

FMSI

Advisers

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NOVEMBER 11, 2014

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF FIRST MIDWEST SECURITIES, INC. WHICH CONDUCTS ITS INVESTMENT ADVISORY ACTIVITIES AS FMSI ADVISERS. IF YOU HAVE ANY QUESTIONS ABOUT THIS BROCHURE, PLEASE CONTACT FMSI ADVISERS VIA EMAIL AT INFO@MYFMSI.COM OR AT (309) 820-7444.

FMSI ADVISERS IS REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (SEC) AS A REGISTERED INVESTMENT ADVISER AND HAS ALSO NOTICE FILED IN VARIOUS STATES IN WHICH SERVICES ARE OFFERED. REGISTRATION OF AN INVESTMENT ADVISER OR ITS INVESTMENT ADVISOR REPRESENTATIVES DOES NOT IMPLY ANY LEVEL OF SKILL OR TRAINING. THE ORAL AND WRITTEN COMMUNICATIONS OF AN ADVISER PROVIDES YOU WITH INFORMATION TO HELP YOU DETERMINE WHETHER OR NOT TO HIRE OR CONTINUE TO RETAIN AN ADVISER.

ADDITIONAL INFORMATION ABOUT FMSI ADVISERS, CRD NUMBER 21786, IS ALSO AVAILABLE ON THE U.S. SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV

*THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE
U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AUTHORITY.*

ITEM 2 – MATERIAL CHANGES

THIS BROCHURE DATED NOVEMBER 11, 2014 IS AMENDED AND PREPARED PURSUANT TO THE SEC'S REQUIREMENTS AND RULES EFFECTIVE JULY 28, 2010. THIS BROCHURE CONTAINS CHANGES IN CONTENT FROM OUR PREVIOUS DISCLOSURE DOCUMENT DATED FEBRUARY 28, 2014 AND PROVIDES NEW UPDATED INFORMATION IN PLAIN SIMPLE ENGLISH.

PERSONNEL CHANGES

- JASON RIVES WAS NAMED CHIEF COMPLIANCE OFFICER OF FIRST MIDWEST SECURITIES, INC. AND FMSI ADVISERS.

VARIOUS SECTIONS IN THIS BROCHURE HAVE BEEN RE-TITLED AND RE-STRUCTURED BY INCORPORATING EXISTING GENERAL DISCLOSURES FOR CONVENIENCE AND EASE OF READING.

THIS BROCHURE IS REQUIRED TO BE DELIVERED TO A NEW CLIENT 48 HOURS BEFORE OR AT THE TIME OF EXECUTING AN INVESTMENT ADVISORY AGREEMENT, AS WELL AS OFFERED OR DELIVERED TO EXISTING CLIENTS ON AN ANNUAL BASIS, BUT NOT LATER THAN 120 DAYS AFTER THE CLOSE OF OUR FISCAL YEAR-END.

WHEN THERE MINOR OR MATERIAL CHANGES IN OUR BUSINESS ACTIVITIES OR KEY PERSONNEL, THIS BROCHURE WILL BE UPDATED AND A SUMMARY WILL BE DELIVERED TO ALL EXISTING CLIENTS DETAILING THE CHANGES. CLIENTS MAY REQUEST, FREE OF CHARGE, A FULL BROCHURE BY CONTACTING FMSI ADVISERS AT (309) 820-7444 OR DOWNLOAD A FREE COPY FROM OUR WEBSITE AT WWW.MYFMSI.COM/LEGAL.HTML. A FREE COPY OF THE BROCHURE CAN ALSO BE DOWNLOADED FROM THE SEC'S WEBSITE, WWW.ADVISERINFO.SEC.GOV, WHERE ADDITIONAL INFORMATION ABOUT FMSI ADVISERS AND PERSONS AFFILIATED WITH THE FIRM IS AVAILABLE.

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ITEM 4 – ADVISORY BUSINESS

FMSI ADVISERS (FMSI-IA) REGISTERED WITH THE SEC IN 2011 AND NOTICE FILES WITH VARIOUS STATE JURISDICTIONS WHERE IT CONDUCTS ITS BUSINESS ACTIVITIES AS A REGISTERED INVESTMENT ADVISER.

THE PRINCIPAL SHAREHOLDER AND A PRIVATELY HELD SUBSIDIARY CONTROLLING 75% OR MORE OF FMSI-IA IS THE INVESTMENT COMPANY, INC., A HOLDING CORPORATION. THE FIRM IS PRIVATELY OWNED BY BOTH CURRENT AND PAST MEMBERS OF SENIOR STAFF.

FMSI-IA OFFERS THE FOLLOWING ADVISORY SERVICES:

- INVESTMENT SUPERVISORY SERVICES (ISS) INDIVIDUAL PORTFOLIO MANAGEMENT
- MANAGER SELECTION PROGRAMS MODEL PORTFOLIO MANAGEMENT
- FINANCIAL PLANNING
- ADVISORY REFERRAL SERVICES

INFORMATION ABOUT THESE SERVICES AND PROGRAMS ARE LISTED BELOW AND ARE ALSO DISCLOSED IN EACH ADVISER'S BROCHURE OR OTHER DISCLOSURE DOCUMENT – SIMILAR TO THIS BROCHURE.

CLIENTS SHOULD REVIEW THE ADVISER'S BROCHURE OR OTHER DISCLOSURE DOCUMENT FOR A FULL DESCRIPTION OF THE AVAILABLE PROGRAMS, SERVICES OFFERED, AND THE FEES CHARGED FOR THOSE SERVICES BEFORE SIGNING ANY PAPERWORK OR CONTRACTUAL AGREEMENTS. THE INVESTMENT ADVISOR REPRESENTATIVE (IAR) IS ALWAYS AVAILABLE TO MEET WITH A CLIENT TO REVIEW THE ACCOUNT ON A REGULAR BASIS OR AS NEEDED.

ALL INVESTMENTS INVOLVE SOME DEGREE OF RISK, SOME MORE THAN OTHERS. KEEPING THAT IN MIND, RECOMMENDATIONS WILL ONLY BE PROVIDED THAT ARE SUITABLE BASED ON THE INFORMATION A CLIENT PROVIDES US IN THEIR INVESTMENT PROFILE WHICH INCLUDES, BUT IS NOT LIMITED TO THE ACCOUNT'S INVESTMENT OBJECTIVE, AND CLIENT'S RISK TOLERANCE, TIME HORIZON, AND LIQUIDITY NEEDS.

IT IS IMPERATIVE THAT A CLIENT DEFINE AND UNDERSTAND THEIR RISK TOLERANCE AS WELL AS THEIR ABILITY TO HANDLE DECREASES IN AN INVESTMENT'S OR AN ACCOUNT'S VALUE. THE USE OF MARGIN OR OPTIONS WILL ALSO INCREASE THE LEVEL OF MARKET RISK TO YOUR ACCOUNT.

INVESTMENT SUPERVISORY SERVICES (ISS) - INDIVIDUAL PORTFOLIO MANAGEMENT

IARS PROVIDE CONTINUOUS ADVICE TO CLIENTS REGARDING THE INVESTMENT OF FUNDS BASED ON INDIVIDUAL NEEDS. THROUGH PERSONAL DISCUSSIONS, OUR IARS HELP CLIENTS DEFINE THEIR INVESTMENT PROFILE WHICH INCLUDES, BUT IS NOT LIMITED TO THE ACCOUNT'S INVESTMENT OBJECTIVE, THE CLIENT'S GOALS, RISK TOLERANCE, TIME HORIZON, AND OTHER QUALIFIERS BASED ON THE CLIENT'S PERSONAL CIRCUMSTANCES AND EXPERIENCE. FROM THE INVESTMENT PROFILE, YOUR IAR CREATES AND MANAGES THE ACCOUNT. IN ADDITION TO THE DATA GATHERING PROCESS, IARS ALSO REVIEW AND DISCUSS A CLIENT'S PRIOR INVESTMENT HISTORY, FAMILY COMPOSITION, AND OTHER VARIABLES TO HELP DETERMINE AND DEFINE CURRENT NEEDS AND OBJECTIVES, AS WELL AS FUTURE NEEDS AND OBJECTIVES FOR THE MANAGED ACCOUNT(S).

A CLIENT DETERMINES HOW THE ACCOUNT WILL BE MANAGED. THE CLIENT CAN AUTHORIZE THE IAR DISCRETIONARY OR NON-DISCRETIONARY AUTHORITY. WHEN AUTHORIZING DISCRETION, THE IAR DOES NOT CONSULT WITH A CLIENT PRIOR TO MAKING INVESTMENT DECISIONS OR NECESSARY CHANGES ON BEHALF OF THE MANAGED ACCOUNT; IF THE ACCOUNT IS MANAGED ON A NON-DISCRETIONARY BASIS, THE IAR MUST CONSULT WITH A CLIENT TO OBTAIN AUTHORIZATION PRIOR TO IMPLEMENTING INVESTMENT DECISIONS.

WHEN SUPERVISING THE ACCOUNT'S PERFORMANCE, IARS ARE GUIDED BY THE INVESTMENT OBJECTIVE SELECTED BY THE CLIENT, WHICH CAN BE PRESERVATION OF CAPITAL, INCOME, GROWTH AND INCOME, GROWTH, AGGRESSIVE GROWTH, AS WELL AS KNOWN TAX CONSIDERATIONS.

CLIENTS MAY ALSO REQUEST REASONABLE RESTRICTIONS SUCH AS INVESTING IN CERTAIN SECURITIES, TYPES OF SECURITIES, OR INDUSTRY SECTORS. IF A RESTRICTION CAN BE REASONABLY MONITORED, IT WILL IMPLEMENT ON THE ACCOUNT. IN SOME CASES, WHERE A REQUESTED RESTRICTION CANNOT BE IMPLEMENTED, A MUTUAL ALTERNATIVE THAT SERVES A CLIENT'S NEED MAY BE PRESENTED.

THE INVESTMENT RECOMMENDATIONS AND STRATEGIES ARE NOT LIMITED TO ANY SPECIFIC PRODUCT OR SERVICE AND WILL GENERALLY INCLUDE ADVICE REGARDING THE FOLLOWING TYPES OF SECURITIES OR PRODUCTS:

- EXCHANGE-LISTED SECURITIES
- SECURITIES TRADED OVER-THE-COUNTER
- WARRANTS
- FIXED INCOME SECURITIES
- CORPORATE DEBT SECURITIES (OTHER THAN COMMERCIAL PAPER)
- CERTIFICATES OF DEPOSIT
- MUNICIPAL SECURITIES
- VARIABLE LIFE INSURANCE
- VARIABLE ANNUITIES
- MUTUAL FUND SHARES
- UNITED STATES GOVERNMENTAL SECURITIES
- OPTIONS CONTRACTS ON SECURITIES
- INTERESTS IN PARTNERSHIPS INVESTING IN REAL ESTATE*
- INTERESTS IN PARTNERSHIPS INVESTING IN OIL AND GAS INTERESTS*

*WHILE ADVICE MAY BE PROVIDED ON INTERESTS IN PARTNERSHIPS INVESTING IN REAL ESTATE OR OIL AND GAS PROGRAMS, THESE PRODUCTS REQUIRE A MORE IN-DEPTH REVIEW TO DETERMINE IF THEY ARE SUITABLE FOR CUSTODY AND INVESTMENT MANAGEMENT. AT FMSI-IA'S SOLE DISCRETION, WE WILL CONDUCT SUITABILITY REVIEWS TO DETERMINE ACCREDITED INVESTOR STATUS, THE DATE OF PURCHASE, PROGRAM TERM, PORTFOLIO DIVERSIFICATION AND OTHER INVESTMENT OBJECTIVES OF THE ACCOUNT BEFORE THESE INVESTMENT TYPES CAN BE APPROVED FOR PURCHASE OR CUSTODY IN A MANAGED ACCOUNT.

IARs ARE ALSO REGISTERED REPRESENTATIVES (RR) OF FIRST MIDWEST SECURITIES, INC. (FMSI), THE AFFILIATED BROKER-DEALER OF FMSI-IA. RRs MAY ONLY SELL PRODUCTS THAT ARE APPROVED BY FIRST MIDWEST SECURITIES, INC. THESE SAME INDIVIDUALS MAY ALSO BE LICENSED LIFE AGENTS WITH FIRST MIDWEST INSURANCE SERVICES, INC. (FMIS), THE AFFILIATED LIFE INSURANCE AGENCY OF FMSI-IA. LIFE AGENTS MAY ONLY SELL ISSUER PRODUCTS THAT ARE AVAILABLE UNDER AN ACTIVE SELLING AGREEMENT AND ACTIVE LIFE AGENT APPOINTMENT. THIS PRESENTS A CONFLICT OF INTEREST AND IS MORE FULLY EXPLAINED IN ITEM 19 – CONFLICTS OF INTEREST.

MANAGER SELECTION PROGRAMS – MODEL PORTFOLIO MANAGEMENT

WE ALSO OFFER ADVISORY MANAGEMENT SERVICES THROUGH THE MANAGER SELECTION PROGRAMS (PROGRAMS). THROUGH PERSONAL DISCUSSIONS WITH A CLIENT, OUR IARs HELP CLIENTS DEFINE THEIR INVESTMENT PROFILE WHICH INCLUDES, BUT IS NOT LIMITED TO THE ACCOUNT'S INVESTMENT OBJECTIVE, THE CLIENT'S GOALS, RISK TOLERANCE, TIME HORIZON, AND OTHER QUALIFIERS BASED ON THE CLIENT'S PERSONAL CIRCUMSTANCES AND EXPERIENCE. FROM THE INVESTMENT PROFILE, YOUR IAR WILL DEVELOP THE ASSET ALLOCATION STRATEGY. IN ADDITION TO THE DATA GATHERING PROCESS, IARs ALSO REVIEW AND DISCUSS A CLIENT'S PRIOR INVESTMENT HISTORY, FAMILY COMPOSITION, AND OTHER VARIABLES TO HELP DETERMINE AND DEFINE CURRENT NEEDS AND OBJECTIVES, AS WELL AS FUTURE NEEDS AND OBJECTIVES FOR THE MANAGED ACCOUNT(S).

BASED ON THE INVESTMENT PROFILE, IARs WILL THEN PERFORM MANAGEMENT SEARCHES OF UNAFFILIATED REGISTERED INVESTMENT ADVISERS TO IDENTIFY WHICH PORTFOLIO MANAGEMENT STYLE IS SUITABLE. OTHER FACTORS THAT IARs

CONSIDER IN MAKING THIS DETERMINATION AND RECOMMENDATION INCLUDE THE ACCOUNT SIZE, EXPERIENCE, AND THE INVESTMENT PHILOSOPHY OF THE SELECTED ASSET MANAGER, AND THE CLIENT'S OPINIONS AND PREFERENCES.

ONCE THE IAR DETERMINES THE MOST SUITABLE INVESTMENT ADVISER'S PORTFOLIO MANAGEMENT STYLE, THE CLIENT'S APPLICATION CONTAINING THE INVESTMENT PROFILE AND REQUIRED SIGNATURE(S) IS PROVIDED TO THE SELECTED ADVISER. THE ADVISER WILL CREATE AND MANAGE THE PORTFOLIO BASED ON THE CLIENT'S INDIVIDUAL NEEDS AND THE INVESTMENT PROFILE.

THE IAR WILL MONITOR THE PERFORMANCE OF THE SELECTED ADVISER(S). IF IT IS DETERMINED THAT A PARTICULAR SELECTED ADVISER IS NOT PROVIDING SUFFICIENT MANAGEMENT SERVICES, OR IS NOT MANAGING THE PORTFOLIO IN A MANNER CONSISTENT WITH THE INVESTMENT PROFILE, THE IAR MAY SUGGEST THAT THE CLIENT CONTRACT WITH A DIFFERENT ADVISER AND/OR PROGRAM SPONSOR.

UNDER THIS SCENARIO, THE IAR WILL ASSIST THE CLIENT IN SELECTING AN ADVISER AND/OR PROGRAM; HOWEVER, ANY MOVE TO A NEW ADVISER AND/OR PROGRAM IS SOLELY AT THE CLIENT'S DISCRETION. IN SOME CASES, THIS MAY TRIGGER A TAXABLE EVENT AND A CLIENT IS ENCOURAGED TO CONSULT WITH THEIR TAX ADVISOR BEFORE MAKING A CHANGE.

FINANCIAL PLANNING

FINANCIAL PLANNING IS A COMPREHENSIVE EVALUATION OF A CLIENT'S CURRENT AND FUTURE FINANCIAL STATUS AND UTILIZES CURRENT KNOWN VARIABLES TO PREDICT FUTURE CASH FLOWS, ASSET VALUES, AND WITHDRAWAL PLANS. THROUGH THE FINANCIAL PLANNING PROCESS, ALL QUESTIONS, INFORMATION AND ANALYSES ARE CONSIDERED AS THEY IMPACT AND ARE IMPACTED BY THE CLIENT'S ENTIRE FINANCIAL AND LIFE SITUATION. WHEN A CLIENT PURCHASES THIS SERVICE, YOUR IAR DEVELOPS AND DELIVERS A WRITTEN REPORT WHICH PROVIDES A DETAILED FINANCIAL PLAN DESIGNED TO ASSIST A CLIENT IN ACHIEVING THE FINANCIAL GOALS AND OBJECTIVES.

NOT EVERY IAR OFFERS FINANCIAL PLANNING SERVICES; HOWEVER, IF A CLIENT IS ALREADY WORKING WITH A FINANCIAL PLANNER, YOUR IAR SHOULD BE A PART OF THE VALUED FINANCIAL TEAM AND WORK WITH THE FINANCIAL PLANNER AND TAX ADVISOR. IN GENERAL, BASED ON A CLIENT'S NEEDS AND BUDGET, THE FINANCIAL PLAN CAN ADDRESS ONE, A COMBINATION OF, OR ALL OF THE FOLLOWING AREAS:

- **PERSONAL:** REVIEW OF FAMILY FINANCIAL RECORDS, BUDGETING, PERSONAL LIABILITY, ESTATE INFORMATION AND FINANCIAL GOALS.
- **TAX & CASH FLOW:** ANALYZE INCOME TAX, SPENDING PATTERNS, AND PLANNING FOR PAST, CURRENT AND FUTURE YEARS; THEN ILLUSTRATE THE IMPACT OF VARIOUS INVESTMENTS ON CURRENT INCOME TAX AND FUTURE TAX LIABILITY.
- **INVESTMENTS:** ANALYZE INVESTMENT ALTERNATIVES AND THEIR EFFECT ON THE PORTFOLIO.
- **INSURANCE/CAPITAL NEEDS ANALYSIS:** REVIEW EXISTING POLICIES TO DETERMINE PROPER COVERAGE FOR LIFE, HEALTH, DISABILITY, LONG-TERM CARE, LIABILITY, HOME AND AUTOMOBILE.
- **RETIREMENT:** ANALYZE CURRENT STRATEGIES AND INVESTMENT PLANS TO HELP ACHIEVE RETIREMENT GOALS.
- **DEATH & DISABILITY:** REVIEW CASH NEEDS AT DEATH, INCOME NEEDS OF SURVIVING DEPENDENTS, ESTATE PLANNING AND DISABILITY INCOME.
- **ESTATE:** ASSIST IN ASSESSING AND DEVELOPING LONG-TERM STRATEGIES, INCLUDING AS APPROPRIATE, LIVING TRUSTS, WILLS, REVIEW OF ESTATE TAX, POWERS OF ATTORNEY, ASSET PROTECTION PLANS, NURSING HOMES, MEDICAID AND ELDER LAW.

THE IAR WILL GATHER REQUIRED INFORMATION THROUGH IN-DEPTH PERSONAL INTERVIEWS WITH A CLIENT. THE INFORMATION GATHERED MAY INCLUDE, AND IS NOT LIMITED TO THE CURRENT FINANCIAL STATUS, TAX STATUS, FUTURE GOALS, RETURN OBJECTIVES, AND THE CLIENT'S ATTITUDE TOWARDS RISK. THE IAR CAREFULLY REVIEWS DOCUMENTS PROVIDED BY THE CLIENT, INCLUDING A QUESTIONNAIRE THAT IS COMPLETED BY THE CLIENT. THE IAR THEN PREPARES A WRITTEN REPORT – THE FINANCIAL PLAN.

IARs MAY ALSO PROVIDE GENERAL NON-SECURITIES ADVICE ON TOPICS THAT MAY INCLUDE TAX AND BUDGETARY PLANNING, ESTATE PLANNING AND BUSINESS PLANNING. NEITHER FMSI-IA NOR IARs PROVIDE TAX AND/OR LEGAL ADVICE OR SERVICES. WE BELIEVE IT IS IMPORTANT THAT A CLIENT'S PROFESSIONALS – IAR/ADVISER, TAX ADVISOR OR CPA, AND ATTORNEY WORK IN CONCERT TO MAXIMIZE THE CLIENT'S WEALTH POTENTIAL AND MINIMIZE THE LIABILITIES TO THE BEST INTERESTS AND BENEFITS OF THE CLIENT.

TYPICALLY YOUR IAR WILL DELIVER THE FINANCIAL PLAN WITHIN SIX (6) MONTHS FROM THE CONTRACT DATE, PROVIDED THAT ALL INFORMATION NEEDED TO PREPARE THE FINANCIAL PLAN HAS BEEN PROMPTLY PROVIDED.

WHILE FINANCIAL PLANNING RECOMMENDATIONS ARE NOT LIMITED TO A SPECIFIC PRODUCT OR SERVICE, ALL RECOMMENDATIONS ARE OF A GENERIC NATURE. IF A CLIENT ELECTS TO IMPLEMENT THE FINANCIAL PLAN THROUGH THE IAR, HE OR SHE WILL RESEARCH AND RECOMMEND SPECIFIC PRODUCTS THAT ARE OUTLINED IN THE FINANCIAL PLAN. THE IAR, IN THEIR CAPACITY AS AN RR OF FMSI, WILL AFFECT THE BUY (PURCHASE) TRANSACTIONS FOR THE PRODUCTS RECOMMENDED IN THE FINANCIAL PLAN AND RECEIVE NORMAL AND CUSTOMARY COMPENSATION IN THE FORM OF "COMMISSION INCOME." THE SAME IS APPLICABLE FOR AN IAR WHO MAY ALSO BE A LICENSED LIFE AGENT OF FMIS AND AFFECTS THE BUY (PURCHASE) TRANSACTION FOR FIXED INSURANCE PRODUCT RECOMMENDATIONS. THIS PRESENTS A CONFLICT OF INTEREST AND IS MORE FULLY EXPLAINED IN ITEM 19 – CONFLICTS OF INTEREST.

ADVISORY REFERRAL SERVICES

FMSI-IA AND ITS IARs ALSO ACT AS A SOLICITOR ON BEHALF OF UNAFFILIATED REGISTERED INVESTMENT ADVISERS. DURING THE CONSULTATION WITH A CLIENT, FACTORS THAT IARs RELY UPON IN ORDER TO RECOMMEND AN INVESTMENT ADVISERS' PORTFOLIO MANAGEMENT SERVICE OR PROGRAM THAT IS SUITABLE INCLUDES, BUT IS NOT LIMITED TO THE CLIENT'S INVESTMENT PROFILE.

AS A SOLICITOR, IARs MEET WITH A CLIENT ON A REGULAR BASIS OR AS DETERMINED BY A CLIENT TO REVIEW THE ACCOUNT. WHEN NECESSARY, YOUR IAR MAY SUGGEST REBALANCING OF THE PORTFOLIO TO MORE EFFECTIVELY ADDRESS THE CLIENT'S STATED GOALS. THE CLIENT MAY THEN DIRECT THE ADVISER TO MAKE ANY OR ALL OF THE RECOMMENDED CHANGES.

THE RECOMMENDATIONS SUGGESTED BY IARs ARE THEIR OWN, AND ARE NEITHER RECOMMENDED NOR APPROVED BY ANY UNAFFILIATED REGISTERED INVESTMENT ADVISER.

AT THE TIME OF CONDUCTING ADVISORY SOLICITATION ACTIVITIES, FMSI-IA WILL ENSURE THAT ALL FEDERAL AND/OR STATE SPECIFIC REQUIREMENTS GOVERNING SOLICITATION ACTIVITIES ARE MET AND COMPLY WITH THE INVESTMENT ADVISERS ACT OF 1940 (ADVISERS ACT), RULE 206(4)-3 – CASH PAYMENT FOR CLIENT SOLICITATIONS.

AMOUNT OF MANAGED ASSETS

AS OF DECEMBER 31, 2013, FMSI-IA WAS ACTIVELY MANAGING \$89,664,705.72 OF CLIENT ASSETS ON A DISCRETIONARY BASIS, AND \$16,388,264.96 OF CLIENT ASSETS ON A NON-DISCRETIONARY BASIS.

ADDITIONALLY, FMSI-IA HAS SOLICITED \$39,221,095.22 OF CLIENT ASSETS ON A NON-DISCRETIONARY BASIS UNDER ACTIVE AGREEMENTS WITH THE FOLLOWING UNAFFILIATED REGISTERED INVESTMENT ADVISERS:

- BTS ASSET MANAGEMENT
- ENVESTNET, LLC
- LOCKWOOD ADVISORS
- DONALDSON CAPITAL MANAGEMENT
- FLEXIBLE PLAN INVESTMENTS, LLC
- SCHREINER CAPITAL MANAGEMENT

COMPLIANCE PLAN AND SHARED DISCLOSURES

FMSI-IA HAS ADOPTED AND IMPLEMENTED ITS COMPLIANCE WRITTEN POLICIES AND PROCEDURES PURSUANT TO RULE 206(4)-7 OF THE INVESTMENT ADVISERS ACT OF 1940 AND HAS ADOPTED AND SHARES MULTIPLE DISCLOSURES AND VARIOUS WRITTEN SUPERVISORY PROCEDURES THAT ARE APPLICABLE TO IT AS WELL AS ITS AFFILIATED ENTITIES.

THESE SHARED DISCLOSURES INCLUDE ITS PRIVACY POLICY STATEMENT AND PRACTICES, BUSINESS CONTINUITY PLAN AND SUMMARY, CUSTOMER IDENTIFICATION PROGRAM, IDENTITY THEFT PROTECTION PROGRAM AND ANTI-MONEY LAUNDERING PROGRAM TO NAME A FEW. THESE DISCLOSURES ARE ENCLOSED IN THIS BROCHURE FROM ITEMS 22-26.

ITEM 5 – FEES AND COMPENSATION

INVESTMENT SUPERVISORY SERVICES (ISS) - INDIVIDUAL PORTFOLIO MANAGEMENT

THE ANNUAL FEE FOR ISS INDIVIDUAL PORTFOLIO MANAGEMENT IS BASED UPON AND CHARGED AS A PERCENTAGE OF ASSETS UNDER MANAGEMENT AND RANGE FROM 0.50% TO 3.00%.

| ASSETS UNDER MANAGEMENT | ANNUAL PERCENTAGE FEE | |
|-------------------------------|-----------------------|-------------------|
| | DISCRETIONARY | NON-DISCRETIONARY |
| \$0.00 - \$250,000.00 | 3.00% | 2.50% |
| \$250,000.01 - \$500,000.00 | 2.50% | 2.00% |
| \$500,000.01 - \$750,000.00 | 2.00% | 1.50% |
| \$750,000.01 - \$1,000,000.00 | 1.50% | 1.00% |
| \$1,000,000.01 AND OVER | 1.00% | 0.50% |

ISS PORTFOLIO MANAGEMENT SERVICES REQUIRE A MINIMUM PRIMARY ACCOUNT SIZE OF \$25,000.00 OF ASSETS UNDER MANAGEMENT. THE MINIMUM ACCOUNT SIZE MAY BE NEGOTIABLE UNDER CERTAIN CIRCUMSTANCES WHERE FMSI-IA, IN ITS SOLE DISCRETION, MAY ACCEPT RELATED ACCOUNTS NOT MEETING THE MINIMUM ACCOUNT SIZE IF INVESTMENT MANAGEMENT SERVICES ARE IN THE BEST INTERESTS OF THE CLIENT.

PRE-EXISTING ADVISORY CLIENTS ARE SUBJECT TO FMSI-IA'S MINIMUM ACCOUNT REQUIREMENTS AND ADVISORY FEES IN EFFECT AT THE TIME THE CLIENT ENTERED INTO THE ADVISORY RELATIONSHIP. THEREFORE, OUR MINIMUM ACCOUNT REQUIREMENTS MAY DIFFER AMONG CLIENTS.

FURTHERMORE, CLIENTS' FEE SCHEDULES MAY BE CALCULATED BY A VARIETY OF METHODS:

FLAT PERCENTAGE SCHEDULE: THE CLIENT'S MANAGED ACCOUNT IS CHARGED A SET PERCENTAGE FEE BASED ON THE SERVICES PROVIDED BY YOUR IAR.

LINEAR FEE SCHEDULE: AS ASSETS GROW IN A CLIENT'S MANAGED ACCOUNT AND BREAKPOINTS ARE MET, FEES ARE DECREASED. ONCE A BREAKPOINT IS MET, ALL OF THE ASSETS BACK TO DOLLAR ONE IS CHARGED AT THE NEW LOWER PERCENTAGE RATE.

TIERED FEE SCHEDULE: SIMILAR TO THE CURRENT INCOME TAX SYSTEM. EACH LEVEL OF ASSETS IS CHARGED ITS OWN CORRESPONDING PERCENTAGE RATE. FOR EXAMPLE, A TIERED FEE SCHEDULE MIGHT CHARGE 1.5% ON THE FIRST \$250,000, 1.25% ON THE NEXT \$250,000, EFFECTIVELY GIVING THE CLIENT A BLENDED, LOWER PERCENTAGE RATE.

ADVISORY REFERRAL SERVICES

CLIENTS PARTICIPATING IN A THIRD PARTY INVESTMENT ADVISER PROGRAM WILL BE CHARGED FEES THAT MAY INCLUDE VARIOUS PROGRAM FEES IN ADDITION TO THE FEE CHARGED BY FMSI-IA. SUCH PROGRAM FEES MAY INCLUDE BUT ARE NOT LIMITED TO, THE INVESTMENT ADVISORY FEES OF THE INDEPENDENT MONEY MANAGERS, FEES FOR SEPARATE BROKERAGE TRANSACTIONS, CUSTODIAL FEES, FEES FOR SEPARATE ASSET ALLOCATION ADVICE AND/OR FEES FOR SEPARATE INDEPENDENT REPORTING. PROGRAM FEES WILL BE DIRECTLY DEBITED ON A SCHEDULE DETERMINED BY THE AGREEMENT SIGNED BETWEEN FMSI-IA, THE THIRD PARTY INVESTMENT ADVISER, AND THE CLIENT.

FMSI-IA'S FEE FOR PARTICIPATION WITH A THIRD PARTY INVESTMENT ADVISER PROGRAM WILL NOT EXCEED 3% OF ASSETS UNDER MANAGEMENT PER YEAR. THE EXACT FEE RECEIVED BY FMSI-IA FOR ITS SERVICES AND THE TOTAL PROGRAM FEE WILL BE DISCLOSED TO CLIENTS EITHER IN A SEPARATE DISCLOSURE DOCUMENT, OR IN THE INVESTMENT MANAGEMENT AGREEMENT BETWEEN FMSI-IA, THE THIRD PARTY INVESTMENT ADVISER, AND THE CLIENT.

CLIENTS INVESTING WITH A THIRD PARTY INVESTMENT ADVISER WILL RECEIVE A SEPARATE DISCLOSURE BROCHURE FROM THE THIRD PARTY INVESTMENT ADVISER.

NEGOTIATED FEE SCHEDULES

FMSI-IA RETAINS THE DISCRETION TO ACCEPT ACCOUNTS AND TO ALSO NEGOTIATE ALTERNATIVE FEES ON A CLIENT-BY-CLIENT BASIS. THE CLIENT'S FACTS, CIRCUMSTANCES, AND NEEDS ARE CONSIDERED IN DETERMINING A NEGOTIATED FEE SCHEDULE. FACTORS CONSIDERED INCLUDE THE COMPLEXITY OF THE ACCOUNTS, ASSETS TO BE PLACED UNDER MANAGEMENT, ANTICIPATED FUTURE ADDITIONAL ASSETS; RELATED ACCOUNTS; PORTFOLIO STYLE, ACCOUNT COMPOSITION, REPORTS, AND OTHER FACTORS. THE SPECIFIC ANNUAL FEE SCHEDULE IS IDENTIFIED IN THE INVESTMENT ADVISORY AGREEMENT BETWEEN THE CLIENT AND IAR.

NOTE: COMPUTED ANNUAL FEES ARE BASED ON INVESTMENT AMOUNTS AND FEE SCHEDULES. ACTUAL BILL AMOUNTS MAY VARY IF MULTIPLE ACCOUNTS ARE LINKED TO ACHIEVE HIGHER BILLING BREAKPOINTS. ANNUAL MINIMUM FEES MAY INCREASE THE BASIS POINT CHARGE.

AT OUR SOLE DISCRETION, WE MAY OFFER DISCOUNTS TO FAMILY MEMBERS AND FRIENDS OF ASSOCIATED PERSONS OF FMSI OR FMSI-IA THAT ARE NOT AVAILABLE TO OUR RETAIL CUSTOMERS.

AUTOMATIC ACCOUNT FEE DEBITING

THE ANNUAL FEE ASSESSED ON A CLIENT'S MANAGED ACCOUNT IS AUTOMATICALLY DEBITED BY AND PAID TO FMSI-IA BY THE QUALIFIED CUSTODIAN. THE FEE DEBITED WILL BE SHOWN ON THE CLIENT'S BROKERAGE AND/OR MANAGED ACCOUNT STATEMENTS. THE CALCULATION OF THE ANNUAL FEE WILL BE SHOWN ON A CLIENT'S FMSI-IA QUARTERLY PERFORMANCE REPORT.

FEE CALCULATION

FEES ARE CALCULATED ON A CLIENT'S ACCOUNT IN ACCORDANCE WITH THE INVESTMENT ADVISORY AGREEMENT ON AN ANNUAL BASIS AND BILLED ON A QUARTERLY (THREE MONTH) BILLING CYCLE. THE FEE IS CALCULATED BASED UPON:

ADVANCE BILLING: FAIR MARKET ACCOUNT VALUE ON THE LAST DAY OF PREVIOUS BILLING CYCLE.

ARREARS BILLING: FAIR MARKET ACCOUNT VALUE ON THE LAST DAY OF THE CURRENT BILLING CYCLE.

FEES ARE CALCULATED BY MULTIPLYING THE FAIR MARKET ACCOUNT VALUE BY THE ANNUAL PERCENTAGE FEE, AND THEN BY THE ACTUAL NUMBER OF CALENDAR DAYS IN THE BILLING CYCLE AND THEN DIVIDE THE TOTAL BY THE NUMBER OF CALENDAR DAYS IN THE YEAR.

EXAMPLE

FAIR MARKET ACCOUNT VALUE = \$25,000

ANNUAL PERCENTAGE FEE = 1.50%

CALENDAR DAYS IN BILLING CYCLE = 90

CALENDAR DAYS IN YEAR = 365

CALCULATION: $(\$25,000 \times 1.50\% \times 90)/365 = \92.47 QUARTERLY FEE

FINANCIAL PLANNING

FINANCIAL PLANNING FEES ARE BASED ON THE NATURE OF THE SERVICES PROVIDED AND THE COMPLEXITY OF EACH CLIENT'S INDIVIDUAL CIRCUMSTANCES. ALL FEES ARE AGREED UPON PRIOR TO ENTERING INTO AN AGREEMENT.

HOURLY FEES

FINANCIAL PLANNING FEES MAY BE BILLED ON AN HOURLY BASIS, RANGING FROM \$100.00 TO \$300.00 PER HOUR. THE LENGTH OF TIME IT MAY TAKE TO PREPARE A PLAN WILL DEPEND ON THE CLIENT'S PERSONAL SITUATION. HOWEVER, UNDER NO CIRCUMSTANCES DOES FMSI-IA REQUIRE OR SOLICIT PAYMENT OF FEES IN EXCESS OF \$1,200.00 MORE THAN SIX (6) MONTHS IN ADVANCE OF SERVICES RENDERED. YOUR IAR WILL PROVIDE AN ESTIMATE FOR THE TOTAL HOURS AT THE START OF THE PLANNING RELATIONSHIP. CLIENT'S WILL BE BILLED QUARTERLY IN ARREARS BASED ON ACTUAL HOURS ACCRUED.

FIXED FEES

IARs MAY ALSO CHARGE A FIXED FEE FOR ACCOUNT MANAGEMENT, IF IT IS DETERMINED TO BE IN THE CLIENT'S BEST INTEREST AND IT DOES NOT EXCEED THE ANNUAL PERCENTAGE FEE FOR THE ASSETS UNDER MANAGEMENT RANGE.

FINANCIAL PLANNING FEES MAY BE BILLED ON A FIXED FEE BASIS, RANGING FROM \$300.00 TO \$1,500.00 PER PLAN. BOTH THE PLANNER AND CLIENT WILL AGREE UPON A SPECIFIC PRICE AT THE TIME OF ENTERING INTO AN AGREEMENT.

GENERALLY, A RETAINER MAY BE PAYABLE UPON COMPLETION OF THE INITIAL FACT-FINDING MEETING WITH A CLIENT; HOWEVER, ADVANCE PAYMENT WILL NEVER EXCEED \$1,200.00 FOR WORK THAT WILL NOT BE COMPLETED WITHIN SIX MONTHS. THE BALANCE OF THE AGREED UPON FEE IS DUE UPON COMPLETION AND AT DELIVERY OF THE PLAN.

FINANCIAL PLANNING FEE OFFSET

FMSI-IA RESERVES THE DISCRETION TO REDUCE OR WAIVE THE HOURLY FEE AND/OR THE MINIMUM FIXED FEE IF A FINANCIAL PLANNING CLIENT CHOOSES TO ENGAGE THE IAR FOR PORTFOLIO MANAGEMENT SERVICES.

ADVISORY FEES IN GENERAL

CLIENTS' SHOULD NOTE THAT SIMILAR ADVISORY SERVICES MAY OR MAY NOT BE AVAILABLE AT THE SAME FEE LEVEL FROM OTHER UNAFFILIATED REGISTERED INVESTMENT ADVISERS. ADVISORY CLIENTS MAY PAY MORE OR LESS FOR THE SAME SERVICES OFFERED BY FMSI-IA OR OTHER UNAFFILIATED REGISTERED INVESTMENT ADVISERS.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

FMSI-IA MAY ENTER INTO A PERFORMANCE FEE ARRANGEMENT WITH CERTAIN SOPHISTICATED CLIENTS WHO HAVE THE CAPACITY TO BEAR THE ADDITIONAL RISKS ASSOCIATED WITH THIS ARRANGEMENT. PERFORMANCE-BASED FEES ARE DEFINED AS FEES BASED ON A SHARE OF CAPITAL GAINS OR CAPITAL APPRECIATION OF THE ASSETS OF A CLIENT PORTFOLIO AND ARE MEASURED AGAINST A SPECIFIC INDEX OR WATERMARK (PERFORMANCE EXCEEDING A STARTING BALANCE). SEPARATE DISCLOSURE AND CONTRACTS ARE UTILIZED FOR "QUALIFIED CLIENTS" WHO PARTICIPATE IN A PERFORMANCE-BASED FEE ARRANGEMENT.

PURSUANT TO PARAGRAPH (D) OF RULE 205-3 OF THE ADVISERS ACT, A QUALIFIED CLIENT, DESIRING TO PARTICIPATE IN A PERFORMANCE-BASED FEE MUST MEET THE \$1 MILLION IN MANAGED ASSETS AND \$2 MILLION NET WORTH (EXCLUDING THE PRIMARY RESIDENCE VALUE AND AMOUNT OF SECURED DEBTS) TESTS OF THE RULE.

ITEM 7 – TYPES OF CLIENTS

FMSI-IA THROUGH OUR IARs PROVIDE INVESTMENT ADVISORY SERVICES TO:

- INDIVIDUALS (OTHER THAN HIGH NET WORTH INDIVIDUALS)
- HIGH NET WORTH INDIVIDUALS
- PENSION AND PROFIT SHARING PLANS (OTHER THAN PLAN PARTICIPANTS)
- CHARITABLE ORGANIZATIONS
- CORPORATIONS OR OTHER BUSINESSES NOT LISTED ABOVE, AND

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

FMSI-IA AND OUR IARs UTILIZE ONE OR A COMBINATION OF THE FOLLOWING METHODS OF ANALYSIS IN FORMULATING INVESTMENT ADVICE AND/OR MANAGING CLIENT ASSETS:

- **CAPITAL ASSET PRICING MODEL ("CAPM"):** A MODEL THAT DESCRIBES THE RELATIONSHIP BETWEEN RISK AND EXPECTED RETURN AND IS USED IN THE PRICING OF RISKY SECURITIES. THE GENERAL IDEA BEHIND CAPM IS THAT

INVESTORS NEED TO BE COMPENSATED IN TWO WAYS: TIME VALUE OF MONEY AND RISK. THE TIME VALUE OF MONEY IS REPRESENTED BY THE RISK-FREE (RF) RATE IN THE FORMULA AND COMPENSATES THE INVESTORS FOR PLACING MONEY IN ANY INVESTMENT OVER A PERIOD OF TIME. THE OTHER HALF OF THE FORMULA REPRESENTS RISK AND CALCULATES THE AMOUNT OF COMPENSATION THE INVESTOR NEEDS FOR TAKING ON ADDITIONAL RISK. THIS IS CALCULATED BY TAKING A RISK MEASURE (BETA) THAT COMPARES THE RETURNS OF THE ASSET TO THE MARKET OVER A PERIOD OF TIME AND TO THE MARKET PREMIUM (RM-RF). THE CAPM SAYS THAT THE EXPECTED RETURN OF A SECURITY OR A PORTFOLIO EQUALS THE RATE ON A RISK-FREE SECURITY PLUS A RISK PREMIUM. IF THIS EXPECTED RETURN DOES NOT MEET OR BEAT THE REQUIRED RETURN, THEN THE INVESTMENT SHOULD NOT BE UNDERTAKEN. THE SECURITY MARKET LINE PLOTS THE RESULTS OF THE CAPM FOR ALL DIFFERENT RISKS (BETAS). USING THE CAPM MODEL AND THE FOLLOWING ASSUMPTIONS, WE CAN COMPUTE THE EXPECTED RETURN OF A STOCK IN THIS CAPM EXAMPLE: IF THE RISK-FREE RATE IS 3%, THE BETA (RISK MEASURE) OF THE STOCK IS 2 AND THE EXPECTED MARKET RETURN OVER THE PERIOD IS 10%, THE STOCK IS EXPECTED TO RETURN 17% ($3\% + 2(10\% - 3\%)$).

- **DISCOUNTED CASH FLOW:** IN FINANCE, DISCOUNTED CASH FLOW (DCF) ANALYSIS IS A METHOD OF VALUING A PROJECT, COMPANY, OR ASSET USING THE CONCEPTS OF THE TIME VALUE OF MONEY. ALL FUTURE CASH FLOWS ARE ESTIMATED AND DISCOUNTED TO GIVE THEIR PRESENT VALUES (PVs) — THE SUM OF ALL FUTURE CASH FLOWS, BOTH INCOMING AND OUTGOING, IS THE NET PRESENT VALUE (NPV), WHICH IS TAKEN AS THE VALUE OR PRICE OF THE CASH FLOWS IN QUESTION. USING DCF ANALYSIS TO COMPUTE THE NPV TAKES AS INPUT CASH FLOWS AND A DISCOUNT RATE AND GIVES AS OUTPUT A PRICE; THE OPPOSITE PROCESS — TAKING CASH FLOWS AND A PRICE AND INFERRING A DISCOUNT RATE, IS CALLED THE YIELD. DISCOUNTED CASH FLOW ANALYSIS IS WIDELY USED IN INVESTMENT FINANCE, REAL ESTATE DEVELOPMENT, AND CORPORATE FINANCIAL MANAGEMENT.
- **CHARTING:** CHARTS OF MARKET AND SECURITY ACTIVITY ARE UTILIZED IN AN ATTEMPT TO IDENTIFY WHEN THE MARKET IS MOVING UP OR DOWN AND TO PREDICT HOW LONG A TREND MAY LAST AND WHEN THE TREND MIGHT REVERSE.
- **FUNDAMENTAL:** WE ATTEMPT TO MEASURE THE INTRINSIC VALUE OF A SECURITY BY LOOKING AT ECONOMIC AND FINANCIAL FACTORS (INCLUDING THE OVERALL ECONOMY, INDUSTRY CONDITIONS, AND THE FINANCIAL CONDITION AND MANAGEMENT OF THE COMPANY ITSELF) TO DETERMINE IF THE COMPANY IS UNDERPRICED (INDICATING IT MAY BE A GOOD TIME TO BUY) OR OVERPRICED (INDICATING IT MAY BE THE TIME TO SELL). FUNDAMENTAL ANALYSIS DOES NOT ATTEMPT TO ANTICIPATE MARKET MOVEMENTS. THIS PRESENTS A POTENTIAL RISK, AS THE PRICE OF A SECURITY CAN MOVE UP OR DOWN ALONG WITH THE OVERALL MARKET REGARDLESS OF THE ECONOMIC AND FINANCIAL FACTORS CONSIDERED IN EVALUATING A STOCK.
- **TECHNICAL:** WE ANALYZE PAST MARKET MOVEMENTS AND APPLY THAT ANALYSIS TO THE PRESENT IN AN ATTEMPT TO RECOGNIZE RECURRING PATTERNS OF INVESTOR BEHAVIOR AND POTENTIALLY PREDICT FUTURE PRICE MOVEMENT. TECHNICAL ANALYSIS DOES NOT CONSIDER THE UNDERLYING FINANCIAL CONDITION OF A COMPANY WHICH PRESENTS A RISK IN THAT A POORLY-MANAGED OR FINANCIALLY UNSOUND COMPANY MAY UNDERPERFORM REGARDLESS OF MARKET MOVEMENT.
- **CYCLICAL:** IN THIS TYPE OF ANALYSIS, WE MEASURE THE MOVEMENTS OF A PARTICULAR STOCK AGAINST THE OVERALL MARKET IN AN ATTEMPT TO PREDICT THE PRICE MOVEMENT OF THE SECURITY.
- **QUANTITATIVE:** WE USE MATHEMATICAL MODELS IN AN ATTEMPT TO OBTAIN MORE ACCURATE MEASUREMENTS OF A COMPANY'S QUANTIFIABLE DATA, SUCH AS THE VALUE OF A SHARE PRICE OR EARNINGS PER SHARE, AND PREDICT CHANGES TO THAT DATA. A RISK IN USING QUANTITATIVE ANALYSIS IS THAT THE MODELS USED MAY BE BASED ON ASSUMPTIONS THAT PROVE TO BE INCORRECT.
- **QUALITATIVE:** WE SUBJECTIVELY EVALUATE NON-QUANTIFIABLE FACTORS SUCH AS QUALITY OF MANAGEMENT, LABOR RELATIONS, AND STRENGTH OF RESEARCH AND DEVELOPMENT FACTORS NOT READILY SUBJECT TO MEASUREMENT AND PREDICT CHANGES TO SHARE PRICE BASED ON THAT DATA. A RISK IS USING QUALITATIVE ANALYSIS IS THAT OUR SUBJECTIVE JUDGMENT MAY PROVE INCORRECT.
- **MUTUAL FUND AND/OR EXCHANGE-TRADED FUND (ETF):** THE EXPERIENCE AND TRACK RECORD OF THE MANAGER OF THE MUTUAL FUND OR ETF IS REVIEWED IN AN ATTEMPT TO DETERMINE IF THAT MANAGER HAS DEMONSTRATED AN ABILITY TO INVEST OVER A PERIOD OF TIME AND IN DIFFERENT ECONOMIC CONDITIONS. ALSO

REVIEWED ARE THE UNDERLYING ASSETS IN A MUTUAL FUND OR ETF IN AN ATTEMPT TO DETERMINE IF THERE IS SIGNIFICANT OVERLAP IN THE UNDERLYING INVESTMENTS HELD IN OTHER FUND(S) IN THE PORTFOLIO. WE ALSO MONITOR THE FUNDS OR ETFs IN AN ATTEMPT TO DETERMINE IF THEY ARE CONTINUING TO FOLLOW THEIR STATED INVESTMENT STRATEGY. A RISK OF MUTUAL FUND AND/OR ETF ANALYSIS IS THAT, AS IN ALL SECURITIES INVESTMENTS, 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, AS WE DO NOT CONTROL THE UNDERLYING INVESTMENTS IN A FUND OR ETF, MANAGERS OF DIFFERENT FUNDS HELD BY YOU MAY PURCHASE THE SAME SECURITY, INCREASING THE RISK TO YOU 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 FUND OR ETF, WHICH COULD MAKE THE HOLDING(S) LESS SUITABLE FOR YOUR PORTFOLIO.

- **THIRD-PARTY MONEY MANAGER (TPM) ANALYSIS:** WE EXAMINE THE EXPERIENCE, EXPERTISE, INVESTMENT PHILOSOPHIES, AND PAST PERFORMANCE OF UNAFFILIATED TPMs IN AN ATTEMPT TO DETERMINE IF THE TPM HAS DEMONSTRATED AN ABILITY TO INVEST OVER A PERIOD OF TIME AND IN DIFFERENT ECONOMIC CONDITIONS. WE MONITOR THE TPM'S UNDERLYING HOLDINGS, STRATEGIES, CONCENTRATIONS AND LEVERAGE AS PART OF OUR OVERALL PERIODIC RISK ASSESSMENT. ADDITIONALLY, AS PART OF OUR DUE-DILIGENCE PROCESS, WE SURVEY THE TPM'S COMPLIANCE AND BUSINESS ENTERPRISE RISKS. A RISK OF INVESTING WITH A TPM WHO HAS BEEN SUCCESSFUL IN THE PAST IS THAT THE TPMs MAY NOT BE ABLE TO REPLICATE THAT SUCCESS IN THE FUTURE. IN ADDITION, AS WE DO NOT CONTROL THE UNDERLYING INVESTMENTS IN A TPM'S PORTFOLIO, THERE IS ALSO A RISK THAT A TPM MAY DEVIATE FROM THE STATED INVESTMENT MANDATE OR STRATEGY OF THE PORTFOLIO, MAKING IT A LESS SUITABLE INVESTMENT FOR OUR CLIENTS. MOREOVER, AS WE DO NOT CONTROL THE TPM'S DAILY BUSINESS AND COMPLIANCE OPERATIONS, WE MAY BE UNAWARE OF THE LACK OF INTERNAL CONTROLS NECESSARY TO PREVENT BUSINESS, REGULATORY OR REPUTATIONAL DEFICIENCIES.

RISKS FOR ALL FORMS OF ANALYSIS

SECURITIES ANALYSIS METHODS RELY ON THE ASSUMPTION THAT THE COMPANIES WHOSE SECURITIES ARE PURCHASED AND SOLD, THE RATING AGENCIES THAT REVIEW THESE SECURITIES, AND OTHER PUBLICLY-AVAILABLE SOURCES OF INFORMATION ABOUT THESE SECURITIES, ARE PROVIDING ACCURATE AND UNBIASED DATA. WHILE WE ARE ALERT TO INDICATIONS THAT DATA MAY BE INCORRECT, THERE IS ALWAYS A RISK THAT OUR ANALYSIS MAY BE COMPROMISED BY INACCURATE OR MISLEADING INFORMATION.

INVESTMENT STRATEGIES

THE FOLLOWING STRATEGY(IES) MAY BE USED IN MANAGING CLIENT ACCOUNTS, PROVIDED THAT SUCH STRATEGY(IES) ARE APPROPRIATE TO CLIENT NEEDS AND ARE CONSISTENT WITH THE INVESTMENT OBJECTIVES, RISK TOLERANCE, AND TIME HORIZON AMONG OTHER CONSIDERATIONS:

- **BUY AND HOLD (LONG-TERM INVESTMENT STRATEGY):** A PASSIVE INVESTMENT STRATEGY IN WHICH SECURITIES ARE PURCHASED AND HELD FOR A LONG PERIOD OF TIME, REGARDLESS OF FLUCTUATIONS IN THE MARKET. THIS STRATEGY IS UTILIZED UPON THE BELIEF THAT THE SECURITIES ARE CURRENTLY UNDERVALUED, AND/OR EXPOSURE TO THIS PARTICULAR ASSET CLASS IS NEEDED OVER TIME, REGARDLESS OF THE CURRENT PROJECTION FOR THIS CLASS. A RISK IN A LONG-TERM PURCHASE STRATEGY IS THAT BY HOLDING THE SECURITY FOR THIS LENGTH OF TIME, THE IAR MAY NOT TAKE ADVANTAGE OF SHORT-TERM GAINS THAT COULD BE PROFITABLE. MOREOVER, IF THE PREDICTIONS ARE INCORRECT, A SECURITY MAY DECLINE SHARPLY IN VALUE BEFORE MAKING THE DECISION TO SELL.
- **INDEXING:** A PASSIVE INVESTMENT STRATEGY IN WHICH AN INDEX, SUCH AS THE STANDARD & POOR'S 500, MSCI UNITED STATES LARGE CAP 300, OR RUSSELL 3000, IS SELECTED AS A BENCHMARK, AND SECURITIES ARE PURCHASED TO TRY TO ACHIEVE MARKET RETURNS SIMILAR TO THE PERFORMANCE OF THAT INDEX. THE IAR MIGHT EMPLOY THIS STRATEGY WHEN BELIEVING THAT A PARTICULAR INDEX HAS OUTPERFORMED THE MARKET OVER A GIVEN PERIOD OF TIME. RISKS IN AN INDEXING STRATEGY ARE NOT LIMITED TO BUT INCLUDE THAT THE COST OF PURCHASING THESE SECURITIES MAY OUTWEIGH THE COST OF PURCHASING A SECURITY THAT MIRRORS THE INDEX.

IN ADDITION, THE SECURITIES PURCHASED MAY NOT BE ABLE TO REPLICATE THE EXACT RESULTS OF THE BENCHMARK USED. ESSENTIALLY, PAST PERFORMANCE IS NOT AN INDICATOR OF FUTURE RESULTS.

- **MARKET TIMING:** AN ACTIVE INVESTMENT STRATEGY THAT ATTEMPTS TO PREDICT THE FUTURE DIRECTION OF THE MARKET. TYPICALLY, THE IAR EMPLOYS THIS STRATEGY FOR A COUPLE OF REASONS. THE IAR MAY ATTEMPT TO TAKE ADVANTAGE OF PREDICTIONS OF BRIEF PRICE SWINGS, AND/OR DO THIS IN AN ATTEMPT TO TAKE ADVANTAGE OF CONDITIONS BELIEVING THAT PRICE SWING IN THE SECURITIES PURCHASED WILL OCCUR. A SHORT-TERM PURCHASE STRATEGY POSES RISKS SHOULD THE ANTICIPATED PRICE SWING NOT MATERIALIZE; THE ACCOUNT IS THEN LEFT WITH THE OPTION OF HAVING A LONG-TERM INVESTMENT IN A SECURITY THAT WAS DESIGNED TO BE A SHORT-TERM PURCHASE, OR POTENTIALLY TAKING A LOSS. IN ADDITION, THIS STRATEGY INVOLVES MORE FREQUENT TRADING THAN DOES A LONGER-TERM STRATEGY, AND WILL RESULT IN INCREASED BROKERAGE AND OTHER TRANSACTION-RELATED COSTS, AS WELL AS LESS FAVORABLE TAX TREATMENT OF SHORT-TERM CAPITAL GAINS.
- **ASSET ALLOCATION:** RATHER THAN FOCUSING PRIMARILY ON SECURITIES SELECTION, THE IAR MAY ATTEMPT TO IDENTIFY AN APPROPRIATE RATIO OF SECURITIES, FIXED INCOME, AND CASH SUITABLE TO THE INVESTMENT GOALS AND RISK TOLERANCE. A RISK OF ASSET ALLOCATION IS THAT THE ACCOUNT MIGHT 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 TO A CLIENT'S GOALS.

OPTION STRATEGIES

THE IAR MAY USE OPTIONS AS PART OF AN INVESTMENT STRATEGY. AN OPTION IS A CONTRACT THAT GIVES THE BUYER THE RIGHT, BUT NOT THE OBLIGATION, TO PURCHASE OR SELL AN ASSET (SUCH AS A SHARE OF STOCK) AT A SPECIFIC PRICE ON OR BEFORE A CERTAIN DATE. AN OPTION, JUST LIKE A STOCK OR BOND, IS A SECURITY. AN OPTION IS ALSO A DERIVATIVE, BECAUSE IT DERIVES ITS VALUE FROM AN UNDERLYING ASSET. THERE ARE TWO TYPES OF OPTIONS. A **CALL OPTION** GIVES THE HOLDER THE RIGHT TO PURCHASE AN ASSET AT A CERTAIN STRIKE PRICE WITHIN A SPECIFIC PERIOD OF TIME (EXPIRATION). A **PUT OPTION** GIVES THE HOLDER THE RIGHT TO SELL AN ASSET AT A CERTAIN STRIKE PRICE WITHIN A SPECIFIC PERIOD OF TIME.

THE IAR MAY EMPLOY THE FOLLOWING OPTIONS STRATEGIES, PROVIDED THAT SUCH STRATEGY(IES) IS (ARE) APPROPRIATE TO THE CLIENT'S NEEDS AND ARE CONSISTENT WITH THE CLIENT'S INVESTMENT PROFILE:

- **SPECULATION:** OPTIONS ARE OFTEN USED TO SPECULATE ON THE POSSIBILITY OF A SHARP PRICE SWING. A CALL OPTION MAY BE PURCHASED IF THE IAR HAS DETERMINED THAT THE STOCK WILL INCREASE SUBSTANTIALLY BEFORE THE OPTION EXPIRES. A PUT MAY BE PURCHASED IF THE IAR HAS DETERMINED THAT THE PRICE OF THE STOCK WILL FALL BEFORE THE OPTION EXPIRES.
- **HEDGING:** OPTIONS ARE SOMETIMES USED TO HEDGE A PURCHASE OF THE UNDERLYING SECURITY; IN OTHER WORDS, AN OPTION MAY BE PURCHASED TO LIMIT THE POTENTIAL UPSIDE AND DOWNSIDE OF A SECURITY ALREADY PURCHASED FOR THE CLIENT'S PORTFOLIO.
- **COVERED CALL WRITING:** COVERED CALLS ARE USED WHEN THE CLIENT HOLDS A LONG POSITION IN THE ACCOUNT AND SELLS A CALL OPTION ON THE LONG POSITION. IN THIS STRATEGY, THE CLIENT EXPECTS TO RECEIVE INCOME FROM THE SALE OF A CALL OPTION TO OFFSET ANY LOSSES ON THE LONG POSITION AS THE MARKET VALUE OF THE POSITION FALLS. IF THE MARKET VALUE OF THE POSITION RISES, THE INCOME FROM THE SALE OF THE CALL OPTION IS USED TO OFFSET ANY LOSSES GENERATED FROM THE DELIVERY OF THE LONG POSITION IF THE SOLD CALL OPTION IS ASSIGNED TO A BUYER WHO HAS EXERCISED THE SAME CALL OPTION.
- **SPREADING:** IN A SPREADING STRATEGY, THE ACCOUNT PURCHASES TWO OR MORE OPTION CONTRACTS (FOR EXAMPLE, ONE MAY PURCHASE A CALL OPTION AT ONE STRIKE PRICE AND SELL A CALL OPTION AT A DIFFERENT STRIKE PRICE) FOR THE SAME UNDERLYING SECURITY. THIS PLACES THE CLIENT ON BOTH SIDES OF THE MARKET, BUT WITH THE ABILITY TO VARY PRICE, TIME, AND OTHER FACTORS. THIS STRATEGY LIMITS BOTH THE CLIENT'S POTENTIAL INCOME AND RISK ON MARKET FLUCTUATIONS.

THESE ARE ONLY SOME OF THE OPTIONS STRATEGIES THAT MAY BE USED. THE USE OF OPTION STRATEGIES CARRIES A HIGH LEVEL OF RISK AND IS NOT SUITABLE FOR ALL INVESTORS. CERTAIN REQUIREMENTS MUST BE MET TO TRADE OPTIONS. IF

OPTIONS ARE TO BE PART OF A CLIENT'S STRATEGY, THE CLIENT MUST READ AND UNDERSTAND THE OPTIONS DISCLOSURE DOCUMENT BEFORE EXECUTING AN OPTIONS APPLICATION OR EFFECTING AN OPTIONS TRANSACTION. DEFINING AND UNDERSTANDING THE CLIENT'S INDIVIDUAL RISK TOLERANCE IS ESSENTIAL IF THE CLIENT WISHES TO UTILIZE ANY OF THESE STRATEGIES, WHICH WILL INCREASE THE ACCOUNT'S MARKET LEVEL OF RISK.

Risk of Loss

SECURITIES INVESTMENTS ARE NOT GUARANTEED AND YOU MAY LOSE MONEY ON YOUR INVESTMENTS. THE CLIENT SHOULD WORK WITH THEIR IAR TO HELP THE IAR UNDERSTAND THEIR TOLERANCE FOR RISK.

ITEM 9 – DISCIPLINARY INFORMATION

IN JUNE 2012, FIRST MIDWEST SECURITIES, INC., WITHOUT ADMITTING OR DENYING THE FINDINGS, EXECUTED AN ACCEPTANCE WAIVER AND CONSENT (AWC) AND WAS FINED \$75,000 FOR FAILING TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND ENSURE SUPERVISORY PROCEDURES REASONABLY DESIGNED TO REVIEW THE SUITABILITY OF EQUITY TRANSACTIONS AND TO DETECT AND PREVENT EXCESSIVE TRADING. THE FIRM DID NOT UTILIZE EXCEPTION REPORTS BUT INSTEAD USED MANUAL REVIEWS TO IDENTIFY TURNOVER AND COMMISSION TO EQUITY RATIO IN CUSTOMER ACCOUNTS. THE MANUAL REVIEWS DID NOT ADDRESS COST TO EQUITY RATIOS IN ACCOUNTS. THE TRANSACTIONS IN QUESTION WERE NOT RELATED TO INVESTMENT ADVISORY ACTIVITIES. THE FIRM IMPLEMENTED CORRECTIVE ACTION AND COMPLIED WITH ALL REQUIREMENTS OF THE AWC. THE TRANSACTIONS IN QUESTION WERE NOT RELATED TO INVESTMENT ADVISORY ACCOUNTS.

IN SEPTEMBER 2011, FIRST MIDWEST SECURITIES, INC., WITHOUT ADMITTING OR DENYING THE FINDINGS, EXECUTED AN ACCEPTANCE WAIVER AND CONSENT (AWC) AND WAS FINED \$150,000 FOR HANDLING FEE VIOLATIONS OF WHICH \$10,000 PERTAINED TO 5 MUNICIPAL BOND TRADES FOR MARKUPS/MARKDOWNS AND PROCEDURES AND ORDERED TO PAY \$1,121 PLUS INTEREST IN RESTITUTION TO AFFECTED CLIENTS. THE FIRM IMPLEMENTED CORRECTIVE ACTION AND COMPLIED WITH ALL REQUIREMENTS WITHIN 90 DAYS OF THE ACCEPTANCE OF THE AWC. THE TRANSACTIONS IN QUESTION WERE NOT RELATED TO INVESTMENT ADVISORY ACCOUNTS.

IN DECEMBER 2011, FIRST MIDWEST SECURITIES, INC. WITHOUT ADMITTING OR DENYING THE FINDINGS, EXECUTED AN ACCEPTANCE WAIVER AND CONSENT (AWC) AND WAS FINED \$5,000 FOR FAILING TO REPORT TO TRACE 89 S1 TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE TRANSACTIONS IN QUESTION WERE NOT RELATED TO INVESTMENT ADVISORY ACCOUNTS.

IN JANUARY 2010, FIRST MIDWEST SECURITIES, INC., WITHOUT ADMITTING OR DENYING THE FINDINGS, WAS FINED \$10,000.00 AND REQUIRED TO PAY \$1,320.57 PLUS INTEREST, IN RESTITUTION TO PARTIES THAT WERE INVOLVED IN CERTAIN CORPORATE BOND TRANSACTIONS FOR WHICH THE FIRM DID NOT HAVE A REASONABLE SUPERVISORY SYSTEM IN PLACE TO ENSURE THE CLIENTS RECEIVED FAIR PRICES. FIRST MIDWEST SECURITIES, INC. HAS UPDATED ITS' PROCEDURES TO ENSURE CUSTOMERS RECEIVE FAIR PRICES ON CORPORATE BOND TRANSACTIONS. THE TRANSACTIONS IN QUESTION WERE NOT RELATED TO INVESTMENT ADVISORY ACCOUNTS.

IN SEPTEMBER 2008, FIRST MIDWEST SECURITIES, INC., WITHOUT ADMITTING OR DENYING THE FINDINGS, WAS FINED \$100,000.00 BY THE PENNSYLVANIA SECURITIES COMMISSION FOR FAILURE TO REASONABLY SUPERVISE TWO AGENTS IN VIOLATION OF THE PENNSYLVANIA SECURITIES ACT OF 1972. FIRST MIDWEST SECURITIES, INC. HAS SINCE UPDATED ITS' PROCEDURES TO ENSURE REASONABLE SUPERVISION OF AGENTS. THE TWO AGENTS AND THE ACTIVITIES IN QUESTION WERE NOT RELATED TO INVESTMENT ADVISORY ACCOUNTS.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A LIST OF OUR AFFILIATED ENTITIES, INCLUDING OUR BROKER-DEALER, FMSI, IS SPECIFICALLY DISCLOSED IN SECTION 7.A. ON SCHEDULE D OF FORM ADV PART 1, WHICH CAN BE ACCESSED BY FOLLOWING THE DIRECTIONS PROVIDED ON THE COVER PAGE OF THIS BROCHURE.

MOST OF OUR MANAGEMENT PERSONNEL AND ASSOCIATED PERSONS (EXCEPT FOR CLERICAL PERSONNEL) ARE ALSO:

- REGISTERED REPRESENTATIVES WITH OUR AFFILIATED BROKER-DEALER; AND/OR
- LICENSED LIFE AGENTS OF OUR AFFILIATED ENTITY AND/OR AN UNAFFILIATED INSURANCE AGENCY; AND/OR
- MANAGEMENT PERSONNEL, THROUGH THE HOLDING CORPORATION, OWN AND OPERATE THE AFFILIATED BROKER-DEALER AND AFFILIATED INSURANCE AGENCY.

IN ADDITION TO INVESTMENT ADVISORY SERVICES, FINANCIAL PLANNING SERVICES, AND OFFERING THE SERVICES (SOLICITOR) OF A THIRD-PARTY MONEY MANAGER IN OUR CAPACITY AS A REGISTERED INVESTMENT ADVISER, FMSI-IA'S AFFILIATED ENTITIES INCLUDE ITS PARENT COMPANY, THE INVESTMENT COMPANY, INC., A HOLDING CORPORATION; FIRST MIDWEST SECURITIES, INC., A FINRA-MEMBER REGISTERED BROKER-DEALER AND MEMBER OF THE SECURITIES INVESTORS PROTECTION CORPORATION (SIPC), AND FIRST MIDWEST INSURANCE SERVICES, INC., AN INSURANCE AGENCY REGISTERED WITH THE ILLINOIS DEPARTMENT OF INSURANCE. THESE ENTITIES, OTHER THAN THE PARENT COMPANY, ARE ACTIVELY ENGAGED IN SECURITIES, MUTUAL FUND, AND VARIABLE ANNUITY TRANSACTIONS, AND HEALTH INSURANCE, LONG-TERM CARE, AND VARIABLE AND FIXED INSURANCE PRODUCTS, RESPECTIVELY.

THE PRINCIPAL EXECUTIVE OFFICERS OF FMSI ARE RESPONSIBLE FOR MANAGING THE HOLDING CORPORATION, THE BROKER-DEALER, AND INSURANCE AGENCY AND MAY SPEND A MAJORITY OF THEIR TIME ENGAGED IN THESE OTHER RELATED BUSINESS ACTIVITIES.

ERISA ACCOUNTS

FMSI-IA IS A FIDUCIARY TO ADVISORY CLIENTS THAT ARE EMPLOYEE BENEFIT PLANS OR QUALIFIED RETIREMENT ACCOUNTS PURSUANT TO THE EMPLOYEE RETIREMENT INCOME AND SECURITIES ACT (ERISA), AND REGULATIONS UNDER THE INTERNAL REVENUE CODE OF 1986 (THE CODE), RESPECTIVELY. AS SUCH, FMSI-IA IS A COVERED SERVICE PROVIDER UNDER REGULATION §408(b)(2) OF ERISA, AND AS SUCH, IS SUBJECT TO SPECIFIC DUTIES AND OBLIGATIONS UNDER ERISA AND THE CODE. THESE DUTIES INCLUDE AMONG OTHER THINGS, RESTRICTIONS CONCERNING DISCLOSURES TO PLAN FIDUCIARIES AND CERTAIN FORMS OF COMPENSATION. TO AVOID ENGAGING IN PROHIBITED TRANSACTIONS, FMSI-IA MAY ONLY CHARGE FEES FOR INVESTMENT ADVICE ABOUT PRODUCTS FOR WHICH OUR FIRM AND/OR OUR RELATED PERSONS DO NOT RECEIVE ANY COMMISSIONS OR 12B-1 FEES, OR CONVERSELY, IF THESE FEES ARE RECEIVED, THEY ARE USED TO OFFSET FMSI-IA'S ADVISORY FEES.

ITEM 11 – CODE OF ETHICS

RULE 204A-1 OF THE ADVISERS ACT REQUIRES ALL INVESTMENT ADVISERS REGISTERED WITH THE SEC TO ADOPT CODES OF ETHICS THAT SET FORTH STANDARDS OF CONDUCT AND REQUIRE COMPLIANCE WITH FEDERAL SECURITIES LAWS. FMSI-IA HAS ADOPTED AND IMPLEMENTED A CODE OF ETHICS (CODE) WHICH SETS FORTH HIGH ETHICAL STANDARDS OF BUSINESS CONDUCT, INCLUDING COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS, REQUIRED OF ALL OF ITS ASSOCIATED PERSONS. A FULL AND COMPLETE COPY OF OUR CODE IS AVAILABLE ON OUR WEBSITE AT www.myFMSI.com OR YOU MAY CONTACT US AT (309) 820-7444 AND A COPY WILL BE PROVIDED TO YOU AT NO COST.

THE CODE'S INTENT IS TO REFLECT THE FIDUCIARY PRINCIPLES THAT GOVERN OUR CONDUCT FIRM-WIDE IN PROVIDING INVESTMENT ADVICE TO ADVISORY CLIENTS. THE CODE CONSISTS OF AN OUTLINE OF POLICIES REGARDING SEVERAL KEY AREAS IDENTIFIED BELOW AS WELL AS PUBLISHED IN THE FMSI-IA COMPLIANCE MANUAL AND IS PART OF THE INVESTMENT ADVISER COMPLIANCE PROGRAM.

THIS CODE APPLIES TO ALL SUPERVISED PERSONS OF FMSI-IA. THE ADVISERS ACT DEFINES SUPERVISED PERSON TO MEAN ANY PARTNER, OFFICER, DIRECTOR (OR OTHER PERSON OCCUPYING A SIMILAR STATUS OR PERFORMING SIMILAR FUNCTIONS), OR EMPLOYEE OF AN INVESTMENT ADVISER, OR OTHER PERSON WHO PROVIDES INVESTMENT ADVICE ON BEHALF OF THE INVESTMENT ADVISER AND IS SUBJECT TO THE SUPERVISION AND CONTROL OF THE INVESTMENT ADVISER. KEY ELEMENTS OF OUR CODE INCLUDE:

- STANDARDS OF CONDUCT AND COMPLIANCE WITH LAWS, RULES AND REGULATIONS
- PROTECTION OF MATERIAL NONPUBLIC INFORMATION
- PERSONAL SECURITIES TRADING AND ACCESS PERSONS
- CONSEQUENCES FOR FAILURE TO COMPLY WITH REPORTING CERTAIN CONDUCT
- RECORDKEEPING.

FMSI-IA AND OUR SUPERVISED PERSONS OWE A DUTY OF LOYALTY, FAIRNESS AND GOOD FAITH TOWARDS YOU, OUR CLIENTS, AND HAVE AN OBLIGATION TO ADHERE NOT ONLY TO THE SPECIFIC PROVISIONS OF THE CODE BUT TO THE GENERAL PRINCIPALS AND SPIRIT THAT GUIDE THE CODE. VIOLATIONS OF OUR CODE BY ANY SUPERVISED PERSON WILL BE DEALT WITH QUICKLY AND ACCORDINGLY WITH RESPECT TO THE VIOLATION, WHICH MAY BE AS MINOR AS A DOCUMENTED REPRIMAND OR AS SEVERE AS TERMINATION FOR CAUSE WITH A REGULATORY REPORTING DISCLOSURE, DEPENDING UPON THE VIOLATION.

BELOW ARE SOME OF OUR EXPECTATIONS OF CONDUCT REQUIRED BY SUPERVISED PERSONS:

- TO ALWAYS PLACE CLIENT INTERESTS BEFORE AND ABOVE THEIR OWN.
- TO ALWAYS DEAL WITH CLIENTS FROM AN INTEGRITY-BASED PERSPECTIVE.
- TO SAFEGUARD CLIENT PERSONAL NONPUBLIC INFORMATION WITH THE GREATEST RESPECT AND CONFIDENTIALITY.
- TO NOT TRADE PERSONAL ACCOUNTS IN ANY MANNER THAT WOULD KNOWINGLY DISADVANTAGE CLIENT ACCOUNTS.
- TO HOLD OURSELVES AND OUR ASSOCIATES RESPONSIBLE AND ACCOUNTABLE FOR KNOWING AND ABIDING BY OUR CODE.
- TO UPHOLD OUR PUBLIC REPUTATION SO CLIENTS CAN BE PROUD TO HAVE A RELATIONSHIP WITH US.

ITEM 12 – BROKERAGE PRACTICES

FMSI-IA REQUIRES THAT A CLIENT PROVIDE US WITH WRITTEN AUTHORITY TO DETERMINE THE BROKER-DEALER TO USE AND THE COMMISSION COSTS THAT WILL BE CHARGED TO THE CLIENT FOR THESE DIRECTED BROKERAGE TRANSACTIONS. CLIENTS MUST INCLUDE ANY LIMITATIONS ON THE WRITTEN DISCRETIONARY AUTHORITY. CLIENTS MAY CHANGE OR AMEND THESE LIMITATIONS AS REQUIRED BY PROVIDING US WRITTEN NOTICE.

FMSI-IA WILL INITIATE BLOCK TRADES WHERE POSSIBLE AND WHEN ADVANTAGEOUS TO CLIENTS. THIS BLOCKING OF TRADES PERMITS THE TRADING OF AGGREGATE BLOCKS OF SECURITIES COMPOSED OF ASSETS FROM MULTIPLE CLIENT ACCOUNTS, SO LONG AS TRANSACTION COSTS ARE SHARED EQUALLY AND ON A PRO-RATED BASIS BETWEEN ALL ACCOUNTS INCLUDED IN ANY SUCH BLOCK.

BLOCK TRADING MAY ALLOW US TO EXECUTE EQUITY TRADES IN A TIMELY, MORE EQUITABLE MANNER, AT AN AVERAGE SHARE PRICE. FMSI-IA WILL TYPICALLY AGGREGATE TRADES AMONG CLIENTS WHOSE ACCOUNTS CAN BE TRADED AT A GIVEN BROKER, AND GENERALLY WILL ROTATE OR VARY THE ORDER OF BROKERS THROUGH WHICH IT PLACES TRADES FOR CLIENTS ON ANY PARTICULAR DAY. FMSI-IA'S BLOCK TRADING POLICY AND PROCEDURES ARE AS FOLLOWS:

1. TRANSACTIONS FOR CLIENT ACCOUNTS MAY NOT BE AGGREGATED FOR EXECUTION IF THE PRACTICE IS PROHIBITED BY OR INCONSISTENT WITH THE INVESTMENT ADVISORY AGREEMENT OR OUR FIRM'S ORDER ALLOCATION POLICY.
2. THE PORTFOLIO MANAGER MUST DETERMINE THAT THE PURCHASE OR SALE OF THE PARTICULAR SECURITY INVOLVED IS APPROPRIATE FOR A CLIENT AND CONSISTENT WITH THE CLIENT'S INVESTMENT PROFILE AND WITH ANY INVESTMENT GUIDELINES OR RESTRICTIONS APPLICABLE TO THE CLIENT'S ACCOUNT.
3. THE PORTFOLIO MANAGER MUST REASONABLY BELIEVE THAT THE ORDER AGGREGATION WILL BENEFIT, AND WILL ENABLE FMSI-IA TO SEEK BEST EXECUTION FOR EACH CLIENT PARTICIPATING IN THE AGGREGATED ORDER. THIS REQUIRES A GOOD FAITH JUDGMENT AT THE TIME THE ORDER IS PLACED FOR EXECUTION. IT DOES NOT MEAN THAT THE DETERMINATION MADE IN ADVANCE OF THE TRANSACTION MUST ALWAYS PROVE TO HAVE BEEN CORRECT IN THE LIGHT OF A 20-20 HINDSIGHT PERSPECTIVE. BEST EXECUTION INCLUDES THE DUTY TO SEEK THE BEST QUALITY OF EXECUTION, AS WELL AS THE BEST NET PRICE; WHICH MAY NOT ALWAYS BE ACHIEVED.

4. PRIOR TO ENTRY OF AN AGGREGATED ORDER, AN ORDER RECORD MUST BE COMPLETED WHICH IDENTIFIES EACH CLIENT ACCOUNT PARTICIPATING IN THE ORDER AND THE PROPOSED ALLOCATION OF THE ORDER UPON COMPLETION TO THOSE CLIENTS.
5. IF THE ORDER CANNOT BE EXECUTED IN FULL AT THE SAME PRICE OR TIME, THE SECURITIES ACTUALLY PURCHASED OR SOLD BY THE CLOSE OF EACH BUSINESS DAY MUST BE ALLOCATED PRO RATA AMONG THE PARTICIPATING CLIENT ACCOUNTS IN ACCORDANCE WITH THE INITIAL ORDER RECORD OF ALLOCATION. HOWEVER, ADJUSTMENTS TO THIS PRO RATA ALLOCATION MAY BE MADE TO PARTICIPATING CLIENT ACCOUNTS IN ACCORDANCE WITH THE INITIAL ORDER RECORD OF ALLOCATION. FURTHERMORE, ADJUSTMENTS TO THIS PRO RATA ALLOCATION MAY BE MADE TO AVOID HAVING ODD AMOUNTS OF SECURITIES HELD IN ANY CLIENT ACCOUNT, OR TO AVOID EXCESSIVE TICKET CHARGES IN SMALLER ACCOUNTS.
6. GENERALLY, EACH CLIENT THAT PARTICIPATES IN THE AGGREGATED ORDER MUST DO SO AT THE AVERAGE PRICE FOR ALL SEPARATE TRANSACTIONS MADE TO FILL THE ORDER, AND MUST SHARE IN THE COMMISSIONS ON A PRO RATA BASIS IN PROPORTION TO THE CLIENT'S PARTICIPATION. UNDER THE CLIENT'S AGREEMENT WITH THE CUSTODIAN/BROKER, TRANSACTION COSTS MAY BE BASED ON THE NUMBER OF SECURITIES TRADED FOR EACH CLIENT.
7. IF THE ORDER WILL BE ALLOCATED IN A MANNER OTHER THAN THAT STATED IN THE INITIAL STATEMENT OF ALLOCATION, A WRITTEN EXPLANATION OF THE CHANGE MUST BE PROVIDED TO AND APPROVED BY FMSI-IA'S CHIEF COMPLIANCE OFFICER NO LATER THAN THE MORNING FOLLOWING THE EXECUTION OF THE AGGREGATE TRADE.
8. FMSI'S CLIENT ACCOUNT RECORDS SEPARATELY REFLECT, FOR EACH ACCOUNT IN WHICH THE AGGREGATED TRANSACTION OCCURRED, THE SECURITIES WHICH ARE HELD BY, AND BOUGHT AND SOLD FOR, THAT ACCOUNT.
9. FUNDS AND SECURITIES FOR AGGREGATED ORDERS ARE CLEARLY IDENTIFIED ON FMSI'S RECORDS AND TO THE BROKER-DEALERS OR OTHER INTERMEDIARIES HANDLING THE TRANSACTIONS, BY THE APPROPRIATE ACCOUNT NUMBERS FOR EACH PARTICIPATING CLIENT.
10. NO CLIENT OR ACCOUNT WILL BE FAVORED OVER ANOTHER.
 - FMSI PARTICIPATES IN THE INSTITUTIONAL CUSTOMER PROGRAM OFFERED BY TD AMERITRADE INSTITUTIONAL. TD AMERITRADE INSTITUTIONAL IS A DIVISION OF TD AMERITRADE INC., MEMBER FINRA/SIPC/NFA (TD AMERITRADE). TD AMERITRADE OFFERS SERVICES TO INDEPENDENT INVESTMENT ADVISERS WHICH INCLUDES CUSTODY OF SECURITIES, TRADE EXECUTION, CLEARANCE AND SETTLEMENT OF TRANSACTIONS. FMSI-IA RECEIVES SOFT-DOLLAR BENEFITS FROM TD AMERITRADE THROUGH OUR PARTICIPATION IN THE PROGRAM.
 - FMSI HAS AN AGREEMENT WITH PERSHING ADVISOR SOLUTIONS LLC (PAS), AN UNAFFILIATED SEC REGISTERED BROKER-DEALER, MEMBER FINRA AND SIPC. PAS IS A SUBSIDIARY OF THE BANK OF NEW YORK MELLON CORPORATION (BNY MELLON). PAS RELIES ON ITS AFFILIATE PERSHING LLC (PERSHING), MEMBER FINRA, NYSE, SIPC, TO PROVIDE CLEARING, CUSTODY, TRADE EXECUTION OR OTHER SERVICES. BANK CUSTODY PROVIDED BY BNY MELLON, N.A., MEMBER FDIC, A WHOLLY OWNED SUBSIDIARY OF BNY MELLON. EXCEPT WITH RESPECT TO UNINVESTED CASH HELD IN A BANK DEPOSIT ACCOUNT CHOSEN BY THE CLIENT AS PART OF A SWEEP ELECTION, ASSETS CUSTODIED AT BNY MELLON, N.A. ARE SEGREGATED FROM THE GENERAL ASSETS OF BNY MELLON, N.A. FMSI HAS NEGOTIATED RATES WITH PAS AND PERSHING LLC AND DOES NOT RECEIVE SOFT-DOLLAR BENEFITS THROUGH THIS ARRANGEMENT.

FMSI-IA MAY RECOMMEND TD AMERITRADE, PAS OR PERSHING TO OUR CLIENTS FOR CUSTODY AND BROKERAGE SERVICES. THERE IS NO DIRECT LINK BETWEEN OUR FIRM'S PARTICIPATION IN THESE PROGRAMS AND THE INVESTMENT ADVICE WE GIVE TO OUR CLIENTS. THE ECONOMIC BENEFITS RECEIVED THROUGH OUR PARTICIPATION IN THESE PROGRAMS ARE TYPICALLY NOT AVAILABLE TO TD AMERITRADE, PAS OR PERSHING RETAIL INVESTORS.

THESE BENEFITS INCLUDE THE FOLLOWING PRODUCTS AND SERVICES (PROVIDED WITHOUT COST OR AT A DISCOUNT): DUPLICATE CLIENT STATEMENTS AND CONFIRMATIONS; RESEARCH RELATED PRODUCTS AND TOOLS; CONSULTING SERVICES;

ACCESS TO A TRADING DESK SERVING ADVISER PARTICIPANTS; ACCESS TO BLOCK TRADING (WHICH PROVIDES THE ABILITY TO AGGREGATE SECURITIES TRANSACTIONS FOR EXECUTION AND THEN ALLOCATE THE APPROPRIATE SHARES TO CLIENT ACCOUNTS); THE ABILITY TO HAVE ADVISORY FEES DEDUCTED DIRECTLY FROM CLIENT ACCOUNTS; ACCESS TO AN ELECTRONIC COMMUNICATIONS NETWORK FOR CLIENT ORDER ENTRY AND ACCOUNT INFORMATION; ACCESS TO MUTUAL FUNDS WITH NO TRANSACTION FEES AND TO CERTAIN INSTITUTIONAL MONEY MANAGERS; AND DISCOUNTS ON COMPLIANCE, MARKETING, RESEARCH, TECHNOLOGY, AND PRACTICE MANAGEMENT PRODUCTS OR SERVICES PROVIDED TO FMSI-IA BY THIRD PARTY VENDORS.

SPECIFICALLY, TD AMERITRADE MAY ALSO PAY FOR BUSINESS CONSULTING AND PROFESSIONAL SERVICES RECEIVED BY FMSI-IA'S RELATED PERSONS AND MAY ALSO PAY OR REIMBURSE EXPENSES (INCLUDING TRAVEL, LODGING, MEALS AND ENTERTAINMENT EXPENSES) FOR FMSI-IA'S PERSONNEL TO ATTEND CONFERENCES OR MEETINGS RELATING TO THE PROGRAM OR TO TD AMERITRADE'S ADVISER CUSTODY AND BROKERAGE SERVICES GENERALLY.

SOME OF THE PRODUCTS AND SERVICES MADE AVAILABLE BY TD AMERITRADE, PAS AND PERSHING THROUGH THESE PROGRAMS MAY BENEFIT FMSI-IA, BUT MAY NOT BENEFIT OUR CLIENT ACCOUNTS. THESE PRODUCTS OR SERVICES MAY ASSIST US IN MANAGING AND ADMINISTERING CLIENT ACCOUNTS, INCLUDING ACCOUNTS NOT MAINTAINED AT TD AMERITRADE, PAS OR PERSHING. OTHER SERVICES MADE AVAILABLE BY TD AMERITRADE, PAS AND PERSHING ARE INTENDED TO HELP US MANAGE AND FURTHER DEVELOP OUR BUSINESS ENTERPRISE. THE BENEFITS RECEIVED BY FMSI-IA THROUGH PARTICIPATION IN THESE PROGRAMS DO NOT DEPEND ON THE AMOUNT OF BROKERAGE TRANSACTIONS DIRECTED TO TD AMERITRADE, PAS OR PERSHING.

CLIENTS SHOULD BE AWARE, HOWEVER, THAT THE RECEIPT OF ECONOMIC BENEFITS BY FMSI OR OUR RELATED PERSONS IN AND OF ITSELF CREATES A POTENTIAL CONFLICT OF INTEREST AND MAY INDIRECTLY INFLUENCE OUR RECOMMENDATION OF TD AMERITRADE, PAS OR PERSHING FOR CUSTODY AND BROKERAGE SERVICES.

TRADE ERRORS

FMSI-IA HAS IMPLEMENTED PROCEDURES DESIGNED TO PREVENT TRADE ERRORS; HOWEVER TRADE ERRORS IN CLIENT ACCOUNTS CANNOT ALWAYS BE AVOIDED. CONSISTENT WITH OUR FIDUCIARY DUTY, THE FIRM CORRECTS TRADE ERRORS IN A MANNER THAT IS IN THE BEST INTEREST OF THE CLIENT. IN CASES WHERE THE CLIENT CAUSES THE TRADE ERROR, THE CLIENT WILL BE RESPONSIBLE FOR ANY LOSS RESULTING FROM THE CORRECTION.

IN ALL SITUATIONS WHERE THE CLIENT DOES NOT CAUSE THE TRADE ERROR, ANY LOSS RESULTING FROM THE TRADE ERROR WILL BE ABSORBED BY THE CLIENT'S IAR OR THE FIRM. IF THE ERROR IS CAUSED BY THE CUSTODIAN, THE CUSTODIAN WILL BE RESPONSIBLE FOR CORRECTING THE ERROR. ALL COSTS FOR CORRECTION OF TRADE ERRORS ARE ABSORBED BY THE IAR, THE FIRM, OR THE CUSTODIAN.

IF THE CORRECTION OF THE ERROR RESULTS IN A GAIN, THE CUSTODIAN WILL DEPOSIT GAINS IN THE FIRM'S TRADE ERROR ACCOUNT CARRIED WITH THE CUSTODIAN. FMSI-IA RETAINS THE GAIN TO MINIMIZE AND OFFSET ITS ADMINISTRATIVE TIME AND EXPENSE AGAINST LOSSES THE FIRM MAY INCUR AS A RESULT OF OTHER TRADING ERRORS. CLIENTS WILL NOT RECEIVE ANY GAINS GENERATED AS A RESULT OF THE ERROR CORRECTION.

IF CIRCUMSTANCES PERMIT, RELATED TRADE ERRORS RESULTING IN BOTH GAINS AND LOSSES IN AN ACCOUNT MAY BE NETTED BY THE FIRM.

ADDITIONAL FEES AND EXPENSES

IN ADDITION TO OUR ADVISORY FEES, CLIENTS ARE RESPONSIBLE FOR THE FEES AND EXPENSES CHARGED BY CUSTODIANS AND IMPOSED BY BROKER-DEALERS, INCLUDING, BUT NOT LIMITED TO, ANY TRANSACTION CHARGES IMPOSED BY A BROKER-DEALER WITH WHICH AN INDEPENDENT UNAFFILIATED INVESTMENT MANAGER EFFECTS TRANSACTIONS FOR CLIENT ACCOUNT(S). ADDITIONALLY, IN CERTAIN CLIENT RELATIONSHIPS, IARS MAY, AT THEIR DISCRETION, ESTABLISH FEE CREDIT ARRANGEMENTS WITH SELECT CLIENTS WHO ARE EITHER (1) HIGH NET WORTH INDIVIDUALS WITH SUBSTANTIAL ASSETS UNDER MANAGEMENT, AND/OR (2) CLIENTS WITH MULTIPLE ACCOUNTS, AND/OR (3) IARS WHO CONTINUE TO HONOR PRE-ESTABLISHED FEE CREDIT

ARRANGEMENTS ESTABLISHED PRIOR TO JOINING FMSI-IA. CLIENT FEE CREDIT ARRANGEMENTS MUST BE DISCLOSED, AND IN WRITING, AT THE TIME OF EXECUTING THE INVESTMENT ADVISORY AGREEMENT.

QUALITY OF EXECUTIONS

PURSUANT TO THE REQUIREMENTS OF THE SEC, FMSI-IA DISCLOSES INFORMATION REGARDING THE QUALITY OF ITS EXECUTIONS AND THE VARYING VENUES TO WHICH ORDERS ARE ROUTED VIA ITS WEBSITE www.myFMSI.com. FOR AN EXPLANATION OF HOW TO READ THE ORDER EXECUTION DATA, PLEASE REFER TO THE SEC'S WEBSITE www.sec.gov.

ITEM 13 – REVIEW OF ACCOUNTS

INVESTMENT SUPERVISORY SERVICES (ISS) - INDIVIDUAL PORTFOLIO MANAGEMENT REVIEWS

WHILE THE UNDERLYING SECURITIES WITHIN ISS ACCOUNTS ARE CONTINUALLY MONITORED, THESE ACCOUNTS ARE REVIEWED AT LEAST QUARTERLY. ACCOUNTS ARE REVIEWED IN THE CONTEXT OF THE CLIENT'S STATED INVESTMENT PROFILE AND GUIDELINES. MORE FREQUENT REVIEWS MAY BE TRIGGERED BY MATERIAL CHANGES IN VARIABLES SUCH AS INDIVIDUAL CIRCUMSTANCES, OR MARKET CONDITIONS OR EVENTS, AND POLITICAL OR ECONOMIC ENVIRONMENTS. ACCOUNT REVIEWS ARE CONDUCTED BY THE IAR AND FMSI-IA'S COMPLIANCE DEPARTMENT.

IN ADDITION TO THE MONTHLY STATEMENTS AND CONFIRMATIONS OF TRANSACTIONS THAT CLIENTS RECEIVE FROM THE QUALIFIED CUSTODIAN, FMSI-IA PROVIDES QUARTERLY REPORTS SUMMARIZING ACCOUNT PERFORMANCE, BALANCES AND HOLDINGS. CLIENTS SHOULD CAREFULLY REVIEW THESE REPORTS AND NOTIFY THEIR IAR OR FMSI-IA OF ANY DISCREPANCIES.

SELECTION AND MONITORING OF THIRD PARTY MONEY MANAGERS (TPM) REVIEWS

IF A CLIENT ENGAGES A TPM, PLEASE REFER TO THE UNAFFILIATED REGISTERED INVESTMENT ADVISER'S FIRM BROCHURE (OR OTHER DISCLOSURE DOCUMENT USED IN LIEU OF THE BROCHURE) FOR INFORMATION REGARDING THE NATURE AND FREQUENCY OF REVIEWS PROVIDED BY THE TPM. FMSI-IA DOES NOT PROVIDE A QUARTERLY REPORT, TRADE CONFIRMATIONS, OR TAX DOCUMENTATION; THE TPM PROVIDES THE CLIENT WITH QUARTERLY REPORTS, IF APPLICABLE TRADE CONFIRMATIONS, AND YEAR-END TAX DOCUMENTS FOR THE MANAGED ACCOUNT.

THE ACCOUNTS ARE REVIEWED ON A QUARTERLY BASIS BY THE IAR AND FMSI-IA'S COMPLIANCE DEPARTMENT.

FINANCIAL PLANNING SERVICES REVIEWS

REVIEWS MAY OCCUR AT DIFFERENT STAGES DEPENDING ON THE NATURE AND TERMS OF THE SPECIFIC ENGAGEMENT. TYPICALLY NO FORMAL REVIEW WILL BE CONDUCTED AFTER DELIVERY OF THE FINANCIAL PLAN UNLESS A CLIENT SPECIFICALLY REQUESTS AND CONTRACTS PLAN REVIEWS INTO THE FINANCIAL PLANNING AGREEMENT.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

FMSI-IA MAY ENGAGE SOLICITORS OR PAY ANY RELATED OR NON-RELATED PERSONS FOR REFERRING POTENTIAL CLIENTS TO OUR FIRM.

WE ACT AS A SOLICITOR (ADVISORY REFERRAL SERVICES) FOR OTHER INDEPENDENT AND UNAFFILIATED REGISTERED INVESTMENT ADVISERS WHEN WE MAKE A RECOMMENDATION TO A CLIENT FOR THEIR ADVISORY OR MANAGEMENT SERVICE. IF A CLIENT CONTRACTS WITH THE RECOMMENDED ADVISER, FMSI-IA AND THE IAR WILL RECEIVE A PORTION OF THE MANAGEMENT FEE CHARGED TO THE CLIENT.

FMSI-IA DOES NOT ALLOW RELATED PERSONS TO DIRECTLY ACCEPT ANY FORM OF COMPENSATION, INCLUDING CASH, SALES AWARDS OR OTHER PRIZES, FROM A NON-CLIENT IN CONJUNCTION WITH THE ADVISORY SERVICES WE PROVIDE TO CLIENTS. FMSI-IA AS PREVIOUSLY DISCLOSED IN ITEM 12 – BROKERAGE PRACTICES, DOES RECEIVE ECONOMIC BENEFITS FROM TD AMERITRADE AND OTHER THIRD PARTY VENDORS THAT WE BELIEVE ARE BENEFICIAL TO ALL OF OUR CLIENTS.

ITEM 15 – CUSTODY

PERSHING ADVISOR SOLUTIONS LLC (PAS), MEMBER FINRA, SIPC, IS A WHOLLY OWNED SUBSIDIARY OF THE BANK OF NEW YORK MELLON CORPORATION (BNY MELLON). CLEARING, CUSTODY, OR OTHER BROKERAGE SERVICES MAY BE PROVIDED BY PERSHING LLC, MEMBER FINRA, NYSE, SIPC. PAS RELIES ON ITS AFFILIATE PERSHING LLC TO PROVIDE CUSTODY AND EXECUTION SERVICES. TRADEMARK(S) BELONG TO THEIR RESPECTIVE OWNERS.

TD AMERITRADE INSTITUTIONAL IS A DIVISION OF TD AMERITRADE, INC., MEMBER FINRA/SIPC/NFA. TD AMERITRADE, INC. AND TD AMERITRADE CLEARING, INC., MEMBER FINRA/SIPC, ARE SUBSIDIARIES OF TD AMERITRADE HOLDING CORPORATION (NYSE: AMTD). BROKERAGE SERVICES PROVIDED EXCLUSIVELY BY TD AMERITRADE, INC. TD AMERITRADE IS A TRADEMARK JOINTLY OWNED BY TD AMERITRADE IP COMPANY, INC. AND THE TORONTO-DOMINION BANK.

FMSI-IA CLIENT FUNDS AND SECURITIES ARE HELD DIRECTLY WITH QUALIFIED CUSTODIANS (PERSHING LLC & TD AMERITRADE, INC.) AS DEFINED UNDER THE ADVISERS ACT, RULE 206(4)-2. THE QUALIFIED CUSTODIAN'S CONTACT INFORMATION IS LISTED ON THE CLIENT ACCOUNT STATEMENT. CLIENTS MAY ALSO RECEIVE FROM AN UNAFFILIATED REGISTERED INVESTMENT ADVISER OR FMSI-IA SEPARATE REPORTS WHICH MAY VARY FROM CUSTODIAL STATEMENTS BASED ON ACCOUNTING PROCEDURES, REPORTING DATES, OR VALUATION METHODOLOGIES OF CERTAIN SECURITIES. EACH ACCOUNT STATEMENT OR SEPARATE REPORT WILL INCLUDE ALL TRANSACTIONS AND ACTIVITY FOR THE APPLICABLE TIME PERIOD.

FMSI-IA ENCOURAGES CLIENTS TO CAREFULLY REVIEW BOTH THE CUSTODIAN'S ACCOUNT STATEMENT AND THE ADVISERS' REPORTS, VERIFY THE ACCURACY OF ACCOUNT INFORMATION, AND REVIEW ALL TRANSACTIONS AND ALL OTHER ACTIVITY IN THE ACCOUNT (INCLUDING THE FEE CALCULATION AND FEE DEBIT). **PLEASE IMMEDIATELY REPORT ANY DISCREPANCIES TO THE IAR OR FMSI-IA PROMPTLY.**

ITEM 16 – INVESTMENT DISCRETION

CLIENTS HAVE THE OPTION OF GRANTING THEIR IAR INVESTMENT DISCRETION PURSUANT TO A WRITTEN AUTHORIZATION OF LIMITED POWER OF ATTORNEY CONTAINED IN THE INVESTMENT ADVISORY AGREEMENT. IF A CLIENT GRANTS INVESTMENT DISCRETION AT THE BEGINNING OF THE ADVISORY RELATIONSHIP, THE IAR IS AUTHORIZED TO SELECT THE SECURITIES AND AMOUNTS OR NUMBER OF SHARES TO BE BOUGHT OR SOLD WITHOUT THE CLIENT'S PRIOR CONSENT.

IN ALL CASES HOWEVER SUCH DISCRETION IS TO BE EXERCISED IN A MANNER CONSISTENT WITH THE STATED INVESTMENT PROFILE, INVESTMENT POLICIES, LIMITATIONS AND RESTRICTIONS FOR THE PARTICULAR ACCOUNT.

THE CLIENT'S INVESTMENT GUIDELINES AND RESTRICTIONS MUST BE PROVIDED TO FMSI-IA IN WRITING.

ITEM 17 – VOTING CLIENT SECURITIES (PROXY BALLOTS)

AS A MATTER OF FIRM POLICY AND PRACTICE, FMSI-IA AND OUR IARS DO NOT HAVE ANY AUTHORITY TO AND DO NOT VOTE PROXIES ON BEHALF OF ANY CLIENT. CLIENTS RETAIN THE RESPONSIBILITY FOR RECEIVING AND VOTING PROXIES FOR ANY AND ALL SECURITIES MAINTAINED IN THE CLIENT PORTFOLIO. IARS MAY PROVIDE ADVICE TO CLIENTS REGARDING VOTING OF PROXIES.

CLIENTS ARE ENCOURAGED TO VOTE AND ASK GENERAL QUESTIONS DIRECTLY TO THE ISSUER RELATED TO THE PROXY CONTENT. PROXY VOTING IS AN IMPORTANT RIGHT OF SHAREHOLDERS AND REASONABLE CARE AND DILIGENCE MUST BE UNDERTAKEN TO ENSURE THAT SUCH RIGHTS ARE PROPERLY AND TIMELY EXERCISED.

FOR A COPY OF OUR PROXY VOTING POLICY AND PROCEDURE OR FOR ASSISTANCE REGARDING PROXY ISSUES, PLEASE CONTACT US AT **(309) 820-7444** OR IN WRITING TO OUR ADDRESS LISTED ON THE TITLE PAGE.

ITEM 18 – FINANCIAL INFORMATION

REGISTERED INVESTMENT ADVISERS ARE REQUIRED TO PROVIDE CLIENTS WITH CERTAIN FINANCIAL INFORMATION OR DISCLOSURES ABOUT THEIR FINANCIAL CONDITION. FMSI-IA HAS NO FINANCIAL COMMITMENT THAT IMPAIRS ITS ABILITY TO MEET CONTRACTUAL AND FIDUCIARY COMMITMENTS TO ITS CLIENTS, AND HAS NOT BEEN THE SUBJECT OF A BANKRUPTCY PROCEEDING.

ITEM 19 – CONFLICTS OF INTEREST

IN ALLOWING CERTAIN BUSINESS ACTIVITIES AND PRACTICES, FMSI-IA UNDERSTANDS AND HAS IMPLEMENTED VARIOUS POLICIES AND PROCEDURES TO MITIGATE ACTUAL OR POTENTIAL CONFLICTS OF INTEREST. WE BELIEVE THAT IN THE BEST INTERESTS OF OUR CLIENTS, REQUIRING SPECIFIC DISCLOSURES AND TRANSPARENCY OF POTENTIALLY CONFLICTING ACTIVITIES STRENGTHENS OUR ADVISORY RELATIONSHIP WITH YOU.

AS PART OF OUR FIDUCIARY DUTY AS A REGISTERED INVESTMENT ADVISER, WE TAKE THE FOLLOWING STEPS TO ADDRESS THESE CONFLICTS:

- WE HAVE ADOPTED AND IMPLEMENTED THE CODE OF ETHICS.
- ASSOCIATED PERSONS MUST RECEIVE PRIOR APPROVAL AND ONGOING REVIEWS OF ANY OUTSIDE EMPLOYMENT ACTIVITIES TO PROPERLY ADDRESS POTENTIAL CONFLICTS OF INTERESTS.
- IF WE APPROVE THE OPENING OF AN OUTSIDE BROKERAGE ACCOUNT DUE TO SPECIAL CIRCUMSTANCES, WE REQUIRE WRITTEN DISCLOSURE OF THESE OUTSIDE BROKERAGE ACCOUNTS, AS WELL AS THOSE FOR IMMEDIATE FAMILY MEMBERS, OR ACCOUNTS WHERE THE ASSOCIATED PERSON HAS A BENEFICIAL INTEREST, INCLUDING ACCOUNT STATEMENTS AND TRADE CONFIRMATIONS; WE REQUIRE ANNUAL UPDATES OF EXISTING ACCOUNT OWNERSHIP AND REGULARLY REVIEW TRADING ACTIVITIES ASSOCIATED WITH OUTSIDE BROKERAGE ACCOUNTS;
- NEITHER FMSI-IA NOR ANY ASSOCIATED PERSON IS A GENERAL PARTNER IN ANY PARTNERSHIP IN WHICH CLIENTS ARE SOLICITED TO INVEST.
- ALL ENTITIES AND ASSOCIATED PERSONS MAY OWN SHARES OR UNITS IN THE SAME SECURITIES AS CLIENTS.
- AN ADVISORY CLIENT MAY ALSO BE A BROKER-DEALER CLIENT, AND/OR AN INSURANCE AGENCY CLIENT OF THE SAME IAR/RR/LIFE AGENT AND AFFILIATED ENTITIES.
 - THE ASSOCIATED PERSON AND AFFILIATED ENTITIES WILL SHARE IN EARNED COMMISSIONS, TRAILS, BONUSES, AND OTHER FORMS OF COMPENSATION FOR THESE SERVICES ENGAGED BY THE ADVISORY CLIENT. SOME FEES MAY BE OFFSET AND ARE NEGOTIATED ON AN INDIVIDUAL BASIS AT THE DISCRETION OF EACH ENTITY. COMMISSIONS, TRAILS, BONUSES AND FEES PAYABLE ARE DISCLOSED IN EACH PRODUCTS PROSPECTUS OR OTHER OFFERING DOCUMENT.
 - CLIENTS ARE NOT OBLIGATED TO PURCHASE RECOMMENDED INVESTMENT PRODUCTS FROM ASSOCIATED PERSONS OR AFFILIATED ENTITIES.
- WE EDUCATE OUR IARS REGARDING THE RESPONSIBILITIES OF A FIDUCIARY, INCLUDING THE NEED FOR HAVING A REASONABLE AND INDEPENDENT BASIS FOR THE INVESTMENT ADVICE PROVIDED TO CLIENTS.

AS PREVIOUSLY DISCLOSED, WE RECOMMEND THE SERVICES OF VARIOUS REGISTERED INVESTMENT ADVISERS TO OUR CLIENTS AND IN EXCHANGE FOR THIS RECOMMENDATION WE RECEIVE A REFERRAL FEE FROM THE SELECTED INVESTMENT ADVISER. THE FEE RECEIVED IS A PERCENTAGE OF THE OVERALL FEE CHARGED BY THE INVESTMENT ADVISER AND DOES NOT INCREASE THE ADVISORY FEE PAID BY THE CLIENT. WE DO NOT CHARGE THE CLIENT ANY FEES FOR THESE REFERRALS. WE WILL NOT RECOMMEND ADVISERS THAT WE DO NOT HAVE AN EFFECTIVE AGREEMENT. WE ARE AWARE OF THE SPECIAL CONSIDERATIONS REQUIRED UNDER RULE 206(4)-3, CASH PAYMENT FOR CLIENT SOLICITATIONS OF THE ADVISERS ACT, AND AS SUCH, ALL APPROPRIATE DISCLOSURE SHALL BE MADE AND ALL APPLICABLE FEDERAL AND STATE LAWS WILL BE OBSERVED. CLIENTS SHOULD BE AWARE THAT THE RECEIPT OF ADDITIONAL COMPENSATION BY FMSI-IA AND ITS MANAGEMENT PERSONS OR IARS CREATES A CONFLICT OF INTEREST THAT MAY IMPAIR THE OBJECTIVITY OF OUR FIRM AND ASSOCIATED PERSONS WHEN

MAKING ADVISORY RECOMMENDATIONS. FMSI-IA ENDEAVORS AT ALL TIMES TO PUT CLIENT INTERESTS FIRST AS PART OF OUR FIDUCIARY DUTY AS A REGISTERED INVESTMENT ADVISER. WE TAKE THE FOLLOWING STEPS TO ADDRESS THIS CONFLICT:

- WE DISCLOSE TO CLIENTS THE EXISTENCE OF ALL KNOWN MATERIAL CONFLICTS OF INTEREST, INCLUDING THE POTENTIAL FOR US OR OUR IARS TO EARN COMPENSATION FROM THE REFERRAL OF CLIENTS TO OTHER REGISTERED INVESTMENT ADVISERS;
- WE DISCLOSE TO CLIENTS IN A SEPARATE DISCLOSURE DOCUMENT THE COMPENSATION WE RECEIVE IN EXCHANGE FOR THE CLIENT'S REFERRAL TO THE SELECTED INVESTMENT ADVISER;
- WE CONDUCT INITIAL AND PERIODIC DUE DILIGENCE ON THE SELECTED INVESTMENT ADVISERS TO ENSURE THAT THE ADVISERS WE RECOMMEND TO OUR CLIENTS REMAIN SUITABLE AND IN GOOD STANDING; AND

WE EDUCATE OUR IARS REGARDING THE RESPONSIBILITIES OF A FIDUCIARY, INCLUDING THE NEED FOR HAVING A REASONABLE AND INDEPENDENT BASIS FOR THE INVESTMENT ADVICE PROVIDED TO CLIENTS. CLIENTS ARE NOT OBLIGATED TO IMPLEMENT A FINANCIAL PLAN THROUGH THEIR IAR. CLIENTS MAY, AT THEIR SOLE DISCRETION, IMPLEMENT THE FINANCIAL PLAN THROUGH OTHER FINANCIAL INSTITUTIONS. HOWEVER, WHEN A CLIENT ELECTS TO IMPLEMENT THE FINANCIAL PLAN AND PURCHASE THE RECOMMENDED PRODUCTS THROUGH THE IAR WHO IS A REGISTERED REPRESENTATIVE (RR) OR LICENSED LIFE AGENT OF THE AFFILIATED ENTITIES, A CONFLICT OF INTEREST IS CREATED BECAUSE ONE PROFESSIONAL, IN MULTIPLE CAPACITIES, COULD EARN INCOME FROM THREE (3) DIFFERENT SOURCES FROM CLIENT PURCHASES. AS AN EXAMPLE, A CLIENT COULD PAY (1) A FEE FOR ADVISORY SERVICES; (2) A COMMISSION FOR THE PURCHASE OF A STOCK, BOND, MUTUAL FUND, ETC., AND (3) A COMMISSION FOR THE PURCHASE OF A VARIABLE ANNUITY OR A FIXED OR VARIABLE INSURANCE PRODUCT SUCH AS A FIXED ANNUITY OR LIFE INSURANCE POLICY.

IF CLIENTS ELECT TO PURCHASE INVESTMENT PRODUCTS THROUGH THE IAR/RR OR LIFE AGENT, THE PURCHASE PRESENTS A CONFLICT OF INTEREST BY PRESENTING AN INCENTIVE FOR THE IAR/RR OR LIFE AGENT TO RECOMMEND INVESTMENT PRODUCTS BASED ON THE COMPENSATION TO BE RECEIVED RATHER THAN ON CLIENT NEEDS OR TO POTENTIALLY RECOMMEND PRODUCTS AND RIDERS AT A HIGHER COMMISSION SCHEDULE. IARS/RRs AND LIFE AGENTS WILL DISCLOSE TO CLIENTS AT THE TIME OF A PRODUCT PURCHASE THE AMOUNT OF COMMISSION COMPENSATION TO BE EARNED WHEN VARIOUS INVESTMENT PRODUCTS ARE PURCHASED. THIS CONFLICT OF INTEREST IS DIRECTLY RELATED TO THE DUAL OR MULTIPLE RELATIONSHIPS CREATED AND POTENTIAL INCOME REVENUE TO THE IAR, RR, AND LIFE AGENT FROM A SINGLE CLIENT.

IARS, RRs, AND LIFE AGENTS ARE GENERALLY THE SAME INDIVIDUAL. EACH IS ALSO ASSOCIATED WITH THE REGISTERED INVESTMENT ADVISER, AFFILIATED BROKER-DEALER AND AFFILIATED LIFE INSURANCE AGENCY. IN THESE RELATIONSHIPS, IT IS IMPORTANT FOR CLIENTS TO UNDERSTAND THAT THEIR IAR IS ONLY PERMITTED TO REPRESENT, RECOMMEND, AND ESTABLISH ADVISORY ACCOUNTS WITH AN APPROVED INVESTMENT ADVISER SERVICE OR PROGRAM; RRs ARE ONLY PERMITTED TO REPRESENT, RECOMMEND, AND EFFECT INVESTMENT PRODUCT TRANSACTIONS OF APPROVED FUND SPONSORS AND ISSUERS OF THE BROKER-DEALER; AND LIFE AGENTS ARE ONLY PERMITTED TO REPRESENT, RECOMMEND, AND EFFECT INSURANCE-RELATED PRODUCT TRANSACTIONS OF APPROVED INSURANCE COMPANIES AND ISSUERS. NOT ONLY DOES THE IAR/RR AND LIFE AGENT RECEIVE COMPENSATION; EACH ENTITY ALSO RECEIVES THEIR PROPORTIONATE SHARE FOR THE SALES ACTIVITIES OF THE IAR/RR AND LIFE AGENT. BEAR IN MIND, THESE BUSINESS ACTIVITIES RESTRICTIONS ARE IN PLACE IN ORDER FOR FMSI-IA AND THE AFFILIATED ENTITIES TO SUPERVISE, CAPTURE, AND MAINTAIN COMPLIANCE WITH THEIR REGULATORY BOOKS AND RECORDS REQUIREMENTS.

ITEM 20 – BUSINESS CONTINUITY PLAN SUMMARY

FMSI-IA'S BUSINESS CONTINUITY PLANNING

FMSI-IA'S BUSINESS CONTINUITY PLAN DISCUSSES HOW WE WILL RESPOND TO EVENTS THAT SIGNIFICANTLY DISRUPT OUR BUSINESS (FIRE, FLOOD, TERRORIST ATTACK). SINCE THE TIMING AND IMPACT OF A SIGNIFICANT BUSINESS DISRUPTION (SBD) IS UNPREDICTABLE, WE WILL HAVE TO BE FLEXIBLE IN RESPONDING TO ACTUAL EVENTS AS THEY OCCUR. WITH THAT IN MIND,

WE ARE PROVIDING OUR CLIENTS WITH THIS INFORMATION ON OUR BUSINESS CONTINUITY PLAN. FOR MORE SPECIFIC INFORMATION, PLEASE REFER TO OUR WEBSITE: www.myFMSI.com.

OUR CUSTODIANS (TD AMERITRADE, PAS AND PERSHING) BACK UP OUR IMPORTANT RECORDS IN A GEOGRAPHICALLY SEPARATE AREA. WHILE EVERY EMERGENCY SITUATION POSES UNIQUE PROBLEMS BASED ON EXTERNAL FACTORS, SUCH AS TIME OF DAY AND THE SEVERITY OF THE DISRUPTION, WE HAVE BEEN ADVISED BY OUR CUSTODIANS THAT ITS OBJECTIVE IS TO RESTORE ITS OWN OPERATIONS AND BE ABLE TO COMPLETE EXISTING TRANSACTIONS AND ACCEPT NEW TRANSACTIONS AND PAYMENTS. CLIENT ORDERS AND REQUESTS FOR FUNDS AND SECURITIES COULD BE DELAYED DURING THIS PERIOD.

VARYING DISRUPTIONS

SBDs CAN VARY IN THEIR SCOPE, SUCH AS ONLY OUR FIRM, A SINGLE BUILDING HOUSING OUR FIRM, THE BUSINESS DISTRICT WHERE OUR FIRM IS LOCATED, THE CITY WHERE WE ARE LOCATED, OR THE WHOLE REGION. WITHIN EACH OF THESE AREAS, THE SEVERITY OF THE DISRUPTION CAN ALSO VARY FROM MINIMAL TO SEVERE. IN A DISRUPTION TO ONLY OUR FIRM OR A BUILDING HOUSING OUR FIRM, WE WILL TRANSFER OUR OPERATIONS TO OUR ALTERNATE LOCATION WHEN NEEDED AND EXPECT TO RECOVER AND RESUME BUSINESS WITHIN ONE DAY. IN A DISRUPTION AFFECTING OUR BUSINESS DISTRICT, CITY, OR REGION, WE WILL TRANSFER OUR OPERATIONS TO A SITE OUTSIDE OF THE AFFECTED AREA, AND RECOVER AND RESUME BUSINESS WITHIN ONE DAY. IN EITHER SITUATION, WE PLAN TO CONTINUE IN BUSINESS, TRANSFERRING OPERATIONS TO OUR CUSTODIANS IF NECESSARY, AND NOTIFY CLIENTS THROUGH OUR WEBSITE www.myFMSI.com OR OUR CLIENT EMERGENCY NUMBER, (800) 662-8452. IF THE SBD IS SO SEVERE THAT IT PREVENTS US FROM REMAINING IN BUSINESS, WE WILL ASSURE OUR CLIENT'S PROMPT ACCESS TO THEIR FUNDS AND SECURITIES.

FOR MORE INFORMATION

PLEASE CONTACT US AT info@myFMSI.com WITH QUESTIONS ABOUT OUR BUSINESS CONTINUITY PLANNING.

ITEM 21 – INVESTOR COMPLAINT REGISTRATION

CLIENTS MAY CONTACT FMSI-IA FOR ANY MATTER, INCLUDING THE FILING OF A COMPLAINT BY CONTACTING THE OFFICE OF THE CHIEF COMPLIANCE OFFICER, FMSI ADVISERS, 207 W. JEFFERSON STREET, SUITE 102, BLOOMINGTON, IL 61701 OR VIA TELEPHONE AT (309) 820-7444.

ITEM 22 - CUSTOMER IDENTIFICATION PROGRAM (CIP) NOTICE

IMPORTANT INFORMATION YOU NEED TO KNOW ABOUT OPENING A NEW ACCOUNT.

TO HELP THE GOVERNMENT FIGHT THE FUNDING OF TERRORISM AND MONEY LAUNDERING ACTIVITIES, FEDERAL LAW REQUIRES FINANCIAL INSTITUTIONS TO OBTAIN, VERIFY AND RECORD INFORMATION THAT IDENTIFIES EACH PERSON WHO OPENS AN ACCOUNT.

WHAT TYPES OF INFORMATION WILL I NEED TO PROVIDE?

WHEN YOU OPEN AN ACCOUNT, FMSI-IA IS REQUIRED TO COLLECT CERTAIN INFORMATION FROM YOU WHICH MAY INCLUDE, BUT NOT BE LIMITED TO YOUR NAME, DATE OF BIRTH, ADDRESS AND IDENTIFICATION NUMBER:

- **U.S. CITIZEN:** TAXPAYER IDENTIFICATION (SOCIAL SECURITY NUMBER OR EMPLOYER IDENTIFICATION NUMBER).
- **Non-U.S. CITIZEN:** TAXPAYER IDENTIFICATION NUMBER, PASSPORT NUMBER, COUNTRY OF ISSUANCE, ALIEN IDENTIFICATION CARD NUMBER OR GOVERNMENT ISSUED IDENTIFICATION SHOWING NATIONALITY, RESIDENCE, AND A PHOTOGRAPH OF YOU.

YOU MAY ALSO NEED TO SHOW YOUR DRIVER'S LICENSE, U.S PASSPORT OR OTHER IDENTIFYING DOCUMENTS.

A CORPORATION, PARTNERSHIP, TRUST OR OTHER LEGAL ENTITY MAY NEED TO PROVIDE OTHER INFORMATION, SUCH AS PRINCIPAL PLACE OF BUSINESS, LOCAL OFFICE, EMPLOYER IDENTIFICATION NUMBER, CERTIFIED ARTICLES OF INCORPORATION, GOVERNMENT ISSUED BUSINESS LICENSE, A PARTNERSHIP AGREEMENT, OR A TRUST AGREEMENT.

U.S. DEPARTMENT OF THE TREASURY, SECURITIES AND EXCHANGE COMMISSION ("SEC"), FINRA, AND NEW YORK STOCK EXCHANGE RULES ALREADY REQUIRE YOU TO PROVIDE MOST OF THIS INFORMATION. THESE RULES ALSO MAY REQUIRE YOU TO PROVIDE ADDITIONAL INFORMATION, INVESTMENT EXPERIENCE AND OBJECTIVES, AND RISK TOLERANCE.

WHAT HAPPENS IF I DON'T PROVIDE THE INFORMATION REQUESTED OR MY IDENTITY CANNOT BE VERIFIED?

FMSI-IA MAY NOT BE ABLE TO OPEN AN ACCOUNT OR CARRY OUT TRANSACTIONS FOR YOU. IF FMSI-IA HAS ALREADY OPENED AN ACCOUNT FOR YOU, WE MAY HAVE TO CLOSE IT. WE THANK YOU FOR YOUR PATIENCE AND HOPE THAT YOU WILL SUPPORT THE FINANCIAL INDUSTRY'S EFFORTS TO DENY TERRORISTS AND MONEY LAUNDERERS ACCESS TO AMERICA'S FINANCIAL SYSTEM.

ITEM 23 – ANTI-MONEY LAUNDERING (AML) DISCLOSURE

THE USA PATRIOT ACT, IMPLEMENTED IN OCTOBER 2003, IS DESIGNED TO DETECT, DETER, AND PUNISH TERRORISTS IN THE UNITED STATES AND ABROAD. THE ACT IMPOSES NEW ANTI-MONEY LAUNDERING REQUIREMENTS ON BROKERAGE FIRMS AND FINANCIAL INSTITUTIONS. FMSI-IA HAS ADOPTED AND IMPLEMENTED ITS AML PROGRAM. TO HELP CLIENTS UNDERSTAND THESE EFFORTS, WE WANT TO PROVIDE CLIENTS WITH SOME INFORMATION ABOUT MONEY LAUNDERING AND OUR STEPS TO IMPLEMENT THE USA PATRIOT ACT.

WHAT IS MONEY LAUNDERING?

MONEY LAUNDERING IS THE PROCESS OF DISGUIISING ILLEGALLY OBTAINED MONEY SO THAT THE FUNDS APPEAR TO COME FROM LEGITIMATE SOURCES OR ACTIVITIES. MONEY LAUNDERING OCCURS IN CONNECTION WITH A WIDE VARIETY OF CRIMES, INCLUDING ILLEGAL ARMS SALES, DRUG TRAFFICKING, ROBBERY, FRAUD, RACKETEERING, SECURITIES FRAUD AND TERRORISM.

WHAT ARE WE REQUIRED TO DO TO ELIMINATE MONEY LAUNDERING?

UNDER THE RULES REQUIRED BY THE USA PATRIOT ACT, OUR FIRM HAS DESIGNATED AN AML COMPLIANCE OFFICER, SET UP EMPLOYEE TRAINING, ARRANGES FOR INDEPENDENT AUDITS, CO-ORDINATES ACTIVITIES WITH OUR CUSTODIANS, AND ESTABLISHED POLICIES AND PROCEDURES TO DETECT AND REPORT SUSPICIOUS TRANSACTIONS AND ENSURE COMPLIANCE WITH THE LAWS. AS PART OF OUR REQUIRED PROGRAM, CLIENTS WILL BE ASKED TO PROVIDE VARIOUS IDENTIFICATION DOCUMENTS. UNTIL CLIENTS PROVIDE THE INFORMATION OR DOCUMENTS AND UNTIL THEIR IDENTITY HAS BEEN VERIFIED, THE ACCOUNT MAY NOT BE ABLE TO BE OPENED OR TRANSACTIONS EFFECTED THROUGH US, OUR CUSTODIANS, OR OTHER FINANCIAL INSTITUTIONS WE ENGAGE ON OUR CLIENT'S BEHALF.

WE THANK OUR CLIENTS FOR THEIR COOPERATION AND HOPE THAT THEY CONTINUE TO SUPPORT US IN OUR EFFORTS TO DENY TERRORISTS GROUPS' ACCESS TO AMERICA'S FINANCIAL SYSTEMS.

ITEM 24 – FMSI IDENTITY PREVENTION PROGRAM

UNDER THE FEDERAL TRADE COMMISSION'S (FTC'S) FACT ACT (ALSO REFERRED TO AS THE RED FLAGS RULE), FINANCIAL INSTITUTIONS WITH "COVERED ACCOUNTS" ARE REQUIRED TO ESTABLISH AN IDENTITY THEFT PREVENTION PROGRAM (ITPP) TO PREVENT, DETECT, AND ACT ON THE THEFT OF CUSTOMERS' IDENTITY. "COVERED ACCOUNTS" INCLUDE ACCOUNTS FOR INDIVIDUALS (VS. INSTITUTIONS) AND ACCOUNTS WHERE CREDIT IS EXTENDED. BECAUSE FMSI-IA HAS INDIVIDUALS AS CUSTOMERS OR IT OFFERS CREDIT TO CUSTOMERS, FMSI IS SUBJECT TO THE FACT ACT REQUIREMENTS. THIS SECTION DESCRIBES FMSI-IA'S METHODS OF IDENTIFYING RED FLAGS AND RESPONDING TO THEM.

FMSI-IA HAS ESTABLISHED AN ITPP WHICH INCORPORATES THE CUSTOMER IDENTIFICATION PROGRAM AS A TOOL FOR RECOGNIZING IDENTITY THEFT. RELATED POLICIES AND PROCEDURES INCLUDE THE RESPONSIBILITIES OF ALL EMPLOYEES (AND DESIGNATED SUPERVISORS, IN PARTICULAR).

RED FLAGS

THE ITPP IS BASED ON IDENTIFYING "RED FLAGS" THAT INDICATE IDENTITY THEFT MAY HAVE OCCURRED. PERIODICALLY, FMSI-IA WILL REVIEW ACCOUNTS TO IDENTIFY IRREGULARITIES IN THE CLIENT ADVISORY ACCOUNT. REGULATORS HAVE IDENTIFIED RED FLAGS AS POTENTIAL INDICATORS OF IDENTITY THEFT. ALL OF THE RED FLAGS MAY NOT APPLY TO FMSI-IA BECAUSE OF THE NATURE OF ITS BUSINESS AND TYPES OF CUSTOMERS. THE FOLLOWING SECTION IDENTIFIES RED FLAGS, HOW THEY ARE DETECTED, AND POTENTIAL ACTION WHEN RED FLAGS ARE IDENTIFIED.

IDENTIFYING AND RESPONDING TO RED FLAGS

THE FOLLOWING CHART IDENTIFIES IDENTITY THEFT RED FLAGS AND POTENTIAL RESPONSES WHICH DEPEND ON THE NATURE AND SERIOUSNESS OF THE RED FLAGS. THIS LIST IS NOT INTENDED TO BE AN EXHAUSTIVE OR MANDATORY LIST OF ITEMS BUT PROVIDES GUIDELINES FOR WHERE RISKS MAY APPEAR. SOME AREAS MAY NOT BE RELEVANT TO FMSI-IA'S BUSINESS AT A PARTICULAR TIME.

| <u>RED FLAG</u> |
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| 1. A FRAUD OR ACTIVE DUTY ALERT IS INCLUDED ON A CONSUMER CREDIT REPORT. |
| 2. A NOTICE OF CREDIT FREEZE IS GIVEN IN RESPONSE TO A REQUEST FOR A CONSUMER CREDIT REPORT. |
| 3. A NOTICE OF ADDRESS OR OTHER DISCREPANCY IS PROVIDED BY A CONSUMER CREDIT REPORTING AGENCY. |
| 4. A CONSUMER CREDIT REPORT SHOWS A PATTERN INCONSISTENT WITH THE PERSON'S HISTORY, SUCH AS A BIG INCREASE IN THE VOLUME OF INQUIRIES OR USE OF CREDIT, ESPECIALLY ON NEW ACCOUNTS; AN UNUSUAL NUMBER OF RECENTLY ESTABLISHED CREDIT RELATIONSHIPS; OR AN ACCOUNT CLOSED BECAUSE OF AN ABUSE OF ACCOUNT PRIVILEGES. |
| 5. IDENTIFICATION PRESENTED LOOKS ALTERED OR FORGED. |
| 6. THE IDENTIFICATION PRESENTER DOES NOT LOOK LIKE THE IDENTIFICATION'S PHOTOGRAPH OR PHYSICAL DESCRIPTION. |
| 7. INFORMATION ON THE IDENTIFICATION DIFFERS FROM WHAT THE IDENTIFICATION PRESENTER IS SAYING. |
| 8. INFORMATION ON THE IDENTIFICATION DOES NOT MATCH OTHER INFORMATION OUR FIRM HAS ON FILE FOR THE PRESENTER, LIKE THE ORIGINAL ACCOUNT APPLICATION, SIGNATURE CARD OR A RECENT CHECK. |
| 9. THE APPLICATION LOOKS LIKE IT HAS BEEN ALTERED, FORGED OR TORN UP AND REASSEMBLED. |
| 10. INCONSISTENCIES EXIST BETWEEN THE INFORMATION PRESENTED AND OTHER THINGS WE KNOW ABOUT THE PRESENTER OR CAN FIND OUT BY CHECKING READILY AVAILABLE EXTERNAL SOURCES, SUCH AS AN ADDRESS THAT DOES NOT MATCH A CONSUMER CREDIT REPORT, OR THE SOCIAL SECURITY NUMBER (SSN) HAS NOT BEEN ISSUED OR IS LISTED ON THE SOCIAL SECURITY ADMINISTRATION'S (SSA'S) DEATH MASTER FILE. |
| 11. INCONSISTENCIES EXIST IN THE INFORMATION THAT THE CUSTOMER GIVES US, SUCH AS A DATE OF BIRTH THAT DOES NOT FALL WITHIN THE NUMBER RANGE ON THE SSA'S ISSUANCE TABLES. |
| 12. PERSONAL IDENTIFYING INFORMATION PRESENTED HAS BEEN USED ON AN ACCOUNT OUR FIRM KNOWS WAS FRAUDULENT. |
| 13. PERSONAL IDENTIFYING INFORMATION PRESENTED SUGGESTS FRAUD, SUCH AS AN ADDRESS THAT IS FICTITIOUS, A MAIL DROP, OR A PRISON; OR A PHONE NUMBER IS INVALID, OR IS FOR A PAGER OR ANSWERING SERVICE. |
| 14. THE SSN PRESENTED WAS USED BY SOMEONE ELSE OPENING AN ACCOUNT OR OTHER CUSTOMERS. |
| 15. THE ADDRESS OR TELEPHONE NUMBER PRESENTED HAS BEEN USED BY MANY OTHER PEOPLE OPENING ACCOUNTS OR OTHER CUSTOMERS. |
| 16. A PERSON WHO OMITS REQUIRED INFORMATION ON AN APPLICATION OR OTHER FORM DOES NOT PROVIDE IT WHEN TOLD IT IS INCOMPLETE. |
| 17. INCONSISTENCIES EXIST BETWEEN WHAT IS PRESENTED AND WHAT OUR FIRM HAS ON FILE. |

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| 18. A PERSON MAKING AN ACCOUNT APPLICATION OR SEEKING ACCESS CANNOT PROVIDE AUTHENTICATING INFORMATION BEYOND WHAT WOULD BE FOUND IN A WALLET OR CONSUMER CREDIT REPORT, OR CANNOT ANSWER A CHALLENGE QUESTION. |
| 19. SOON AFTER FMSI-IA GETS A CHANGE OF ADDRESS REQUEST FOR AN ACCOUNT, WE ARE ASKED TO ADD ADDITIONAL ACCESS MEANS (SUCH AS DEBIT CARDS OR CHECKS) OR AUTHORIZED USERS FOR THE ACCOUNT. |
| 20. A NEW ACCOUNT EXHIBITS FRAUD PATTERNS, SUCH AS WHERE A FIRST PAYMENT IS NOT MADE OR ONLY THE FIRST PAYMENT IS MADE, OR THE USE OF CREDIT FOR CASH ADVANCES AND SECURITIES EASILY CONVERTED INTO CASH. |
| 21. AN ACCOUNT DEVELOPS NEW PATTERNS OF ACTIVITY, SUCH AS NONPAYMENT INCONSISTENT WITH PRIOR HISTORY, A MATERIAL INCREASE IN CREDIT USE, OR A MATERIAL CHANGE IN SPENDING OR ELECTRONIC FUND TRANSFERS. |
| 22. AN ACCOUNT THAT IS INACTIVE FOR A LONG TIME IS SUDDENLY USED AGAIN. |
| 23. MAIL FMSI-IA SENDS TO A CUSTOMER IS RETURNED REPEATEDLY AS UNDELIVERABLE EVEN THOUGH THE ACCOUNT REMAINS ACTIVE. |
| 24. WE LEARN THAT A CUSTOMER IS NOT GETTING HIS OR HER PAPER ACCOUNT STATEMENTS. |
| 25. WE ARE NOTIFIED THAT THERE ARE UNAUTHORIZED CHARGES OR TRANSACTIONS TO THE ACCOUNT. |
| 26. AN OUTSIDE AGENCY, LAW ENFORCEMENT, A CLEARING FIRM, OR OTHER SOURCE NOTIFIES FMSI-IA THAT AN ACCOUNT HAS BEEN OPENED OR USED FRAUDULENTLY. |
| 27. FMSI-IA IS NOTIFIED OF POTENTIAL UNAUTHORIZED ACCESS TO CUSTOMER PERSONAL INFORMATION DUE TO DATA LOSS FROM AN OUTSIDE PROVIDER OR A BREACH OF AN OUTSIDE PROVIDER'S DATA. |
| 28. NOTICE FROM A CUSTOMER OF THE LOSS OF INFORMATION (E.G., LOSS OF WALLET, BIRTH CERTIFICATE, ETC.). |

WHEN IDENTITY THEFT OCCURS...

IF AN UNAUTHORIZED PERSON HAS GAINED OR ATTEMPTED ENTRY TO A CLIENT'S ACCOUNT, FMSI-IA WILL TAKE THE FOLLOWING ACTIONS, DEPENDING ON THE NATURE AND SCOPE OF THE INTRUSION.

- CONTACT THE CLIENT USING CIP INFORMATION CURRENTLY ON FILE, DESCRIBE WHAT HAS BEEN FOUND, AND VERIFY WITH THE CLIENT THAT THERE HAS BEEN AN ATTEMPTED OR ACTUAL IDENTITY THEFT
- MONITOR, LIMIT, OR TEMPORARILY SUSPEND ACTIVITY IN THE ACCOUNT
- IF APPLICABLE, WE WILL CHANGE PASSWORDS, SECURITY CODES OR OTHER WAYS TO LIMIT ACCESS TO ANY THREATENED ACCOUNT
- CLOSE THE ACCOUNT AND REOPEN WITH A NEW ACCOUNT NUMBER
- NOTIFY CLEARING/CUSTODIAL FIRM, IF APPLICABLE
- CONTACT THE SEC, FINRA, AND STATE REGULATORS
- IF APPROPRIATE, CONTACT LAW ENFORCEMENT SUCH AS THE FBI OR THE U.S. POSTAL INSPECTOR, IF MAIL IS INVOLVED
- DETERMINE WHETHER A SUSPICIOUS ACTIVITY REPORT (SAR) SHOULD BE FILED

IN ADDITION, CLIENTS WILL BE ADVISED TO GO TO THE FTC IDENTITY THEFT WEB SITE, ([HTTP://WWW.FTC.GOV/BCP/EDU/MICROSITES/IDTHFT](http://www.ftc.gov/bcp/edu/microsites/idtheft)). CLIENTS WILL ALSO BE GIVEN DIRECTIONS TO CONTACT THE FTC'S IDENTITY THEFT HOTLINE (877-438-4338); OR TO WRITE THE IDENTITY THEFT CLEARINGHOUSE (FTC, 6000 PENNSYLVANIA AVENUE, NW, WASHINGTON, D.C. 20580).

WE WILL GIVE CLIENTS THE FOLLOWING INFORMATION TO ASSIST WITH FILING A CLAIM:

- FIRM INFORMATION (FIRM NAME, CRD NUMBER, CONTACT NAME AND TELEPHONE NUMBER)
- DATES AND TIMES OF ACTIVITY
- SECURITIES INVOLVED (NAME AND SYMBOL)
- DETAILS OF TRADES OR UNEXECUTED ORDERS
- DETAILS OF WIRE TRANSFER ACTIVITY

ITEM 25 – SECURITIES INVESTOR PROTECTION CORPORATION

FIRST MIDWEST SECURITIES, INC. ("FMSI") IS A MEMBER OF THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC"). FOR MORE INFORMATION ON SIPC, PLEASE CONTACT SIPC DIRECTLY AT (202) 371-8300 OR YOU CAN VISIT SIPC ONLINE AT WWW.SIPC.ORG.

ITEM 26 – PRIVACY NOTICE

REVISED 8/2013

| FACTS | WHAT DOES FMSI DO WITH YOUR PERSONAL INFORMATION? |
|-------|---|
| WHY? | FINANCIAL COMPANIES CHOOSE HOW THEY SHARE YOUR PERSONAL INFORMATION. FEDERAL LAW GIVES CONSUMERS THE RIGHT TO LIMIT SOME BUT NOT ALL SHARING. FEDERAL LAW ALSO REQUIRES US TO TELL YOU HOW WE COLLECT, SHARE, AND PROTECT YOUR PERSONAL INFORMATION. PLEASE READ THIS NOTICE CAREFULLY TO UNDERSTAND WHAT WE DO WITH YOUR PERSONAL INFORMATION. |
| WHAT? | THE TYPE OF PERSONAL INFORMATION WE COLLECT AND SHARE DEPENDS ON THE PRODUCT OR SERVICE YOU HAVE WITH US. THIS INFORMATION CAN INCLUDE: <ul style="list-style-type: none">▪ SOCIAL SECURITY NUMBER AND EMPLOYMENT INFORMATION▪ TRANSACTION HISTORY AND WIRE TRANSFER INSTRUCTIONS▪ INCOME AND ACCOUNT BALANCES |
| HOW? | ALL FINANCIAL COMPANIES NEED TO SHARE CUSTOMER'S PERSONAL INFORMATION TO RUN THEIR EVERYDAY BUSINESS. IN THE SECTION BELOW, WE LIST THE REASONS FINANCIAL COMPANIES CAN SHARE THEIR CUSTOMER'S PERSONAL INFORMATION; THE REASONS FIRST MIDWEST SECURITIES, INC. CHOOSES TO SHARE; AND WHETHER YOU CAN LIMIT THIS SHARING. |

| REASONS WE CAN SHARE YOUR PERSONAL INFORMATION | DOES FMSI SHARE? | CAN YOU LIMIT THIS SHARING? |
|--|------------------|-----------------------------|
| FOR OUR EVERYDAY BUSINESS PURPOSES- SUCH AS TO PROCESS YOUR TRANSACTIONS, REPORT ON TRANSACTIONS, MAINTAIN YOUR ACCOUNT(S), RESPOND TO COURT ORDERS AND LEGAL INVESTIGATIONS, OR REPORT TO CREDIT BUREAUS. | YES | NO |
| FOR OUR MARKETING PURPOSES- TO OFFER OUR PRODUCTS AND SERVICES TO YOU. | YES | YES |
| FOR JOINT MARKETING WITH OTHER FINANCIAL COMPANIES | NO | NO |
| FOR OUR AFFILIATES' EVERYDAY BUSINESS PURPOSES- INFORMATION ABOUT YOUR TRANSACTIONS AND EXPERIENCES. | YES | NO |
| FOR OUR AFFILIATES' EVERYDAY BUSINESS PURPOSES- INFORMATION ABOUT YOUR CREDITWORTHINESS. | YES | YES |
| FOR NONAFFILIATES TO MARKET TO YOU- ONLY IF YOUR REP/ADVISOR LEAVES FIRST MIDWEST SECURITIES, INC. OR ONE OF ITS AFFILIATES FOR ANOTHER FIRM, RETIRES, OR SELLS HIS OR HER BOOK OF BUSINESS. | YES | YES |

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| TO LIMIT OUR SHARING | <ul style="list-style-type: none">▪ CALL (800) 662-8452▪ EMAIL US: PRIVACY@MYFMSI.COM PLEASE NOTE: IF YOU ARE A NEW CUSTOMER, WE CAN BEGIN SHARING YOUR INFORMATION 30 DAYS FROM THE DATE WE SENT THIS NOTICE. WHEN YOU ARE NO LONGER OUR CUSTOMER, WE CONTINUE TO SHARE YOUR INFORMATION AS DESCRIBED IN THIS NOTICE. HOWEVER, YOU CAN CONTACT US AT ANY TIME TO LIMIT OUR SHARING. |
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| QUESTIONS? | CALL (800) 662-8452 OR GO TO www.myfmsi.com |
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| WHO IS PROVIDING THIS NOTICE? | FIRST MIDWEST SECURITIES, INC. |
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| WHAT WE DO | |
| HOW FMSI PROTECTS MY PERSONAL INFORMATION? | TO PROTECT YOUR PERSONAL INFORMATION FROM UNAUTHORIZED ACCESS AND USE, WE USE SECURITY MEASURES THAT COMPLY WITH FEDERAL LAW. THESE MEASURES INCLUDE COMPUTER SAFEGUARDS AND SECURED FILES AND BUILDINGS. |

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| | WE TRAIN OUR EMPLOYEES IN THE PROPER HANDLING OF PERSONAL INFORMATION. WE REQUIRE COMPANIES THAT HELP PROVIDE OUR SERVICES TO YOU TO PROTECT THE CONFIDENTIALITY OF PERSONAL INFORMATION THEY RECEIVE. |
| HOW FMSI COLLECTS MY PERSONAL INFORMATION? | <p>WE COLLECT YOUR PERSONAL INFORMATION, FOR EXAMPLE, WHEN YOU:</p> <ul style="list-style-type: none"> ■ OPEN AN ACCOUNT ■ MAKE DEPOSITS OR WITHDRAWALS FROM YOUR ACCOUNT ■ APPLY FOR INSURANCE ■ TELL US ABOUT YOUR INVESTMENT OR RETIREMENT PORTFOLIO ■ SEEK ADVICE ABOUT YOUR INVESTMENTS <p>WE ALSO COLLECT YOUR PERSONAL INFORMATION FROM OTHERS SUCH AS CREDIT BUREAUS, AFFILIATES, OR OTHER COMPANIES.</p> |
| WHY CAN'T I LIMIT ALL SHARING? | <p>FEDERAL LAW GIVES YOU THE RIGHT TO LIMIT ONLY:</p> <ul style="list-style-type: none"> ■ SHARING FOR AFFILIATES' EVERYDAY BUSINESS PURPOSES - INFORMATION ABOUT YOUR CREDITWORTHINESS. ■ AFFILIATES FROM USING YOUR INFORMATION TO MARKET TO YOU. ■ SHARING FOR NONAFFILIATES TO MARKET TO YOU. <p>STATE LAWS AND INDIVIDUAL COMPANIES MAY GIVE YOU ADDITIONAL RIGHTS TO LIMIT SHARING. SEE BELOW FOR MORE ON YOUR RIGHTS UNDER STATE LAW.</p> |
| WHAT HAPPENS WHEN I LIMIT SHARING FOR AN ACCOUNT I HOLD JOINTLY WITH SOMEONE ELSE? | YOUR CHOICES WILL APPLY TO EVERYONE ON YOUR ACCOUNT - UNLESS YOU TELL US OTHERWISE. |

| DEFINITIONS | |
|-----------------|--|
| AFFILIATES | <p>COMPANIES RELATED BY COMMON OWNERSHIP OR CONTROL. THEY CAN BE FINANCIAL AND NONFINANCIAL COMPANIES.</p> <ul style="list-style-type: none"> ■ OUR AFFILIATES INCLUDE THE FOLLOWING COMPANIES: FMSI ADVISERS, FIRST MIDWEST INSURANCE SERVICES, INC., AND THE INVESTMENT COMPANY, INC. |
| NONAFFILIATES | <p>COMPANIES NOT RELATED BY COMMON OWNERSHIP OR CONTROL. THEY CAN BE FINANCIAL AND NONFINANCIAL COMPANIES.</p> <ul style="list-style-type: none"> ■ NONAFFILIATES WE SHARE WITH CAN INCLUDE PERSHING LLC, PERSHING ADVISOR SOLUTIONS (PAS), BANK OF NEW YORK MELLON CORPORATION, TD AMERITRADE, EAI INFORMATION SYSTEMS, ORION, MICROSOFT EXCHANGE, GLOBAL RELAY, MAVIDEA TECHNOLOGY GROUP, AND KNIGHT BONDPOINT. ■ NONAFFILIATES CAN ALSO INCLUDE YOUR FINANCIAL ADVISOR'S NEW BROKER/DEALER OR INVESTMENT ADVISER FIRM IF YOUR FINANCIAL ADVISOR CHOOSES TO LEAVE FMSI, RETIRES, OR SELLS HIS OR HER BOOK OF BUSINESS. |
| JOINT MARKETING | <p>A FORMAL AGREEMENT BETWEEN NONAFFILIATED FINANCIAL COMPANIES THAT TOGETHER MARKET FINANCIAL PRODUCTS OR SERVICES TO YOU.</p> <ul style="list-style-type: none"> ■ NONE |

OTHER IMPORTANT INFORMATION

INFORMATION FOR VERMONT AND CALIFORNIA CUSTOMERS

IN RESPONSE TO A VERMONT REGULATION, IF WE DISCLOSE PERSONAL INFORMATION ABOUT YOU TO NONAFFILIATED THIRD PARTIES WITH WHOM WE HAVE JOINT MARKETING AGREEMENTS, WE WILL ONLY DISCLOSE YOUR NAME, ADDRESS, OTHER CONTACT INFORMATION, AND INFORMATION ABOUT OUR TRANSACTIONS OR EXPERIENCES WITH YOU.

IN RESPONSE TO A CALIFORNIA LAW, WE AUTOMATICALLY TREAT ACCOUNTS WITH CALIFORNIA BILLING ADDRESSES AS IF YOU DO NOT WANT TO DISCLOSE PERSONAL INFORMATION ABOUT YOU TO NONAFFILIATED THIRD PARTIES EXCEPT AS PERMITTED BY THE APPLICABLE CALIFORNIA LAW. WE WILL ALSO LIMIT THE SHARING OF PERSONAL INFORMATION ABOUT YOU WITH OUR AFFILIATES TO COMPLY WITH ALL CALIFORNIA PRIVACY LAWS THAT APPLY TO US.