



FMSI ADVISERS

207 W. JEFFERSON STREET, SUITE 102
BLOOMINGTON, ILLINOIS 61701
(309) 820-7444

APRIL 14, 2011

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 Marion A. Kashan via email at mkashan@firstmidwestsecurities.com or our Compliance Department at (309) 820-7444.

FMSI Advisers is registered with the U.S. Securities and Exchange Commission 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 (SEC) 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 April 14, 2011 is a new document prepared according to the SEC's new requirements and rules effective July 28, 2010. This Brochure is materially different in format and content from our previous disclosure document and provides new information in plain simple English.

This Brochure is required to be delivered to you 48 hours before or at the time you hire us, as well as offered to our existing clients on an annual basis, but not later than 120 days after the close of our fiscal year-end. If there are material changes in our business activities, this Brochure will be updated and automatically delivered to our existing clients.

If you misplace this Brochure, contact us at (309) 820-7444 and another Brochure will be provided at no cost. Clients may also retrieve a copy of our Brochure which will include any material changes from our website <http://www.firstmidwestsecurities.com/legal.shtml>

Additional information about FMSI Advisers and persons affiliated with the Firm is available on the SEC's website – www.adviserinfo.sec.gov.

ITEM 3 – TABLE OF CONTENTS

ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS.....	4
ITEM 5 – FEES AND COMPENSATION.....	9
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	11
ITEM 7 – TYPES OF CLIENTS	11
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
ITEM 9 – DISCIPLINARY INFORMATION	15
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	15
ITEM 11 – CODE OF ETHICS.....	16
ITEM 12 – BROKERAGE PRACTICES.....	17
ITEM 13 – REVIEW OF ACCOUNTS.....	19
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	20
ITEM 15 – CUSTODY.....	20
ITEM 16 – INVESTMENT DISCRETION	21
ITEM 17 – VOTING CLIENT SECURITIES (PROXY BALLOTS)	21
ITEM 18 – FINANCIAL INFORMATION	22
ITEM 19 – CONFLICTS OF INTEREST	22
ITEM 20 – PRIVACY POLICY DISCLOSURE.....	24
ITEM 21 – BUSINESS CONTINUITY PLAN SUMMARY.....	26
ITEM 22 – INVESTOR COMPLAINT REGISTRATION.....	26
ITEM 23 – GENERAL INFORMATION.....	26
ITEM 24 – ANTI-MONEY LAUNDERING (AML) DISCLOSURE.....	28

ITEM 4 – ADVISORY BUSINESS

FMSI Advisers (FMSI) registered with the SEC in 2011 and has notice filed with various state jurisdictions where it conducts its business activities as a registered investment adviser.

The principal shareholder and a publicly held subsidiary controlling 25% or more of FMSI is The Investment Company, Inc., a holding corporation.

We offer the following advisory services:

- Investment Supervisory Services ("ISS") Individual Portfolio Management
- Manager of Managers Program Model Portfolio Management
- Manager Selection Programs Model Portfolio Management
- Financial Planning
- Advisory Referral Services

Information about these services and programs are listed below and will also be disclosed in each investment adviser's Firm Brochure or other disclosure document – similar to our Brochure.

As with any investment advisory service or program, clients should review the investment adviser's Firm Brochure or other disclosure document for a full description of the services offered and the fees charged for those services and programs before signing any paperwork or contractual agreements. The Investment Advisor Representative (IAR) is always available to meet with clients on a regular basis, or as determined by the client, to review your portfolio.

It is important to mention that under no circumstances do we have custody of client funds or securities. Client funds and securities are carried with and held by qualified custodians at all times and is discussed more fully under Item 15 – Custody.

All investments involve some degree of risk, some more than others. Keeping that in mind, recommendations will only be provided to clients that are suitable based on the information clients provide us which include, but is not limited to the client's investment objective, risk tolerance, and liquidity needs.

Investment Supervisory Services ("ISS") - INDIVIDUAL Portfolio Management

We provide continuous advice to clients regarding the investment of funds based on the client's individual needs. Through personal discussions we help our clients determine their goals and objectives based on their particular circumstances. From the information clients provide us, we develop a Personal Investment Policy Statement and create and manage a portfolio based on the Personal Investment Policy Statement. In our data gathering process, our clients help us to determine and define their individual investment objective, time horizon, risk tolerance, and liquidity needs. We will also review and discuss with our clients, their prior investment history, family composition, and other variables to help determine and define our client's current needs and objectives, as well as any future needs and objectives for the investment account(s).

Clients determine how their account will be managed. Clients can authorize us - grant us discretionary or non-discretionary authority. When clients give us discretion, we do 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, we will consult with our client to obtain their authorization prior to implementing investment decisions.

When we supervise a client's account's performance, we are guided by the investment objective a client selects, which can be maximum capital appreciation, growth, income, or growth and income, as well as tax considerations that you tell us about.

Clients tell us about any reasonable restrictions they might want or need to place on their account such as investing in certain securities, types of securities, or industry sectors. If we can reasonably monitor these restrictions, then we will implement them on your account. In some cases, we may not be able to implement a client's requested restrictions, but we might mutually find alternatives that serve our client's needs.

Our investment recommendations 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
- 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*

IARs who are also Registered Representatives of First Midwest Securities, Inc. may only sell products that are approved by First Midwest Securities, Inc.

*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 in a managed account. At our 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.

Manager of Managers Program – MODEL Portfolio Management

We offer investment advisory management services through our Manager of Managers Program where we conduct management searches of unaffiliated registered investment advisers who provide an asset allocation strategy that is based on a client's individual needs, goals, objectives and particular circumstances. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement. Under this program, clients give us the discretion to hire or terminate the asset manager or managers and/or to move their account to a different program.

Using a client's Personal Investment Policy Statement, we determine which registered investment advisers' ("adviser" or "asset manager") portfolio management style is appropriate for the client. Other factors that we consider in making this determination and recommendation include the account size, risk tolerance, and the investment philosophy of the selected asset manager, and the client's opinions.

After the most appropriate asset manager(s) are identified and a client wants to engage a specific asset manager, we will provide the client's selected manager(s) with the Personal Investment Policy Statement. The asset manager will review, create, and manage the client's portfolio based on this Personal Investment Policy Statement.

On an ongoing basis, we will monitor the performance of the asset manager(s). If we determine that a particular asset manager is not providing sufficient management services to a client, or is not managing a client portfolio in a manner consistent with the client's Personal Investment Policy Statement, under the discretion granted to us, we may move the client's portfolio to a different asset manager and/or program sponsor. In some cases, this may trigger a taxable event.

At least annually and if desired by the client, we will meet with a client to review and update the account information as necessary which may include updating the Personal Investment Policy Statement. If there are any material changes in a client's personal and/or financial situation before or after our annual meeting, client's should notify us immediately to determine whether a review and/or revision of the Personal Investment Policy Statement is necessary.

Manager Selection Programs – MODEL Portfolio Management

We also offer advisory management services through the Manager Selection Programs (hereinafter, "Programs").

Through personal discussions with our clients regarding their goals, objectives and their particular circumstances, we will develop a client's asset allocation strategy. This asset allocation strategy becomes part of the client's Personal Investment Policy Statement.

Based on the Personal Investment Policy Statement, we will then perform management searches of unaffiliated registered investment advisers to identify which portfolio management style is appropriate for our client. Other factors that we consider in making this determination

and recommendation include the account size, risk tolerance, and the investment philosophy of the selected asset manager, and our client's opinions.

Once we determine the most suitable investment adviser's portfolio management style for a client, we will provide the selected adviser with the client's Personal Investment Policy Statement. The adviser will create and manage the client portfolio based on the client's individual needs and the Personal Investment Policy Statement.

We will monitor the performance of the selected adviser(s). If we determine that a particular selected adviser is not providing sufficient management services to a client, or is not managing the client portfolio in a manner consistent with the Personal Investment Policy Statement, we may suggest that a client contract with a different registered investment adviser and/or program sponsor.

Under this scenario, we will assist a client in selecting a new registered investment adviser and/or program; however, any move to a new registered investment adviser and/or program is solely at the discretion of the client. In some cases, this may trigger a taxable event and clients are encouraged to consult with their tax advisor before making a change.

Financial Planning

Our financial planning service is a comprehensive evaluation of a client's current and future financial status and utilizes currently 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 a client's entire financial and life situation. When a client purchases this service, we develop and deliver a written report which provides a detailed financial plan designed to assist a client in achieving their financial goals and objectives.

In general, based on the client's needs and budget, the financial plan can address one, a combination of, or all of the following areas:

- *Personal:* We review family financial records, budgeting, personal liability, estate information and financial goals.
- *Tax & Cash Flow:* We analyze a client's income tax, spending patterns, and planning for past, current and future years; then we illustrate the impact of various investments on a client's current income tax and future tax liability.
- *Investments:* We analyze investment alternatives and their effect on a client portfolio.
- *Insurance:* We review existing policies to determine proper coverage for life, health, disability, long-term care, liability, home and automobile.
- *Retirement:* We analyze current strategies and investment plans to help clients achieve their retirement goals.
- *Death & Disability:* We review a client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

- *Estate*: We will assist a client 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.

We gather required information through in-depth personal interviews with our clients. The information we gather includes the current financial status, tax status, future goals, returns objectives, and a client's attitude towards risk. We carefully review documents supplied by our clients, including a questionnaire that is completed by our clients. We then prepare a written report – the Financial Plan.

If a client chooses to implement the recommendations contained in the Plan, they will need to work closely with their attorney, accountant, insurance agent, and/or broker. Implementation of the recommendations in the Financial Plan is entirely up to the client. In some cases, a client's *broker* is also the client's *IAR/Advisor* creating the Financial Plan and is already being paid a fee for this service. Clients should carefully read Item 19 – Conflicts of Interests which more fully explains how a client's IAR/Advisor is compensated.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning. We do not provide tax and/or legal advice or services. We believe it is important that the client's professionals – IAR/Advisor, Tax Advisor or CPA, and Attorney work in concert to maximize our client's wealth potential and minimize the liabilities to the best interests and benefits available to our clients.

Typically we will deliver a client's Financial Plan within six (6) months from the contract date, provided that all information we need to prepare the Financial Plan has been promptly provided by the client.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

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 their IAR - who as a Registered Representative (RR) of the affiliated broker-dealer, will research and recommend specific products that are outlined in the Financial Plan. This same IAR, in their capacity as an RR, will effect the buy (purchase) transactions for the products recommended in the Financial Plan and receive normal and customary compensation in the form of "commission income". This presents a conflict of interest and is more fully explained in Item 19 – Conflicts of Interest.

Advisory Referral Services

We also act as a solicitor on behalf of various independent registered investment advisers. During our consultation with a client, factors that we rely upon in order to provide an investment adviser portfolio management service or program recommendation that is appropriate, includes, but is not limited to the client's individual circumstances and needs, account size, risk tolerance and the client's investment experience.

As a solicitor, we will meet with a client on a regular basis, or as determined by the client, to review the account. We will, when necessary, suggest changes in a client's portfolio ("rebalancing"), to more effectively address stated goals. Clients may then instruct the independent adviser to make any or all of the changes we recommend. The recommendations we provide are our own, and are neither recommended nor approved by any independent advisers.

Rebalancing a client portfolio is directed and approved by the client and will be reviewed and implemented by the independent investment adviser. At the time of conducting any advisory solicitation practices, FMSI 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, 2010, we were actively managing \$20,198,982.89 of client assets on a discretionary basis, and \$10,545,235.76 of client assets on a non-discretionary basis. Additionally, \$1,872,764.90 of client assets was managed by the following third-party money managers:

- Donaldson Capital Management;
- Ashfield Capital Partners, LLC;
- Thompson, Siegel & Valmsley, LLC; and
- Lockwood

ITEM 5 – FEES AND COMPENSATION

Investment Supervisory Services ("ISS") - INDIVIDUAL Portfolio Management

The annual fee for ISS Individual Portfolio Management are based upon and charged as a percentage of assets under management and range from 0.50% to 3.00%.

<u>Assets Under Management</u>	<u>Annual Percentage Fee</u>	
	<u>Discretionary</u>	<u>Non-Discretionary</u>
\$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
\$750,000.00 - \$1,000,000.00	1.50	1.00
\$1,000,000.01 and over	1.00	0.50

Investment Supervisory Services ("ISS") - MODEL Portfolio Management (Manager of Managers Program and Manager Selection Programs)

The annual fee for ISS Model Portfolio Management are based upon and charged as a percentage of assets under management and range from 0.50% to 3.00%.

<u>Assets Under Management</u>	<u>Annual Percentage Fee</u>	
	<u>Discretionary</u>	<u>Non-Discretionary</u>
\$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
\$750,000.00 - \$1,000,000.00	1.50	1.00
\$1,000,000.01 and over	1.00	0.50

Both the ISS Individual and Model Portfolio Management services require a minimum account size of \$25,000.00 of assets under management. The account size may be negotiable under certain circumstances where FMSI, at its sole discretion, may link related accounts to achieve the minimum account size

Limited Negotiability of Advisory Fees: We retain the discretion to link client accounts and also to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining a negotiated Fee Schedule. Factors considered include the complexity of the client 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 contract between the IAR/Advisor and each client.

At our sole discretion, we may offer discounts to family members and friends of associated persons of FMSI that are not available to retail customers.

Automatic Account Fee Debiting: The Annual Percentage Fee assessed on a client's managed account is automatically debited by the qualified custodian and paid to FMSI by the qualified custodian. The fee debited will be reflected on the client's brokerage and/or managed account's statement. The calculation of the fee will be reflected on the quarterly performance report provided by FMSI.

Financial Planning

Financial planning fees are based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

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 deliver a Financial Plan will depend on each client's personal situation. However, under no circumstances does FMSI require or solicit payment of fees in excess of \$500.00 more, than six (6) months in advance of services rendered. We will provide an estimate for the total hours at the start of the advisory relationship.

The client is billed quarterly in arrears based on actual hours accrued.

Fixed Fees

Financial planning fees may be billed on a fixed fee basis, ranging from \$500.00 to \$1,500.00 per Plan. Both the Planner and client will agree upon a specific price at the time of entering into a contact.

Generally, a retainer may be payable upon completion of the initial fact-finding meeting with the client; however, advance payment will never exceed \$500.00 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 reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

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

FMSI does not charge performance-based fees. Performance-based fees are defined as fees based on a share of capital gains or capital appreciation of the assets of a client account 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 performance based fee structure.

ITEM 7 – TYPES OF CLIENTS

FMSI provides 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
- State or municipal government entities

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

FMSI utilizes the following methods of analysis in formulating investment advice and/or managing a client’s assets:

Charting Analysis. We utilize charts of market and security activity 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 Analysis. 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 Analysis. 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 Analysis. In this type 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 Analysis. 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 Analysis. 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.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the 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's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at 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 client's 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 the client may purchase the same security, 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 fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager (TPM) Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent 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. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, 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

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizon among other considerations:

Long-Term Purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities are currently undervalued, and/or
- We want exposure to a particular asset class 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, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-Term Purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time period (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are 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.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short Sales. We borrow shares of a stock for a client portfolio from someone who owns the stock on a promise to replace the shares at a future date and at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin Transactions. We will purchase stocks for a client portfolio with money borrowed from the client's brokerage account. This allows a client to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option Writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy 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. The two types of options are Calls and Puts:

- A Call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a Call if we have determined that the stock will increase substantially before the option expires.
- A Put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a Put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing or to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for a client portfolio.

We use "covered calls", in which we sell an option on a security the account owns – is long the security. In this strategy, the client receives income for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time and other factors.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

ITEM 9 – DISCIPLINARY INFORMATION

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 business.

In March 2009, First Midwest Securities, Inc., through the NASD Breakpoint Self-assessment Review, was fined \$7,000.00 for failing assess and provide breakpoint discounts on certain mutual fund transactions and for failing to have adequate supervisory procedures in place to ensure that customers were receiving breakpoint discounts. First Midwest Securities, Inc. has updated its' procedures to ensure customers receive appropriate breakpoint discounts. The transactions in question were not related to investment advisory business.

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 business.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A list of affiliated broker-dealers 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 Firm Brochure.

Some of our management personnel and associated persons are also:

- Registered Representatives with an affiliated broker-dealer; and/or
- Licensed Life Agents of an affiliated and/or unaffiliated insurance agency; and/or
- Own and operate an unaffiliated registered investment adviser or 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 advisor, FMSI'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 First Midwest Insurance Services, an insurance agency registered with the Illinois Department of Insurance. These entities, other than the parent company, are actively engaged in securities and mutual fund transactions, and variable, health, long-term care, and fixed insurance products, respectively.

The principal executive officers of FMSI are responsible for managing its broker-dealer and insurance agency and may spend a majority of their time engaged in these other related business activities.

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 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 of Ethics is available on our website at www.firstmidwestsecurities.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 Compliance Manual and is part of the investment adviser compliance program.

This Code applies to all "Supervised Persons" of FMSI. 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:

- Stands of Conduct and Compliance with Laws, Rules and Regulations
- Protection of Material Non-Public Information
- Personal Securities Trading and Access Persons
- Consequences for failure to Comply with Reporting Certain Conduct
- Recordkeeping

FMSI and our supervised persons owe a duty of loyalty, fairness and good faith towards 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 severely as termination for cause with a regulatory reporting disclosure, depending upon the violation.

Our full Code of Ethics is available upon request at no cost. However, following are some of our expectations of the conduct required by our associated persons:

- To always place our client's interests before and above their own.
- To always deal with clients from an integrity-based perspective.
- To safeguard our client's personal nonpublic information with the greatest respect and confidentiality.

- To not trade our personal accounts in any manner that would knowingly disadvantage our clients' accounts.
- To hold ourselves and our associates responsible and accountable for knowing and abiding by our Code; and
- To uphold our public reputation so our clients can be proud to have a relationship with us.

ITEM 12 – BROKERAGE PRACTICES

FMSI requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these directed brokerage transactions. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change or amend these limitations as required by providing us written notice.

FMSI 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 timelier, more equitable manner, at an average share price. FMSI 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's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with FMSI, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives 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 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 the 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, a written order ticket 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 ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares 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 shares 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 the 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 SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. FMSI receives soft-dollar benefits from TD Ameritrade through our participation in the program.

FMSI participates in TD Ameritrade's Institutional Customer Program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade 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 by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by FMSI's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for FMSI'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 through the program may benefit FMSI 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. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by FMSI through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

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 for custody and brokerage services.

ITEM 13 – REVIEW OF ACCOUNTS

Investment Supervisory Services ("ISS") - INDIVIDUAL Portfolio Management Reviews: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or market conditions or event, and political or economic environments. These accounts are reviewed by the FMSI Compliance Department.

In addition to the monthly statements and confirmations of transactions that clients receive from their qualified custodian, FMSI provides quarterly reports summarizing account performance, balances and holdings. Clients should carefully review these reports and notify us of any discrepancies.

Manager Selection Programs – MODEL Portfolio Management Reviews: The performance of the registered investment adviser(s) selected to manage client portfolios within our Manager of Managers Program is continually monitored by FMSI. Furthermore, accounts within this program are formally reviewed at least quarterly. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market conditions or events, and political or economic environments. These accounts are reviewed by the FMSI Compliance Department.

In addition to the monthly statements and confirmations of transactions that these advisory clients receive from their respective qualified custodian, the asset manager(s) selected by FMSI

to manage the client's portfolio(s) within our Manager of Managers Program provides the client with written quarterly performance reports. Unless otherwise contracted for, we do not typically provide additional reports.

Selection and Monitoring of Third Party Money Managers Reviews: These client accounts should refer to the independent 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 that independent registered investment adviser.

FMSI will provide reviews on a quarterly basis. These accounts are reviewed by the FMSI Compliance Department.

These clients should refer to the independent registered investment adviser's Firm Brochure, or other disclosure document used, for information regarding the nature and frequency of reports provided by that independent registered investment adviser. FMSI does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

Financial Planning Services Reviews: While 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 to the client, unless specifically requested and contracted for by the client.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

FMSI does not engage Solicitors or pay any related or non-related persons for referring potential clients to our firm. We do however act as a Solicitor for other independent and unaffiliated registered investment advisers when we make a recommendation to our clients for an advisory or management service. If a client contracts with the recommended adviser, FMSI and the IAR will receive a portion of the management fee charged to the client.

FMSI does not allow our 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 our clients. FMSI 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

FMSI client funds and securities are held directly with a qualified custodian, as defined under the Advisers Act, Rule 206(4)-2. The qualified custodian's contact information is listed on every client's account statement. Clients may also receive from an independent registered investment adviser or FMSI separate reports which may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We encourage clients to review both the custodian's account statement and the advisers' reports and report any discrepancies to FMSI promptly.

Custodial account statements may be delivered to clients on a monthly and/or quarterly basis depending upon the account activity. If an adviser provides a separate report to clients, it is generally on a quarterly basis. Each account statement or separate report will include all transactions and activity for the applicable time period.

The Annual Management Fee is automatically debited from client accounts and shown on the client account statement. FMSI calculates the fee amount and instructs the qualified custodian of the applicable fee to be debited. Sample Fee calculation

Account Value X Annual Percentage Fee divided by 365 days X actual days in the quarter

$$\$25,000 * 1\% / 365 * 90 = \text{Quarterly Fee}$$

It is important for clients to carefully review their custodial statements to verify the accuracy of account information, review of transactions and other activity in the account, the fee calculation and fee debit, among other things. Any discrepancies should be promptly reported to FMSI.

ITEM 16 – INVESTMENT DISCRETION

FMSI usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold without prior consent from the advisory client. In all cases however such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts to buy or sell, FMSI observes the investment policies, limitations and restrictions of the clients for which it advises.

Client investment guidelines and restrictions must be provided to FMSI in writing.

ITEM 17 – VOTING CLIENT SECURITIES (PROXY BALLOTS)

As a matter of firm policy and practice, FMSI does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. FMSI may provide advice to clients regarding the clients' 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 has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

ITEM 19 – CONFLICTS OF INTEREST

In allowing certain business activities and practices, FMSI 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 our clients. 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;
- We require written disclosure of outside brokerage accounts, as well as those for immediately family members, or accounts where the supervised 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 nor any related person is a general partner in any partnership in which clients are solicited to invest.
- All entities and associated persons may own shares 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 individual and affiliated entities.
- The supervised 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 companies;
- We educate our employees 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 its 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 with. 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 and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and supervised persons when making advisory recommendations. FMSI endeavors at all times to put the interest of its clients 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 employees to earn compensation from the referral of clients to other registered investment advisers;
- We disclose to the client 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 employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Advisory clients are not obligated to implement a Financial Plan through their IAR. Clients may implement their Financial Plan through other financial institutions at their sole discretion. However, when a client elects to implement their 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 will earn income from three (3) different sources from the same advisory client relationship. As an example, a single client will pay (1) a fee for advisory services; (2) a commission for the purchase of a stock, bond, mutual fund, etc., and (3) will also pay a commission for the purchases of a variable annuity, fixed annuity, or life insurance.

If an advisory client elects to purchase investment products through their IAR/RR, the purchase presents a conflict of interest by presenting an incentive for the IAR/RR to recommend investment products based on the compensation to be received rather than on the client's needs or to potentially recommend products and riders at a higher commission schedule. IARs/RRs disclose to clients at the time of a product purchase the amount of commission compensation to be earned when client's purchase various investment products. 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 same registered investment adviser, affiliated broker-dealer and life insurance agency. In these relationships, it is important for clients to understand that the IAR is only permitted to represent, recommend, and establish client 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 Licensed Life Agents are only permitted to represent, recommend, and effect insurance-related product transactions of approved insurance companies and issuers. These business

activities restrictions are in place in order for FMSI and the affiliated entities to supervise, capture, and maintain compliance with their regulatory books and records requirements.

ITEM 20 – PRIVACY POLICY DISCLOSURE

PRIVACY* at First Midwest Securities, Inc.

First Midwest Securities, Inc. (FMSI) is concerned about maintaining your privacy in this age of “identity theft.” Pursuant to Title V of the Gramm-Leach-Bliley Act and United States Securities and Exchange Commission (“SEC”) Regulation S-P (17 CFR 248.1 – 248.30), this document sets forth the Privacy Policy of FMSI concerning the privacy interests of individual consumers and customers (referred to as “customers”) of financial institutions.

Information we need to open your account

FMSI is required by law to collect personal information from you during the account opening process. This information is recorded on a “new account form” and is used to determine suitability for various types of investments. While we are required by various regulatory authorities to request this information, clients are not required to provide it. Both your investment representative and FMSI maintain copies of the completed account forms in secure locations. Only authorized regulatory authorities and compliance officials of FMSI have access to this information. The information is not accessible to anyone else. We provide a copy of the new account form to you after the account is opened and ask you to review the information listed on the form. If any information is not accurately reflected on the forms, please call your representative or FMSI to make the necessary changes.

Categories of Information We Disclose and to Whom

FMSI does not disclose any personal information about our customers or former customers to anyone, except as permitted or required by law. Through normal business operations, FMSI may disclose the types of information below to companies that assist us conduct our business, that perform administrative or other services on our behalf, or other financial institutions with which we have joint marketing agreements:

- Information we receive from you on applications and other forms, such as name, address, Social Security Number, assets and income;
- Information about your transactions with us, our affiliates or others, such as policy coverage, premiums, and payment history; and
- Information received from consumer reporting agencies and other sources, such as your credit worthiness and history, medical information and employment information. When information is disclosed to third parties as described above, we require recipients to adhere to appropriate confidentiality procedures and practices to protect the privacy of our customers.

Fair Credit Reporting Act

FMSI does not share information subject to the Fair Credit Reporting Act with our affiliates except as permitted or required by law.

Confidentiality and Security of Your Information

FMSI maintains adequate physical, electronic, and procedural safeguards to protect the confidentiality and security of our customers' nonpublic personal information. We strive to educate our employees about the terms and conditions of this Notice and the importance of customer privacy. Access to nonpublic personal information is restricted to those employees and others who need to know information to provide products or services to our customers, to maintain accounts, or conduct our business.

In the Event Your Registered Representative leaves FMSI

If your Registered Representative chooses to no longer be affiliated with FMSI, the firm will reassign your accounts to a different Registered Representative after thirty days. In the event that you do not wish for your account to be reassigned please complete the opt-out notice below and submit to the corporate office.

Accuracy and Availability of Your Records

Accuracy of our customers' information is important to FMSI. In order to maintain that accuracy, our customers have the right to reasonably access their information. If our customers believe any information in our possession is inaccurate, a request to amend or delete the information to be erroneous is strongly encouraged. If upon researching the request and FMSI concurs, the information in question will be amended or deleted.

Your Medical Information

FMSI does not share nonpublic personal health information except as necessary to assist in underwriting a product, servicing a policy, as authorized by our customers, or as permitted or required by law.

What this means to our Customers

This Privacy Notice applies to our relationships with individual consumers who inquire about and/or obtain products or services from FMSI for personal, family, or household purposes. Since FMSI does not share information outside permitted exceptions; there is no need to for our customers to take any action under this Notice.

In the event of any questions concerning this Privacy Notice, please write the Compliance Department:

First Midwest Securities, Inc.
Attn: Compliance,
207 W. Jefferson Street, Suite 102,
Bloomington, IL 61701.

FMSI reserves the right to change this Privacy Notice at any time. This Privacy Policy pertains to First Midwest Securities, Inc. and its affiliated entities, FMSI Advisers and First Midwest Insurance Services.

ITEM 21 – BUSINESS CONTINUITY PLAN SUMMARY

FMSI's Business Continuity Planning

First Midwest Securities, Inc. has developed a Business Continuity Plan on 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 you with this information on our business continuity plan.

Our clearing firms 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 clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments. Your orders and requests for funds and securities could be delayed during this period.

VARYING DISRUPTIONS

Significant business disruptions 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, transfer operations to our clearing firm if necessary, and notify you through our web site www.firstmidwestsecurities.com or our customer emergency number, (800) 662-8452 how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

FOR MORE INFORMATION – If you have questions about our business continuity planning, you can contact us at info@firstmidwestsecurities.com.

ITEM 22 – INVESTOR COMPLAINT REGISTRATION

Clients may contact FMSI for any matter, including the filing of a complaint by contacting the office of the Chief Compliance Officer, 207 W. Jefferson Street, Suite 102, Bloomington, IL 61701 or via telephone at (309) 820-7444.

ITEM 23 – GENERAL INFORMATION

Termination of the Advisory Relationship: Clients may terminate the advisory agreement, by providing written notice, without penalty within five (5) business days of execution of the advisory agreement. If the advisory agreement is terminated after five business days, the client will receive a pro rata refund, after the date on which notice is received minus monies utilized

to establish the client account and services and of any prepaid quarterly fees based upon the number of days remaining in the quarter. Thereafter, the advisory relationship may be terminated by either party upon a (30) days written notice to each other. Any prepaid, unearned fees will be promptly refunded on a pro rata basis according to the number of days remaining in the billing period.

Mutual Fund Fees: Fees and expenses charged by Mutual Funds (Funds) and/or ETFs to the shareholders are separate from the fees charged by FMSI. Fund and ETF fees and expenses are described in each fund's prospectus and generally include a management fee, other fund expenses, and a possible distribution fee. Funds and ETFs may also impose initial purchase as well as deferred sales charges. Clients could invest directly in a Fund without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which Funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the Funds and FMSI to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by FMSI. Such fees may include the investment advisory fees of other independent advisers, which may also include a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Portfolio transactions may be executed without a commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged, the number and frequency of transactions, custodial charges, and other factors, a wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also 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 investment manager effects transactions for the client's account(s). Please refer to Item 12 - Brokerage Practices in this Brochure for additional information. 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. Client fee credit arrangements must be disclosed, and in writing, at the time of executing and advisory agreement.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to FMSI's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our minimum account requirements will differ among clients.

ERISA Accounts: FMSI is a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) 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 is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, FMSI 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's advisory fees.

Advisory Fees in General: Advisory clients please note that similar advisory services may or may not be available at the same fee level from other registered or unregistered investment advisers. Advisory clients may pay more or less for the same services offered by FMSI other unaffiliated registered investment advisers.

Limited Prepayment of Fees: Under no circumstances does FMSI require or solicit payment of fees in excess of \$500.00 more than, six months in advance of services rendered.

ITEM 24 – ANTI-MONEY LAUNDERING (AML) DISCLOSURE

The USA PATRIOT Act, implemented in October 2002, 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 has adopted and implemented its AML program. To help you understand these efforts, we want to provide you 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 disguising 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, arranged for independent audits, coordinate activities with our clearing firm, and established policies and procedures to detect and report suspicious transactions and ensure compliance with the laws. As part of our required program, you will be asked to provide various identification documents. Until you provide the information or documents and until your identity has been verified, you may not be able to open an account or effect any transactions through us, our clearing firm, or other financial institutions we engage on your behalf.

We thank you for your cooperation and hope that you will support us in our efforts to deny terrorists groups' access to America's financial systems.