionnaire to indicate a new investment time horizon, which, as discussed above, would trigger a change in the model portfolio recommendation. In the case of retirement accounts, however, the recommended model asset allocation portfolio automatically adjusts to account for changes in a client's age.

Services Available Through the Licensing Partners' Websites

As mentioned in Item 7, above, depending on the nature of the relationship between Financial Guard and a particular Licensing Partner and the requirements of such Licensing Partner, the

website that Financial Guard helps the Licensing Partner develop and/or where its technology is used may be structured in a different manner than and may offer different types of services (including without limitation a different basis for developing investment advice and recommendations) than Financial Guard's own Website as described herein.

Risks of Which Clients Should Be Aware

The following are some of the more significant risks associated with or inherent in investing and investment advice and recommendations provided by Financial Guard through its Website which clients should be aware:

- *Asset Allocation Risk.* A risk of asset allocation is that a client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client in light of his/her investment goals and objectives, although Financial Guard recommends that clients rebalance their portfolios to bring them in line with their asset allocation models on a periodic basis. Also, clients should bear in mind that diversification across asset classes does not guarantee a profit or protect against loss as well as that their ability to achieve their investment objectives depends upon the Financial Guard's skill in determining the asset class allocations and recommending the best mix of funds to clients. The value of a client's investment may decrease if Financial Guard's judgment about the attractiveness, value or market trends affecting a particular asset class or fund is incorrect.
- *Risks Associated with Mutual Fund and ETF Analyses.* As part of its Best of Class process (as described above), Financial Guard looks at the experience and track record of the manager of each mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. Financial Guard also conducts analyses and monitoring to ensure that mutual funds and ETFs are not over-exposed to the same market factors and are continuing to follow their stated investment strategies. As with all securities analyses, a risk of mutual fund and/or ETF analysis is that past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, because Financial Guard is not able to control the underlying investments in mutual funds and ETFs, managers of different funds held by a client may purchase the same security, thereby increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make such fund or ETF less suitable for the client's portfolio.
- *Risks of Relying on Information and Data Provided By Others.* Financial Guard's analysis methods rely on the assumption that the companies whose funds and securities Financial Guard recommends for purchase and sale, the rating agencies that review such funds and securities, and other available sources of information about such funds and securities, are providing accurate, reliable and unbiased data and information. While Financial Guard has reviews and alerts in place to help it identify possible

indications that data and information may be incorrect, incomplete or inaccurate, Financial Guard is not able to guarantee that its analyses and recommendations will not be compromised by or free from any inaccurate, incomplete, inaccurate or misleading data and information provided by such other third parties.

- *Long-Term Purchases Risks.* *Financial Guard* typically advises clients to purchase investments with the intention of holding them for a year or longer. It may do this because it believes the investments to be currently undervalued and/or because it wants to recommend exposure to a particular asset class over time, regardless of the current projection for such class. A risk of a long-term investment strategy is that, by holding an investment for a long time, the client may not be able to take advantage of potential short-term gains. Moreover, if Financial Guard's analysis is incorrect, an investment may decline sharply in value before it is able to advise the client to sell or dispose of it.
- *Volatility and Correlation Risk.* Clients should be aware that Financial Guard's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions, which may adversely affect a client and may become more acute in times of market upheaval or high volatility. ***Past performance is no guarantee of future results, and any historical returns, expected returns or probability projections may not reflect actual future performance.***
- *Risks Associated With Fund Investments.* By owning shares or units of funds, each client is exposed and subject to the investment risks associated with the types of securities and instruments in which such funds may invest and techniques they may pursue in seeking to achieve their investment objectives. Appendix A hereto summarizes some of the investment risks to which clients may be subject by virtue of them being invested in the funds. More complete information and discussion regarding the investment practices of the funds and their investment risks are located in the prospectuses and statements of additional information or other types of disclosure documents for such funds, which clients are strongly encouraged to review prior to investing. No offer is made in this Brochure of any of the funds that may be recommended to clients for investment through Financial Guard's Website.
- *Risks Associated with Limitations of Web-Based Investing.* Web-based advice has significant limitations that clients should consider before subscribing to or signing up for Financial Guard's services. Specifically, in a web-based advisory arrangement (whether non-discretionary or discretionary), an individual does not receive the benefits of face-to-face, telephone, or otherwise individualized interaction with his/her investment adviser, therefore limiting the individual's ability to ask questions or relay important information. Moreover, such an arrangement also limits the ability of the adviser to fully assess the unique financial condition of an individual, as well as the individual's specific investment goals and objectives.
- *Risks Inherent In The Use Of An Algorithm.* The models and techniques, including codes, utilized by Financial Guard in developing and designing the algorithms used for

delivering investment advisory services to clients are based on the information and data available to Financial Guard as well as on its assumptions, assessments, and estimates, all of which are subject to error. As a result, such models and techniques may not account for all relevant factors or may not account for any such factors correctly. More generally, there can be no assurance that such models and techniques would be effective. Because algorithms depend and rely on models, they do not take into account market conditions when rebalancing client accounts and they may not effectively address prolonged changes in market conditions.

- *Advisory and Model Risk.* There is no guarantee that Financial Guard's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. Financial Guard's judgment about the quality, relative yield, value or market trends affecting a particular security, industry or sector, country or region, or about market movements may prove to be incorrect, and a client might not achieve his or her investment objective. In addition, the proprietary models used to evaluate securities or securities markets are based on an understanding of the interplay of market factors and do not assure successful investment. The markets or the prices of individual securities may be affected by factors not foreseen in developing the models. Financial Guard may also make changes to the investing algorithms and advisory services that it provides. In addition, it is possible that client or Financial Guard itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Financial Guard's software-based financial advisory service. Financial Guard and its representatives are not responsible to any client for losses unless caused by Financial Guard's breach of its fiduciary duty.
- *Cyber Security Risk.* With the increased use of technologies such as the Internet to conduct business, clients and their accounts are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events that include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which clients invest have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

Clients should understand that investing in any security, including mutual funds and ETFs, involves a risk of loss of both income and principal. There can be no assurance that Financial Guard's investment advice and recommendations will be successful or that a client's investment objective will be achieved.

Item 9. Disciplinary Information

No member of Financial Guard's management or Investment Committee has been subject to any legal or disciplinary events.

Item 10. Other Financial Industry Activities and Affiliations

Relationship with Legg Mason & Co., LLC

Financial Guard has a relationship with Legg Mason & Co., LLC, a non-advisory affiliate (“LM&Co.”), in which LM&Co. supports Financial Guard with respect to certain functional areas, such as management, compliance, technology, finance and human resources. In addition, certain employees of LM&Co. serve as the members of Financial Guard’s Investment Committee, which is ultimately responsible for provision of all investment advisory services to clients, including making all decisions regarding Financial Guard’s investment algorithms, asset allocation model portfolios and investment fund selections and recommendations.

Relationship with QS

As mentioned in Item 8, above, Financial Guard has an arrangement with QS, its affiliate, pursuant to which QS provides non-discretionary advice to Financial Guard in the form of asset allocation guidance that is considered by Financial Guard’s Investment Committee in developing the asset allocation model portfolios. In addition to providing non-discretionary asset allocation guidance to Financial Guard, Financial Guard may ask QS to use its proprietary optimization tool to evaluate one or more investment funds identified by Financial Guard as potential candidates to fulfill an asset class included within an asset allocation recommendation. Such evaluations are performed by QS utilizing inputs and data chosen by Financial Guard and furnished to QS by Financial Guard on a “blind” basis (i.e., Financial Guard does not disclose the identity of the investment funds for which an evaluation is being requested to QS). While such non-discretionary advice and information is considered by Financial Guard as an input in developing asset allocation models and selecting investment funds, Financial Guard’s Investment Committee is exclusively responsible for developing all asset allocation models and making all of Financial Guard’s investment recommendations and investment decisions with respect to or on behalf of clients and client accounts and, as part of its process, it independently assesses and evaluates QS’ asset allocation guidance and makes changes or adjustments in the asset allocation models as it deems necessary and/or appropriate.

Conflicts of Interest

As described in Item 8, the funds that are recommended by Financial Guard to clients to implement its asset allocation model portfolio recommendations may, in the case of limited subset accounts, include Legg Mason Advised Funds. The potential for Financial Guard to recommend that a client purchase or hold shares of a Legg Mason Advised Fund presents Financial Guard with a conflict of interest in providing non-discretionary investment advisory services to clients with limited subset accounts.

Financial Guard receives a flat fee that is charged on a monthly or annual basis for the non-discretionary investment advice that it provides to clients. Financial Guard is not compensated on the basis of the value of a client’s account or the investment(s) selected by the client. Neither Financial Guard nor any of its employees, agents or representatives receive from any party (including any Legg Mason Advisory Affiliate), directly or indirectly, any fee or other

compensation (including commissions, salary, bonuses, awards, promotions, or other things of value) that varies depending based on the investment(s) selected by Financial Guard's clients.

When Financial Guard recommends that a client invest in a Legg Mason Advised Fund and the client follows that advice, one or more Legg Mason Advisory Affiliates will receive compensation from the Legg Mason Advised Fund based on the amount the client invests. The amounts that will be paid to Legg Mason Advisory Affiliates will vary depending on the percentage of the client's assets that are allocated to Legg Mason Advised Funds and the particular Legg Mason Advised Fund in which the client invests. Specific information concerning the fees and other charges of each Legg Mason Advised Fund is located in the applicable fund prospectus, which can be found at www.leggmason.com.

Financial Guard and other Legg Mason affiliates do not receive any compensation from unaffiliated funds in connection with Financial Guard's provision of non-discretionary advisory services.

The fees and other compensation that Legg Mason Advisory Affiliates receive on assets invested in shares of Legg Mason Advised Funds are a significant source of revenue for Legg Mason Advisory Affiliates and, due to the affiliation between Financial Guard and Legg Mason Advisory Affiliates, present Financial Guard with a conflict of interest when recommending that a client purchase or hold shares of a Legg Mason Advised Fund. Financial Guard believes that such conflict of interest is mitigated by the following:

- (i) Financial Guard operates independently of, and makes investment decisions without regard to the impact of its decisions on, other Legg Mason Advisory Affiliates.
- (ii) Financial Guard is not compensated on the basis of the value of client accounts or the investment(s) selected by clients, and neither Financial Guard nor any of its employees, agents or representatives receive from any party (including any Legg Mason Advisory Affiliate), directly or indirectly, any fee or other compensation (including commissions, salary, bonuses, awards, promotions, or other things of value) that varies depending based on the investment(s) selected by clients.
- (iii) The circumstances in which Financial Guard will recommend that a client invest in or hold a Legg Mason Advised Fund are limited and rules-based, as described in Item 8, above.

QS is compensated by Financial Guard for the services that it provides to Financial Guard out of Financial Guard's own resources. While Financial Guard may, under certain circumstances, recommend that a client invests in Legg Mason Advised Funds, including funds that are managed or advised by QS, any potential conflict of interest associated with paying QS for its services is mitigated because QS only provides non-discretionary advice and information to Financial Guard as inputs to be used and considered by Financial Guard's Investment Committee in developing asset allocation models and selecting investment funds and the Investment Committee has the exclusive responsibility for making all of Financial Guard's

investment recommendations and investment decisions with respect to or on behalf of clients and client accounts. Furthermore, QS' evaluation of any investment funds chosen by Financial Guard using its proprietary optimization tool is conducted on a "blind" basis (i.e., Financial Guard does not disclose the identity of the investment funds for which an evaluation is being requested to QS).

Clients should carefully consider the impact of any fees and compensation and related conflicts of interest faced by Financial Guard in their evaluation of the investment advice that Financial Guard provides to them. In this regard, clients may arrange for the provision of advice by another adviser that may have no affiliation with the investment products that are recommended by such adviser.

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

Code of Ethics

As part of an overall internal compliance program, Financial Guard has adopted a code of ethics ("Code of Ethics") and other related policies and procedures ("Related Policies"). The Code of Ethics and Related Policies are based on the principle that Financial Guard owes a fiduciary duty to its clients. The Code of Ethics emphasizes that Financial Guard employees and supervised persons must avoid activities, interests and relationships that might (i) present a conflict of interest or the appearance of a conflict of interest with Financial Guard's clients, or (ii) otherwise interfere with Financial Guard's ability to make decisions in the best interests of the firm's clients. The Code of Ethics and Related Policies impose standards of business conduct, including requirements to put client interests first and to not take inappropriate advantage of employment-related information. The Code of Ethics and Related Policies are intended to mitigate or obviate potential conflicts of interest between Financial Guard's employees and supervised persons and Financial Guard's clients and assure compliance with applicable laws and regulations.

Personal Trading

Investment and trading activities by Financial Guard employees in the same investment funds or individual securities held by or recommended to Financial Guard client accounts may create conflicts of interest, or potential conflicts of interest, between Financial Guard's employees and Financial Guard's investment advisory clients. Such conflicts or potential conflicts could include:

- using knowledge of open, executed or pending portfolio transactions in a client account to profit from the market effect of such transactions;
- causing a client account to engage in a transaction in order to positively impact a personal investment holding; and
- using knowledge of portfolio holdings in Legg Mason Advised Funds to engage in a short-term trading strategy involving such Legg Mason Advised Funds.

The Code of Ethics includes Policies and Procedures on Personal Trading Activities (“Personal Trading Policy”). The Personal Trading Policy is intended to mitigate or obviate potential conflicts of interest between Financial Guard’s employees and Financial Guard’s investment advisory clients with respect to personal trading activities of Financial Guard employees.

Key elements of Financial Guard’s Personal Trading Policy include the following:

- Employees and supervised persons are prohibited from making a purchase or sale of a security at a time when they are in possession of nonpublic information to the effect that a Legg Mason Advisory Affiliate is or may be considering a purchase or sale of such security.
- Employees and supervised persons are prohibited from engaging in securities transactions that involve the use of nonpublic knowledge of the portfolio holdings of a Legg Mason Advised Fund to engage in any short-term or other trading strategy involving such Legg Mason Advised Fund.
- Employees and supervised persons are subject to a 60 day holding period with respect to their purchase of shares of a Legg Mason Advised Fund.
- Investment in initial public offerings (IPOs) or other new issues or in private placements by employees and supervised persons requires the pre-approval of the Legg Mason Compliance Department to which Financial Guard’s Chief Compliance Officer (“CCO”) has delegated certain monitoring responsibilities under the Code of Ethics and Related Policies (“Legg Mason Compliance Department”).
- Subject to certain exceptions, employees and supervised persons must effect personal securities transactions through brokerage firms which have agreed to forward information regarding the transactions to Legg Mason Compliance Department.

In addition to the Personal Trading Policy, Financial Guard and Legg Mason Advisory Affiliates maintain Informational Barrier policies and procedures that restrict or limit access by Financial Guard and its employees and supervised persons to information relating to the investment intentions, activities, transactions and portfolio holdings of Legg Mason Advised Funds and other client accounts managed by Legg Mason Advisory Affiliates.

Personnel in Legg Mason Compliance Department, under the supervision of Financial Guard’s CCO, have principal oversight responsibility with respect to trading conducted by Financial Guard’s employees for their personal accounts.

Gifts and Entertainment; Political Contributions and Outside Business Activities

The Code of Ethics and Related Policies also include provisions that address situations where the potential for conflicts exist. These include:

- Reporting of all gifts and entertainment exchanged between employees and external business partners, including clients, consultants, brokers, and vendors.
- Limits on the type, frequency, and value of business gifts and entertainment given or received by our employees.
- Pre-clearance and reporting of all political contributions made by employees.
- Reporting of all outside business activities that may be in conflict with an employee's job responsibilities and/or duty to clients.

Employee Reporting and Certification

All employees are required to report their personal securities accounts, transactions and holdings to the Legg Mason Compliance Department upon employment and to certify to the completeness of the information and their compliance with the Code of Ethics on an annual basis.

How to Obtain a Copy of the Code of Ethics

Existing and prospective clients of Financial Guard may obtain copies of the Code of Ethics by emailing Financial Guard at support@financialguard.com.

Item 12. Brokerage Practices

Financial Guard: (i) does not recommend or select brokers or dealers to be used to execute transactions on behalf of client accounts; (ii) does not negotiate, review or approve the arrangements that its clients may establish with brokers or dealers to handle execution of recommended securities transactions; and (iii) has no best execution obligations with respect to transactions in client accounts. Financial Guard does not have any formal or informal soft-dollar arrangements and does not receive any soft-dollar benefits from any brokers or dealers.

Non-Discretionary Investment Advisory Services

With respect to Financial Guard's non-discretionary investment advisory services (as described in Items 4 and 8, above), Financial Guard does not (i) request or accept discretionary authority to determine brokers or dealers to be used by clients, (ii) recommend or advise clients to utilize the execution services of any particular brokers or dealers to implement the Financial Guard's investment recommendations, and (iii) have the authority or ability to negotiate commissions among various brokers or dealers on behalf of clients. Clients must select their own brokers or dealers in order to execute investment transactions recommended by Financial Guard as part of its investment advisory services. Financial Guard's non-discretionary clients have sole responsibility for: (i) selecting a broker or dealer to execute transactions, (ii) reviewing, negotiating and agreeing to the account maintenance, transaction-related and other fees that are charged by such broker or dealer, and (iii) completing the documentation needed to establish an account with such broker or dealer.

Financial Guard maintains a list of several unaffiliated brokers and dealers that it believes may provide low or no cost trades for some or all of the investment transactions that it may recommend, and may make such list available to its non-discretionary investment advisory clients upon request. However, Financial Guard does not recommend such brokers or dealers and does not evaluate such brokers or dealers on any criteria except their general ability to provide low or no cost trades to clients wishing to implement Financial Guard's investment recommendations. When making such list available to its non-discretionary investment advisory clients, Financial Guard discloses to such clients that: (i) Financial Guard does not recommend such brokers or dealers; (ii) Financial Guard does not evaluate such brokers or dealers on any criteria except their general ability to provide low or no cost trades to clients; and (iii) clients are responsible for independently evaluating and selecting any broker or dealer that they may choose to execute transactions.

Discretionary Investment Advisory Services

Clients who choose to utilize Financial Guard's "Do-It-For-Me" Service are required to hold assets in Discretionary Accounts set up with a "qualified custodian", as defined in the Advisers Act Rule 206(4)-2 (the "Custodian"). The Custodian must be an entity with which Financial Guard has an established operational connectivity for purposes of facilitating the management of the Discretionary Accounts, including the execution of trades on behalf of Discretionary Accounts, in which case the Custodian also acts as the clients' designated broker ("Designated Broker"). As part of the account opening process, clients direct Financial Guard to execute all investment trades with respect to their Discretionary Accounts with the Designated Broker. Currently, the Custodian and the Designated Broker with which Financial Guard has an established operational connectivity is TD Ameritrade Institutional. ***Not all advisers require their clients to direct brokerage. By having clients direct brokerage in this manner, Financial Guard may be unable to achieve most favorable execution of transactions and this practice may cost clients more money.*** Clients with Discretionary Accounts should note that: (i) Financial Guard does not recommend the Designated Broker; (ii) Financial Guard does not evaluate the Designated Broker on any criteria except its willingness to establish operational connectivity with Financial Guard and its general ability to provide low or no cost trades to clients; and (iii) clients are responsible for independently evaluating and selecting the Designated Broker as part of their decision to retain Financial Guard to provide discretionary investment advisory services.

As part of the process of establishing a Discretionary Account with the Designated Broker, a client is responsible for: (i) reviewing, negotiating and agreeing to the account maintenance, transaction-related and other fees that are charged by the Designated Broker; and (ii) for reviewing and completing the documentation needed to establish such account.

Due to the client's direction to execute all trades through the client's Designated Broker, Financial Guard has no ability to execute trades with broker-dealers other than the Designated Broker and has no responsibility for monitoring transactions that it executes on behalf of the client with the Designated Broker for best execution.

When a trade error has been identified, Financial Guard will correct the error as soon as reasonably practical following discovery, consistent with the orderly disposition (and/or

acquisition, as applicable) of the funds and/or ETFs in question, with the goal of restoring the Discretionary Account back to the same condition that would have resulted if the error had not occurred. Losses associated with trade errors that are not caused by the client will be borne by Financial Guard or another party (other than the client), as applicable. Under some circumstances, the correction of an error could result in a gain. If the error was caused by Financial Guard and the correction results in a gain, the client will retain the gain. If an error involves multiple fund or ETF positions, Financial Guard may calculate the net loss caused by the error (if any) by aggregating such positions (for a client account) and offsetting any gains that resulted from the error against the gross losses that resulted from the error.

Item 13. Review of Accounts

Under the algorithms and methodologies continuously monitored and updated by Financial Guard's Investment Committee, our proprietary technological platform monitors the investment holdings in client accounts and performs reviews of such account holdings for all clients after the expiration of the recommendation lock period, as described in Item 8, above. Accounts are reviewed in the context of the investment objectives and guidelines of the recommended asset allocation model portfolio, as well as any reasonable investment restrictions imposed by a client on the management of his/her Discretionary Account.

Clients with Discretionary Accounts receive monthly/quarterly statements and confirmations of transactions from the Designated Broker/Custodian. Financial Guard expects that non-discretionary clients receive the same types of monthly/quarterly statements and confirmations from their other brokers or dealers and custodians in connection with their Outside Accounts. Financial Guard also provides weekly investment updates via email to all clients.

Item 14. Client Referrals and Other Compensation

As mentioned in Items 5 and 7, Financial Guard may have relationships with Referral Partners who may offer Financial Guard's investment advisory services to their Referral Partner Clients through such Referral Partners' websites. In some cases, Referral Partners are responsible for payment of all subscription fees associated with their Referral Partner Clients' use of Financial Guard's non-discretionary investment advisory services and such Referral Partner Clients do not pay any fees to Financial Guard themselves. While such payment of fees by Referral Partners may pose a potential conflict of interest, Financial Guard believes that conflict is significantly mitigated by the fact that all of Financial Guard's investment advice and recommendations are generated through an electronic system based on an objective algorithm and automated processes that treat all of Financial Guard's clients in the same manner regardless of who pays the subscription fees associated with their use of the Financial Guard's services. Referral Partners do not pay fees associated with the Referral Partner Clients' use of Financial Guard's Do-It-For-Me Service and related Discretionary Accounts.

In addition, Financial Guard's arrangements with Referral Partners may entail payments of rebates or other compensation to such Referral Partners for promoting Financial Guard's services to their Referral Partner Clients that is based on the success of such Referral Partners efforts in referring clients to Financial Guard. Accordingly, such payments to Referral Partners may be viewed as cash payments for promoting Financial Guard's online investment advisory

services to Referral Partner Clients and such Referral Partners may be viewed as acting as solicitors with respect to such investment advisory services offered and made available to their Referral Partner Clients by Financial Guard under Rule 206(4)-3 under the Advisers Act (the “Cash Solicitation Rule”). Financial Guard works with such Referral Partners on taking the necessary steps to comply with the requirements of the Cash Solicitation Rule.

Financial Guard may also partake in campaigns through digital marketing advertising networks and, at times, may offer referral credits to existing clients who bring new clients to its Website.

Item 15. Custody

Financial Guard does not maintain physical custody of client assets. Each client’s assets are physically held under custody of the investment custodian chosen by the client, and, in the case of Discretionary Accounts, under custody of the Custodian/Designated Broker, as described in Item 12. In the case of Discretionary Accounts, Financial Guard may be deemed under SEC rules to have custody of client assets due to its ability, pursuant to client authorization, to deduct client Advisory Fees directly from a client’s Discretionary Account by directly invoicing the Custodian/Designated Broker for the Advisory Fees due and owing.

Clients will receive account statements with respect to their Discretionary Accounts from the Custodian/Designated Broker and should carefully review them. In addition, clients should compare such Discretionary Account information received from the Custodian/Designated Broker with the account reports and information they receive from Financial Guard.

Item 16. Investment Discretion

As part of its non-discretionary investment advisory service offering, Financial Guard does not execute trades or implement advice and recommendations generated by its system nor does it accept any grants of investment discretion of any kind from clients. Clients in their sole discretion may determine to implement, in whole or in part, any advice or recommendation generated by the Financial Guard’s system and, if so, are responsible for placing trades in order to execute transactions with respect to their investment accounts.

If, however, a client chooses to utilize the “Do-It-for-Me” Service, Financial Guard acts as a discretionary adviser with respect to such client’s Discretionary Account held at the Designated Broker. In order to grant investment discretion to Financial Guard, the client must complete certain documentation required by the Designated Broker as part of the “Do-It-For-Me” enrollment process and must also agree to enter into a Discretionary Account Agreement with Financial Guard pursuant to which the client authorizes Financial Guard to execute trades on behalf of the client in order to implement investment advice and recommendations generated by the Financial Guard’s system.

Clients are able to impose reasonable investment restrictions on the purchase of specific mutual funds or ETFs for their Discretionary Accounts. However, clients are not able to restrict specific asset classes included in the overall asset allocation model recommended by Financial Guard. If a particular fund or ETF is restricted from purchase, Financial Guard will determine an

alternative fund to be purchased for the Discretionary Account in lieu of the restricted fund. With respect to certain asset classes, Financial Guard may have a limited universe of funds to choose from in order to fill those asset classes in accordance with the recommended asset allocation model and, therefore, a client may not be able to exclude or restrict funds or ETFs recommended with respect such asset classes as part of the asset allocation model as the imposition of such restrictions would be considered unreasonable and inconsistent with Financial Guard's investment strategy.

Item 17. Voting Client Securities

As a matter of policy, Financial Guard does not vote proxies on behalf of clients nor does it offer any consulting or assistance to clients with respect to proxies. Clients will receive their proxies and other issuer solicitations and communications directly from their custodians, including without limitation the Custodian/Designated Broker, or applicable transfer agents and retain sole responsibility for placing votes with respect to such proxies. Financial Guard does not advise or act on behalf of clients in legal proceedings involving companies or issuers whose securities are held in the clients' account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

Item 18. Financial Information

Financial Guard does not require prepayment of more than \$1,200 in fees from any client six months or more in advance.

At this time, there are no financial conditions that would impair Financial Guard's ability to meet all contractual commitments to its clients.

Appendix A

This Appendix explains some of the common risks of loss associated with investing in mutual funds and ETFs but is not a complete or comprehensive summary or listing of all risks that might be relevant to a particular fund or ETF. ***Clients are strongly encouraged to review each fund's prospectus and statement of additional information or other types of disclosure documents for more complete information and discussion regarding the fund's investment practices and related risks.***

Fund Objectives May Not be Met. The ability of a client to meet his/her investment objective is directly related to the ability of each of the funds in which he/she invests to meet its objective as well as the allocation of client's assets among those funds. The performance of funds, in turn, depends on the performance of the stock, bond, and money markets in the U.S. and abroad. There can be no assurance that the investment objectives of any fund will be achieved. Also, funds are not deposits or obligations of, or guaranteed by or endorsed by, any bank and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other U.S. governmental agency.

Stock Market and Equity Securities Risk. Equity securities are subject to market risk, which is the risk that the prices of such securities may decline generally due to overall market and economic conditions. Equity securities are also subject to issuer risk, which is the risk that the value of a particular stock can go down more than the market as a whole due to an issuer-specific event, such as the issuance of an unfavorable earnings report. Accordingly, if the market prices of the securities owned by funds in which clients invest fall, the value of the clients' investments in such funds will decline. In addition, if a fund invests in a small number of issuers or significantly overweighs certain companies, industries, market sectors, countries or asset classes, such fund's performance may be more sensitive to developments affecting those companies, industries, sectors, countries or asset classes and, therefore, may be subject to greater risk of loss compared to a more broadly diversified asset allocation.

Fixed Income Securities Risk. Fixed income securities are subject to market risk, issuer risk, interest rate risk, credit risk, prepayment risk and extension risk. Market risk is the risk that the fixed income markets may become volatile and less liquid, and the market value of an investment may move up or down, sometimes quickly or unpredictably. Issuer risk is the risk that the value of a particular fixed income security can go down more than the market as a whole due to an issuer-specific event. If a fund invests in a small number of issuers or significantly overweighs certain issuers, industries, market sectors, countries or asset classes, such fund's performance may be more sensitive to developments affecting those issuers, industries, sectors, countries or asset classes and, therefore, may be subject to greater risk of loss compared to a more broadly diversified asset allocation.

Interest rate risk is the risk that the value of fixed income securities generally falls when interest rates go up. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rates on the security's value compared to securities with shorter maturities, which have lower yields but greater price stability. Credit risk is the risk that the value of a fixed income security will decline if the issuer or guarantor of such security

defaults on its obligation to pay principal and/or interest or there has been a change in its credit rating or the market's perception of an issuer's creditworthiness.

Prepayment risk is the risk that an issuer of fixed income securities exercises a right to prepay the securities as interest rates fall, which would force a fund to reinvest in lower yielding securities. Extension risk is the risk that repayments of fixed income securities may occur more slowly than expected as interest rates rise. This may reduce the value of such securities because their interest rates are lower than current interest rates and they remain outstanding longer.

Recent Developments in Financial Markets. The recent financial crises have caused significant declines in the value and liquidity of many securities of issuers worldwide. In particular, the values of some sovereign debt and of securities of issuers that purchase sovereign debt have fallen, credit has become more scarce worldwide and there has been significant uncertainty in the markets. In response to the crises, the U.S. and other governments and the Federal Reserve and certain foreign central banks have taken steps to support financial markets. The withdrawal of this support, failure of efforts in response to the crises, or investor perception that these efforts are not succeeding could negatively affect financial markets generally as well as the value and liquidity of certain securities. In addition, policy and legislative changes in the United States and in other countries are changing many aspects of financial regulation. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time.

Issuer Risk. The value of a security can go up or down more than the market as a whole and can perform differently from the value of the market as a whole, often due to disappointing earnings reports by the issuer, unsuccessful products or services, loss of major customers, major litigation against the issuer or changes in government regulations affecting the issuer or the competitive environment. A fund may experience a substantial or complete loss on an individual security. As described below, historically, the prices of securities of small and medium capitalization companies have generally gone up or down more than those of large capitalization companies, although even large capitalization companies may fall out of favor with investors.

Credit Risk. Credit risk is the risk that an issuer of fixed income securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which funds may invest. However, ratings are only the opinions of the nationally recognized statistical rating organizations (NRSROs) issuing them and are not absolute guarantees as to quality.

Fixed income securities rated BBB-/Baa3 or better by an NRSRO, and unrated securities considered to be of equivalent quality, are considered investment grade. Changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities.

Small and Medium Capitalization Company Risk. A fund will be exposed to additional risks as a result of its investments in the securities of small and medium capitalization companies. Small and medium capitalization companies may fall out of favor with investors; may have limited product lines, operating histories, markets or financial resources; or may be dependent upon a limited management group. The prices of securities of small and medium capitalization companies generally are more volatile than those of large capitalization companies and are more likely to be adversely affected than large capitalization companies by changes in earnings results and investor expectations or poor economic or market conditions, including those experienced during a recession. Securities of small and medium capitalization companies may underperform large capitalization companies, may be harder to sell at times and at prices a fund's adviser believes appropriate and may offer greater potential for losses.

Derivatives Risk. Some funds may use derivative contracts (which may include, but are not limited to, futures and options on securities, securities indices or currencies; options on these futures; forward currency contracts; interest rate or currency swaps and credit default swaps) to hedge against the economic impact of adverse changes in the market value of its securities, or because of changes in stock market prices, currency exchange rates or interest rates. Derivatives may also be used as a substitute for buying or selling securities and in an attempt to enhance returns.

A derivative contract will obligate or entitle a fund to deliver or receive an asset or cash payment based on the change in value of one or more securities, currencies or indices. Even a small investment in derivative contracts can have a big impact on a fund's stock market, currency and interest rate exposure. Therefore, using derivatives can disproportionately increase losses and reduce opportunities for gains when stock prices, currency rates or interest rates are changing. A fund may not fully benefit from or may lose money on derivatives if changes in their value do not correspond accurately to changes in the value of the fund's holdings. The other parties to certain derivative contracts present the same types of issuer risk as issuers of fixed income securities. Derivatives can also make a fund less liquid and harder to value, especially in declining markets. Recent legislation calls for new regulation of the derivatives markets. Such regulation is currently in the implementation stage and the extent and impact of it are not yet fully known and may not be for some time. New regulation of derivatives may make them more costly, may limit their availability, or may otherwise adversely affect their value or performance.

Credit default swap contracts, a type of derivative instrument, involve special risks and may result in losses to a fund that invests in such instruments. Credit default swaps may be illiquid and difficult to value. The swap market could be disrupted or limited as a result of recent regulation, and these changes could adversely affect a fund that invests in such instruments.

If a fund sells a credit default swap contract, the fund generally would be required to pay the par (or other agreed upon) value of a referenced debt obligation to the counterparty in the event of a default by a third party on the debt obligation. In return, the fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the fund would keep the stream of payments and would have no payment obligations. As the seller, the fund would be subject to investment exposure on the notional amount of the swap, which may be significantly larger than the fund's cost to enter into the credit default swap.

A fund may purchase credit default swap contracts in order to hedge against the risk of default of debt securities held in its portfolio, in which case the fund would function as the counterparty referenced in the preceding paragraph. This would involve the risk that the investment may expire worthless and would only generate income in the event of an actual default by the issuer of the underlying obligation (or, as applicable, a credit downgrade or other indication of financial instability). It would also involve credit risk—that the seller may fail to satisfy its payment obligations to the fund in the event of a default.

Liquidity Risk. Some assets or derivatives held by a fund or futures sold by a fund may be difficult to sell, or illiquid, particularly during times of market turmoil. Such illiquid assets or instruments may also be difficult to value. If a fund is forced to sell an illiquid asset or instrument to meet redemption requests or other cash needs, such fund may be forced to sell at a loss.

Over-the-Counter (“OTC”) Risk. Investments traded and privately negotiated in the OTC market, including securities and derivatives, may be subject to greater price volatility and liquidity risk than transactions made on organized exchanges. Because the OTC market is less regulated, OTC transactions may be subject to increased credit and counterparty risk.

Growth and Value Investing Risk. Growth or value securities as a group may be out of favor and underperform the overall equity market while the market concentrates on other types of securities. Growth securities typically are very sensitive to market movements because their market prices tend to reflect future earnings expectations. These securities typically trade at higher multiples of current earnings than do other securities and may lose value if it appears their earning expectations may not be met. Value securities may be subject to the risk that these securities cannot overcome the adverse factors a fund’s manager believes are responsible for their low price or that the market may not recognize their fundamental value as the fund’s manager predicted. Value securities are not expected to experience significant earnings growth and may underperform growth stocks in certain markets. A fund may, like many growth or value funds, weight its investments toward certain industries, sectors or countries, thus increasing its exposure to factors adversely affecting issuers within those industries, sectors or countries and, indirectly, the fund’s exposure to those factors compared to a more diversified portfolio of securities.

Foreign Investments Risk. Investment in securities of foreign issuers (including those denominated in U.S. dollars) involves certain risks not typically associated with investments in securities of U.S. issuers. The values of foreign securities are subject to economic and political developments in the countries and regions where the companies operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies, and to changes in exchange rates. Values may also be affected by foreign tax laws and restrictions on receiving the investment proceeds from a foreign country. Investments in economies that depend heavily on trading with key partners may be subject to the risk that any reduction in this trading may adversely impact these economies.

Less information may be publicly available about foreign companies than about U.S. companies. Foreign companies are generally not subject to the same accounting, auditing, and financial

reporting standards as are U.S. companies. Transactions in foreign securities may be subject to less efficient settlement practices, including extended clearance and settlement periods. Foreign markets may be less liquid, less regulated and more volatile than U.S. markets.

Some securities issued by foreign governments or their subdivisions, agencies and instrumentalities may not be backed by the full faith and credit of the foreign government. Some foreign governments have defaulted on principal and interest payments. Even where a security is backed by the full faith and credit of a foreign government, it may be difficult for a fund to pursue its rights against a foreign government in that country's courts.

Currency Risk. Currency risk is the risk that fluctuations in exchange rates may adversely affect the U.S. dollar value of a fund's investments. Currency risk includes both the risk that currencies in which a fund's investments are traded, or currencies in which the fund has taken an active investment position, will decline in value relative to the U.S. dollar and, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly for a number of reasons, including the forces of supply and demand in the foreign exchange markets, the general economic conditions of a country, actual or perceived changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments or central banks, the imposition of currency controls, and political developments in the U.S. or abroad.

Emerging Markets Risk. The risks of foreign investment are greater for investments in emerging markets. Emerging market countries typically have economic and political systems that are less fully developed, and that can be expected to be less stable, than those of more advanced countries. Lower trading volumes may result in a lack of liquidity and in increased price volatility. Emerging market countries may have policies that restrict investment by foreigners or that prevent foreign investors from withdrawing their money at will.

Because some of the funds in which a client invests may invest in emerging market securities, the client should be able to tolerate sudden, sometimes substantial, fluctuations in the value of his/her investments. An investment in any fund that invests in emerging market securities should be considered speculative.

Sovereign Debt Risk. Sovereign government and supranational debt involve many of the risks of foreign and emerging markets investments as well as the risk of debt moratorium, repudiation or renegotiation and funds may be unable to enforce their rights against the issuers.

Inflation/Deflation Risk. A change of asset value may occur because of inflation or deflation, causing a fund's portfolio to underperform. Inflation may cause the present value of future payments to decrease, causing a decline in the future value of assets or income. Deflation causes prices to decline throughout the economy over time, impacting issuers' creditworthiness and increasing their risk for default, which may reduce the value of a fund's portfolio.

Inflation-Indexed Securities Risk. The value of inflation-indexed fixed income securities generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. Therefore, if inflation were to rise at a faster rate than nominal interest rates, real interest rates might decline, leading to an

increase in value of inflation-indexed securities. In contrast, if nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed securities. Although the principal value of inflation-indexed securities declines in periods of deflation, holders at maturity receive no less than the par value of the security. However, if a fund purchases inflation-indexed securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, it may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period a fund holds an inflation-indexed security, such fund may earn less on the security than on a conventional bond.

If real interest rates rise (i.e., if interest rates rise for reasons other than inflation, for example, due to changes in currency exchange rates), the value of inflation-indexed securities held by a fund will decline. Moreover, because the principal amount of inflation-indexed securities would be adjusted downward during a period of deflation, a fund will be subject to deflation risk with respect to its investments in these securities. Inflation-indexed securities are tied to indices that are calculated based on rates of inflation for prior periods.

High Yield Securities Risk. Certain funds may invest in debt securities rated below investment grade by a recognized rating agency or unrated securities determined by the fund's adviser to be of equivalent quality. These securities are commonly referred to as "junk bonds." High yield securities involve a substantial risk of loss. These securities are considered speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value because of adverse economic and business developments. The market values for high yield securities tend to be very volatile, and high yield securities are less liquid than investment grade debt securities.

The funds that hold high yield securities are subject to the following specific risks: (i) such securities are more volatile than higher rated fixed income securities; (ii) greater risk of loss because of default or declining credit quality; (iii) adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and (iv) a negative perception of the high yield market may develop, depressing the price and liquidity of high yield securities (the negative perception could last for a significant period of time).

Real Estate Investment Trusts (REITs) Risk. Investments in REITs expose a fund to risks similar to investing directly in real estate. The value of these underlying investments may be affected by changes in the value of the underlying real estate, the quality of the property management, the creditworthiness of the issuer of the investments, and changes in property taxes, interest rates and the real estate regulatory environment. Investments in REITs are also affected by general economic conditions.

Commodities Risk. Certain of the funds may have investment exposure to the commodities markets which may subject them to greater volatility than investments in traditional securities, such as stocks and bonds. The commodities markets may fluctuate widely based on a variety of factors. These include changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates and/or investor expectations concerning inflation rates and investment and trading

activities of mutual funds, hedge funds and commodities funds. Prices of various commodities may also be affected by factors such as drought, floods, weather, livestock disease, embargoes, tariffs and other regulatory developments. Many of these factors are very unpredictable. The prices of commodities can also fluctuate widely due to supply and demand disruptions in major producing or consuming regions. Certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers. As a result, political, economic and supply related events in such countries could have a disproportionate impact on the prices of such commodities. Because the performance of certain funds may be linked to the performance of highly volatile commodities, clients should be willing to assume the risks of potentially significant fluctuations in the value of shares of such funds.

Exchange-Traded Funds (ETFs) Risk. Investing in ETFs will give a client or a fund exposure to the securities comprising the index on which the ETF is based and will expose the client or the fund to risks similar to those of investing directly in those securities. A client or a fund may invest in “short ETFs,” which carry additional risks because they may invest in a variety of derivatives and may engage in short sales. Shares of ETFs are traded on an exchange and may trade at either a premium or discount to NAV. Clients will pay brokerage commissions in connection with the purchase and sale of shares of ETFs.

Index Risk. Some of the funds are designed to track the performance of underlying indices. Since the underlying indices are not subject to the diversification requirements, the funds may be required to deviate their investments from the securities and relative weightings of the underlying indices in order to satisfy regulatory and other diversification requirements to which they may be subject. They also may not be able to invest in certain securities included in the underlying indices due to liquidity constraints. Liquidity constraints may delay the funds’ purchase or sale of securities included in the underlying indices. For tax efficiency purposes, the funds may sell certain securities to realize losses, causing them to deviate from the underlying indices. A fund may not be fully invested at times, either as a result of cash flows into the fund or reserves of cash held by the fund to meet redemptions and expenses. If a fund utilizes a sampling approach or futures or other derivative positions, its return may not correlate as well with the return on its underlying index, as would be the case if it purchased all of the stocks in its underlying index with the same weightings as the underlying index.

In addition, the underlying indices may not be successful in replicating the performance of their target strategies. With respect to indices designed to track the returns of hedge funds, there is a risk that hedge fund return data provided by third party hedge fund data providers may be inaccurate or may not accurately reflect hedge fund returns due to survivorship bias, self-reporting bias or other biases. In constructing the underlying strategies of the underlying indices, index providers may not be successful in replicating the target returns.

Replication Management Risk. Unlike many investment companies, some of the funds that are designed to track the performance of a specified underlying index are not “actively” managed. Therefore, they would not necessarily sell a stock or bond because the stock’s or bond’s issuer was in financial trouble unless that stock or bond is removed from its underlying index.

Tracking Error Risk. Performance of a fund designed to track the performance of a specified underlying index may not match its underlying index during any period of time. Although each such fund attempts to track the performance of its underlying index, the fund may not be able to duplicate its exact composition or return for any number of reasons, including but not limited to management risk, liquidity risk and new fund risk, as well as fund expenses, which the underlying index does not incur. Additionally, the historical performance data of each underlying index is not predictive of future results.

Risk of Investing in Listed Private Equity Companies. Some funds may invest in private equity companies, including business development companies (BDCs), master limited partnerships (MLPs) and other vehicles whose principal business is to invest in, lend capital to or provide services to privately held companies (collectively, listed private equity companies). Investments made by listed private equity companies are generally subject to legal and other restrictions on resale and are less liquid than publicly traded securities. If a listed private equity company in which a fund invests needs to liquidate its portfolio quickly, it may realize a loss. Furthermore, little public information generally exists for thinly traded companies and investors may not be able to make a fully informed investment decision.

There are certain risks inherent in investing in BDCs. The Investment Company Act of 1940, as amended (the “1940 Act”), imposes certain restraints upon the operations of a BDC. Generally, little public information exists for private and thinly traded companies and there is a risk that investors may not be able to make a fully informed investment decision. With investments in debt instruments, there is a risk that the issuer may default on its payments or declare bankruptcy. Additionally, a BDC may only incur indebtedness in amounts such that the BDC’s asset coverage equals at least 200% after such incurrence. These limitations on asset mix and leverage may prohibit the way that the BDC raises capital. BDCs generally invest in less mature private companies, which involve greater risk than well-established publicly-traded companies. To the extent that a fund invests a portion of its assets in BDCs, a client that invests in such fund will bear not only its proportionate share of the expenses of the fund, but also, indirectly, the expenses of the BDCs.

Many listed private equity companies invest in subordinated and/or unsecured securities of privately held companies, and may not be rated by a credit rating agency. With investments in debt instruments, there is a risk that the issuer may default on its payments or declare bankruptcy.

Listed private equity companies may have investment portfolios with a relatively small number of holdings.

An MLP is an entity receiving partnership taxation treatment under the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), and whose partnership interests or “units” are traded on securities exchanges like shares of corporate stock. An investment in MLPs involves risks that differ from a similar investment in equity securities, such as common stock of a corporation. Investments in MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks, (ii) the limited ability to elect or remove management or the general partner or managing member, (iii) limited voting rights and (iv) conflicts of interest

between the general partner or managing member and its affiliates and the limited partners or members.

Short Sales Risk. A short sale of a security involves the risk that instead of declining, the price of the security sold short will rise. If the price of the security sold short increases between the time of the short sale and the time a fund replaces the borrowed security, such fund will realize a loss. The short sale of securities involves the possibility of a theoretically unlimited loss since there is a theoretically unlimited potential for the market price of the security sold short to increase. Shorting may have an imperfect correlation to the assets held by a fund and may not adequately protect against losses in or may result in greater losses for the fund's portfolio.

High Portfolio Turnover Risk. Some of the funds' strategies may result in high portfolio turnover, which, in turn, may result in increased transaction costs to the funds and lower total returns.

Leverage Risk. Leverage, including borrowing, may cause a fund to be more volatile by magnifying the fund's gains or losses than if the fund had not been leveraged. The use of leverage may cause the fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements.

Mortgage-Backed and Asset-Backed Securities Risk. Some of the funds may invest a portion of their assets in mortgage-backed and asset-backed securities. Mortgage-backed securities represent an interest in a pool of mortgages. Asset-backed securities represent an interest in a pool of installment sales or loan contracts, leases, credit card receivables or other types of receivables. The rate of mortgage prepayments may lengthen the effective maturity of these securities at a time when their value has declined or shorten the effective maturity of these securities at a time their value has increased. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations. Investments in asset-backed securities are subject to similar risks.

Convertible Securities Risk. A convertible security is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive the interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion or exchange, such securities ordinarily provide a stream of income with generally higher yields than common stocks of the same or similar issuers, but lower than the yield on non-convertible debt.

The value of a convertible security is usually a function of (1) its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege and (2) its worth, at market value, if converted into or exchanged for the underlying common stock. Convertible securities are typically issued by smaller capitalized companies whose stock prices may be volatile. The price of a convertible security often reflects such variations in the price of the underlying common stock in a way that non-convertible debt does not.

Repurchase Agreements Risk. Repurchase agreements may be subject to the risk that the seller of a security defaults and the collateral securing the repurchase agreement has declined and does not equal the value of the repurchase price. In this event, impairment of the collateral may result in additional costs.

Dollar Rolls Risk. Dollar rolls transactions may be subject to the risk that the market value of securities sold to the counterparty declines below the repurchase price, the counterparty defaults on its obligations, or the portfolio turnover rate increases because of these transactions. In addition, any investments purchased with the proceeds of a security sold in a dollar rolls transaction may lose value.

Income (Variable Dividend) Risk. An investment's income payments may decline depending on fluctuations in interest rates and the dividend payments of its underlying securities. In this event, some investments may attempt to pay the same dividend amount by returning capital.

Segregated Assets Risk. In connection with certain transactions that may give rise to future payment obligations, including many types of derivatives, a fund may be required to maintain a segregated amount of cash or liquid securities to cover the position. Segregated securities cannot be sold while the position they are covering is outstanding, unless they are replaced with other securities of equal value. As a result, there is the possibility that segregation of a large percentage of a fund's assets, in some circumstances, may limit the fund's adviser's flexibility.

Valuation Risk. The sales price that a fund could receive for any particular portfolio investment may differ from such fund's valuation of the investment, particularly for securities or other instruments that trade in thin or volatile markets or that are valued using a fair value methodology, such as, for example, foreign securities traded in foreign markets that are not open for trading during the same times that U.S. exchanges are open. Investors who purchase or redeem a fund's shares on days when the fund is holding fair-valued securities may receive fewer or more shares or lower or higher redemption proceeds than they would have received if the fund had not fair-valued the security or had used a different valuation methodology.

Portfolio Selection Risk. The value of a client's investment in a fund may decrease if such fund's manager's judgment about the quality, relative yield, value or market trends affecting a particular security, industry or sector, country or region, or about market movements is incorrect. In addition, the proprietary models used to evaluate securities or securities markets are based on an understanding of the interplay of market factors and do not assure successful investment. The markets or the prices of individual securities may be affected by factors not foreseen in developing the models.

There can be no assurance that a fund's investment strategy will be successful or that its investment objective will be achieved. Clients could lose money by investing in any funds.



Financial Guard

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Form ADV Brochure Supplements

June 1, 2017

The Brochure Supplements that follow provide information about certain members of Financial Guard's Investment Committee that supplement the Form ADV Disclosure Brochure of Financial Guard. You should have received a copy of that Brochure. Please contact Financial Guard at (614) 973-6999 or support@financialguard.com if you did not received Financial Guard's Brochure or if you have any questions about the contents of these Brochure Supplements.

Financial Guard's investment advisory services are provided by an Investment Committee, which is responsible for making all decisions regarding Financial Guard's investment algorithms, asset allocation model portfolios and investment fund selections and recommendations. The Investment Committee consists of five voting members and the Brochure Supplements that follow provide information about those members.

Peter Blue, CFA, CAIA, FRM

Peter Blue is Product Specialist at Legg Mason Global Asset Management (“Legg Mason”) and serves as a member of the Investment Committee of Financial Guard, LLC (“Financial Guard”), which is affiliated with Legg Mason. He can be contacted at the following business address and telephone number: Legg Mason Global Asset Management, 620 Eighth Avenue, New York, NY 10018, (212) 805-6000.

Educational Background and Business Experience

Mr. Blue, born in 1987, became a member of the Investment Committee of Financial Guard in August 2016. He joined Legg Mason as a Product Analyst in June 2014 and became a Product Specialist in January 2015. Previously, he was a Senior Associate at Guggenheim Partners (2012-2014); Associate Director at AlphaMetrix, LLC (2010-2012); and Investment Performance Associate at Cambridge Associates (2009-2010). Mr. Blue holds a B.S. degree from Washington and Lee University in Business Administration. He also holds the following designations:

- *Chartered Financial Analyst (“CFA”)*, which requires the charter holder to pass three separate examinations testing knowledge of finance, accounting, economics, business ethics and related topics, as well as a minimum of three years of investment experience.
- *Chartered Alternative Investment Analyst (“CAIA”)*, which requires the charter holder to pass two separate examinations assessing understanding of various alternative asset classes and knowledge of the tools and techniques used to evaluate the risk-return attributes of each and how to use such knowledge and analytics within a portfolio management context. Both exams also include segments on ethics and professional conduct.
- *Financial Risk Manager (“FRM”)*, which requires the holder to pass a two-part, practice-oriented examination that covers the major topics in financial risk management, demonstrate two years’ professional work experience in financial risk management and meet other requirements.

Disciplinary Information

Mr. Blue has no reportable legal or disciplinary events.

Other Business Activities

Mr. Blue is registered with Legg Mason Investor Services, LLC (“LMIS”), a registered limited purpose broker-dealer affiliated through common ownership with Financial Guard. LMIS acts as a primary distributor for and promotes certain investment products of Legg Mason and its advisory affiliates (“Legg Mason Products”). Mr. Blue’s registered status enables him to assist LMIS with promotion activities. Mr. Blue does not receive commissions or other sales-based compensation from LMIS. Financial Guard has policies and procedures in place to mitigate any potential conflicts of interest that may exist in connection with Financial Guard’s investment recommendations involving Legg Mason Products.

Additional Compensation

None.

Supervision

Roger Paradiso, as the Chairman of the Board of Directors ("Board") and as the Board-nominated executive and head of the Investment Committee of Financial Guard, oversees Mr. Blue's performance of investment advisory services and responsibilities as a member of the Investment Committee. Mr. Paradiso can be contacted at (203) 703-6000.

Ann Doyle

Ann Doyle is Managing Director, Head of Product Analytics & Reporting at Legg Mason Global Asset Management (“Legg Mason”) and serves as a member of the Investment Committee of Financial Guard, LLC (“Financial Guard”), which is affiliated with Legg Mason. She can be contacted at the following business address and telephone number: Legg Mason Global Asset Management, 100 International Drive, Baltimore, MD 21202, (410) 539-0000.

Educational Background and Business Experience

Ms. Doyle, born in 1963, became a member of the Investment Committee of Financial Guard in August 2016. Ms. Doyle joined Legg Mason in 2008 and has held various roles within the U.S. Product and Distribution organizations. In her current role, her team is responsible for providing competitive positioning, industry, product and portfolio level analytical support. Prior to her current role, Ms. Doyle served roles as Head of Investment Management Services and Head of U.S. Product Management within Legg Mason’s U.S. Distribution group. Ms. Doyle holds a B.B.A. in Management Information Systems and a M.B.A in Finance from Loyola University of Maryland and a J.D. from the University of Maryland, School of Law.

Disciplinary Information

Ms. Doyle has no reportable legal or disciplinary events.

Other Business Activities

Ms. Doyle is registered with Legg Mason Investor Services, LLC (“LMIS”), a registered limited purpose broker-dealer affiliated through common ownership with Financial Guard. LMIS acts as a primary distributor for and promotes certain investment products of Legg Mason and its advisory affiliates (“Legg Mason Products”). Ms. Doyle’s registered status enables her to assist LMIS with promotion activities. Ms. Doyle does not receive commissions or other sales-based compensation from LMIS. Financial Guard has policies and procedures in place to mitigate any potential conflicts of interest that may exist in connection with Financial Guard’s investment recommendations involving Legg Mason Products.

Additional Compensation

None.

Supervision

Roger Paradiso, as the Chairman of the Board of Directors (“Board”) and as the Board-nominated executive and head of the Investment Committee of Financial Guard, oversees Ms. Doyle’s performance of investment advisory services and responsibilities as a member of the Investment Committee. Mr. Paradiso can be contacted at (203) 703-6000.

Craig Grimm

Craig Grimm is a Chief Operating Officer and a member of the Investment Committee of Financial Guard, LLC ("Financial Guard"). He can be contacted at the business address and telephone number shown on the cover page.

Educational Background and Business Experience

Mr. Grimm, born in 1960, joined Financial Guard in 2010. In addition to his role with Financial Guard, Mr. Grimm also has been an Adjunct Professor of Mathematics at LDS Business College in Salt Lake City, Utah focusing on statistics and data analysis since 2001. He holds a B.S. in Electrical Engineering from the University of Utah.

Disciplinary Information

Mr. Grimm has no reportable legal or disciplinary events.

Other Business Activities

None.

Additional Compensation

None.

Supervision

Roger Paradiso, as the Chairman of the Board of Directors ("Board") and as the Board-nominated executive and head of the Investment Committee of Financial Guard, oversees Mr. Grimm's performance of investment advisory services and responsibilities as a member of the Investment Committee. Mr. Paradiso can be contacted at (203) 703-6000.

Cary Jenkins

Cary Jenkins is a Chief Innovation Officer and a member of the Investment Committee of Financial Guard, LLC ("Financial Guard"). He can be contacted at the business address and telephone number shown on the cover page.

Educational Background and Business Experience

Mr. Jenkins, born in 1967, joined Financial Guard in 2015. During the period from January 2015 until June 2016, he also was an Executive Vice President, Strategy with Visible Equity, a data firm that provides analytics to banks and credit unions. Previously, he was an Associate Vice President, Business Development with MassMutual (2013-2014) and Associate Vice President, Business Development with The Hartford (2008-2012). Both MassMutual and The Hartford were successors to the business of TopNoggin, a technology-driven actuarial firm that was founded by Mr. Jenkins and acquired by The Hartford in 2008 and then again by MassMutual in 2013. Mr. Jenkins holds a B.S. degree in Mechanical Engineering from the University of Utah.

Disciplinary Information

Mr. Jenkins has no reportable legal or disciplinary events.

Other Business Activities

None.

Additional Compensation

None.

Supervision

Roger Paradiso, as the Chairman of the Board of Directors ("Board") and as the Board-nominated executive and head of the Investment Committee of Financial Guard, oversees Mr. Jenkins' performance of investment advisory services and responsibilities as a member of the Investment Committee. Mr. Paradiso can be contacted at (203) 703-6000.

Roger Paradiso

Roger Paradiso is Managing Director, Head of Alternative Distribution Strategies at Legg Mason Global Asset Management (“Legg Mason”) and is the board-nominated executive and the head of Investment Committee of Financial Guard, LLC (“Financial Guard”), which is affiliated with Legg Mason. He can be contacted at the following business address and telephone number: Legg Mason Global Asset Management, 100 First Stamford Place, Stamford, CT 06902, (203) 703-6000.

Educational Background and Business Experience

Mr. Paradiso, born in 1966, became the board-nominated executive and the head of the Investment Committee of Financial Guard in August 2016. Prior to joining Legg Mason as Managing Director, Head of Alternative Distribution Strategies in 2016, he held various roles within Morgan Stanley Smith Barney, LLC and its predecessor firms, most recently as the Managing Director of Investment Solutions and Portfolio Development for Morgan Stanley’s advisory business in New York from 1988 until 2016. Mr. Paradiso holds a B.S. degree in Business from Long Island University.

Disciplinary Information

Mr. Paradiso has no reportable legal or disciplinary events.

Other Business Activities

Mr. Paradiso is registered with Legg Mason Investor Services, LLC (“LMIS”), a registered limited purpose broker-dealer affiliated through common ownership with Financial Guard. LMIS acts as a primary distributor for and promotes certain investment products of Legg Mason and its advisory affiliates (“Legg Mason Products”). Mr. Paradiso’s registered representative status enables him to assist LMIS with promotion activities. Mr. Paradiso does not receive commissions or other sales-based compensation from LMIS. Financial Guard has policies and procedures in place to mitigate any potential conflicts of interest that may exist in connection with Financial Guard’s investment recommendations involving Legg Mason Products.

Additional Compensation

None.

Supervision

As an executive nominated by Financial Guard’s Board of Directors (the “Board”) and the head of the Investment Committee of Financial Guard, Mr. Paradiso is responsible to and supervised by the Board and is not subject to any additional supervision.