



ESI Financial Advisors

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November 22, 2011

Form ADV, Part 2A

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Equity Services, Inc., doing business as ESI Financial Advisors. If you have any questions about the contents of this Brochure, please contact us at 1-800-344-7437 or Securities_Resource_Services@nationallife.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

ESI Financial Advisors is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Throughout this brochure, Equity Services, Inc. may be referred to as “we”, “our”

Additional information about ESI Financial Advisors also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following material changes have been made since the last update of our brochure dated March 30, 2011.

Updates have been added to the Disciplinary Information section of this brochure. The Financial Industry Regulation Authority (“FINRA”) alleged that Equity Services, Inc. (“ESI”), in its capacity as a broker-dealer, made unsuitable sales of unregistered private placement securities to five retail investors. It was also alleged that ESI failed to enforce its written supervisory procedures relating to suitability and the sale of private placements.

Without admitting or denying the findings, ESI signed a letter of acceptance, waiver and consent. In accordance with the terms of the settlement, ESI consented to the imposition of a fine in the amount of \$50,000, and it was ordered to pay \$163,815 plus interest, in restitution to four customers. The settlement was accepted by FINRA on November 2, 2011.

Currently, our Brochure may be requested by contacting ESI Financial Advisors at 1-800-344-7437 or via email to Securities_Resource_Services@nationallife.com. Our Brochure is also available on our web site www.Equity-Services.com, also free of charge.

Additional information about ESI Financial Advisors is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with ESI Financial Advisors who are registered as investment adviser representatives of ESI Financial Advisors.

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Item 4 – Advisory Business

Equity Services, Inc. is a registered broker/dealer, as well as a Securities and Exchange Commission (“SEC”) Registered Investment Adviser doing business as ESI Financial Advisors (“EFA”). Equity Services, Inc. was founded in 1968 as an affiliate of National Life Insurance Company – a diversified financial services company with roots going back to 1848. NLV Financial Corporation is the sole shareholder of Equity Services, Inc, and the National Life Group Companies, which include National Life Insurance Company, Life Insurance Company of the Southwest, Sentinel Investments, and National Retirement Plan Advisors. EFA provides financial planning/consulting services and asset management services to individuals, corporations, trusts, estates, charitable organizations, and retirement plans including pension and profit sharing plans. EFA has been registered with the SEC since 1992, and has assets under management of \$882 million as of 12/31/2010.

Financial planning and consulting services are available through EFA and its network of Investment Adviser Representatives (“advisory representatives”). Advisory representatives can offer financial planning services whereby the client can be charged a fee for the preparation of a financial or investment plan, or similar service. Advisory representatives also offer financial consulting services.

EFA makes available asset management services to its clients. EFA’s asset management platforms consist of multiple third-party investment advisers, as well as platforms managed by the advisory representatives and the client on a non-discretionary basis.

EFA’s asset management platforms are designed to meet an individual’s needs and goals based on an analysis of the client’s liquidity, time frame, income and tax bracket, as well as an evaluation of the client’s risk tolerance and return objective. The client’s advisory representative will review and update this information at least annually or at the client’s request. EFA asset management platforms may use different investment vehicles to meet a client’s needs and goals. Depending on the program selected, the following types of investments may be included:

Exchange-listed securities	Variable annuities	U.S. government securities
Corporate debt securities	Certificates of deposit	Over-the-counter securities
Municipal securities	Options	Interests in partnerships
Mutual fund shares	Variable life insurance	(real estate, oil and gas interests, equipment leasing)

Investment strategies recommended are primarily long-term purchases. However, based on the client’s needs and goals, in some circumstances, short-term purchases and trading may be suitable as well as margin transactions, option writing, including covered options, uncovered options, or spreading strategies. Clients may impose restrictions on investing in certain securities or types of securities.

EFA offers investment advisory services through the following asset management programs:

ESI Illuminations

Working with FundQuest, Inc. ("FundQuest"), EFA has developed a customized investment management platform called ESI Illuminations. EFA offers the following asset management programs on the ESI Illuminations platform: Expedition, Expedition Plus, Flagship, Flagship Direct, Flagship Select, Voyager, Navigator, Navigator Select and ActivePassive Portfolios. These programs offer asset allocation/investment management and, depending on the program selected, utilize open-end no-load or load waived mutual funds, separate account managers, exchange-traded funds ("ETFs"), as well as general securities to pursue the client's investment objective. Clients complete a profile questionnaire which assists in determining which of up to thirteen possible portfolio models is most appropriate based on indicated objectives, risk tolerance and overall financial goals. Based on this information, a comprehensive investment strategy is developed and documented.

Investment recommendations in the ESI Illuminations program may include mutual funds affiliated with Equity Services ("Affiliated Funds") and nonaffiliated mutual funds that are available under the Program and that satisfy eligibility criteria established by FundQuest. Investing in an Affiliated Fund may result in additional compensation being paid to Equity Services and/or one of its affiliates. In many cases there may be alternate funds that are available under the Program that may provide the Program Account with substantially similar exposure to the asset class or sector represented by an Affiliated Fund.

EFA and its advisory representatives do not have authority to implement investment transactions on a discretionary basis. Unless FundQuest or the separate account manager has been given discretionary authority by the client, all transactions must be expressly approved by the client.

Custody of client assets is maintained by National Financial Services, LLC ("NFS") with accounts registered in the client's name. A copy of the FundQuest Form ADV, Part 2A and the EFA Form ADV, Part 2A is given to all ESI Illuminations clients.

Flagship is a FundQuest managed, mutual fund based asset allocation program. The program includes a no-load, load-waived, no transaction fee universe of funds selected by FundQuest. The list will offer mutual fund choices in each asset class of the selected portfolio model.

Flagship Select is an asset allocation program where the advisory representative and the client will together (non-discretionary) select the appropriate mutual funds and/or ETFs to build the portfolio. The program includes a no-load, load-waived, no transaction fee universe of funds.

Flagship Direct is also a mutual fund based asset allocation program, where the advisory representative and the client will select from a limited list of recommended no-load, load-waived, no transaction fee mutual funds that have been screened by FundQuest. FundQuest is the discretionary manager of the program and may change the selected mutual funds over time.

Navigator is an asset allocation program where FundQuest selects separate account managers for the program. Navigator Select is an asset allocation program where the advisory representative and the client (non-discretionary) choose separate account managers pre-screened by FundQuest. For Navigator Select, the separate account manager(s) will on a discretionary basis choose the investments, including general securities. The Navigator and Navigator Select programs are closed to new investors.

Expedition is an asset allocation program where FundQuest selects ETFs to populate the portfolio. Expedition Plus is an asset allocation program where FundQuest selects mutual funds and ETFs to populate the portfolio.

Voyager is a unified managed account managed by FundQuest that consists of separate accounts, mutual funds, and ETFs.

ActivePassive Portfolios are comprised of various combinations of the ActivePassive Mutual Funds for which FundQuest is advisor. The ActivePassive Portfolios blend two opposing yet complementary investment approaches - active and passive management.

The ability exists to place reasonable restrictions on the investments within the Illuminations programs. This also includes the ability to place restrictions on the investments purchased through separate account manager(s). Contact your advisory representative for a form that will help facilitate these restrictions.

ESI Directions ("Directions")

The Directions program is an asset management program where the advisory representative will work with the client to select securities that are appropriate for the client's Investment Model. A system provided by a third party vendor, Envestnet, analyzes the information obtained via a client profile questionnaire and recommends an appropriate asset allocation model based on indicated objectives, risk tolerance and overall financial goals. Based on this information, the advisory representative and client will together (non-discretionary) select the appropriate securities including, but not limited to, stocks, bonds, mutual funds, options, ETFs, UITs, CDs and/or structured products for the account. EFA receives a portion of the asset management fee charged on this account.

Custody of client assets is maintained by NFS with accounts registered in the client's name. A copy of the Envestnet Form ADV, Part 2A and the Equity Services, Inc.'s Form ADV, Part 2A Appendix 1 is given to all ESI Directions clients.

Saratoga Advantage Trust ("Saratoga")

In some instances EFA will provide clients with objective setting and allocation services utilizing the Saratoga Advantage Trust program. EFA, through its advisory representatives, prepares individually designed asset allocation recommendations for each client based on an investor profile questionnaire. Once an allocation is agreed upon, the client's assets are invested in the Saratoga Advantage Trust Family of Funds. Saratoga Capital Management, LLC, selects the sub-advisors for the various funds; recommends portfolio re-balancing; and, provides detailed quarterly performance reports to both EFA's representatives and clients. Clients may or may not choose to follow the rebalancing recommendations made by Saratoga Capital Management, LLC. The Bank of New York acts as custodian for the assets.

Morningstar Investment Services ("Morningstar")

In some instances, EFA will utilize the asset allocation services of Morningstar. Working with Morningstar, EFA, through its advisory representatives, will assist clients in establishing an investment strategy consistent with their investment objectives and risk tolerance. The creation of the investment strategy will be based on a client profile questionnaire that will help determine such things as risk tolerance, investment objectives, and financial goals. Once an investment

strategy is agreed upon, assets will be invested in either the Mutual Fund, ETF, or Stock Basket portfolios. Morningstar, as the discretionary manager, selects the various funds, ETFs, or stocks; initiates portfolio re-balancing; and provides detailed quarterly performance reports to both EFA's representatives and clients. Fidelity acts as custodian for the assets.

SEI Investments ("SEI")

In some instances, EFA will utilize the objective setting and asset allocation services of SEI Private Trust Company. Working with SEI, EFA, through its advisory representatives, will assist clients in establishing an investment strategy consistent with their investment objectives and risk tolerance based on a questionnaire and client profile. Once an investment strategy is agreed upon, assets will be invested in the SEI family of mutual funds. SEI selects the sub-advisors for the various funds; initiates quarterly portfolio re-balancing; and provides detailed quarterly performance reports to both EFA's representatives and clients. SEI Private Trust Company acts as custodian for the assets.

Genworth Financial Wealth Management, Inc. ("Genworth")

(Advisor Model) - EFA, through its advisory representatives, will evaluate the clients' needs and objectives via a questionnaire to determine participation in Genworth's advisory services. Genworth provides advisory services to EFA clients on a discretionary basis. Account administration, fee billing and performance reporting are provided on internet based software.

The Managers Funds ("Managers")

Through its advisory representatives, EFA may utilize the ManagersChoice Program based on the client's financial situation and investment objectives. The analysis questionnaire will generate a recommended model portfolio based on the client's investment objectives and risk tolerance. This program offers a mutual fund asset allocation program. ManagerChoice's transfer agent automatically rebalances accounts into their original allocations. Managers Investment Group LLC, has set threshold levels for allowable deviation from the original Models, which have been deemed a prudent level for rebalancing. When your investments have deviated from this tolerance level, your portfolio will be rebalanced back into its original allocation percentages by Manager Choice's transfer agent. EFA acts as co-advisor and shares in the fees charged by Managers.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by EFA is established in a client's written agreement with EFA. EFA will generally bill its fees on a quarterly basis. Clients may be charged for advisory services in advance or arrears each calendar quarter depending on the advisory program which they choose. Clients will authorize EFA to directly debit fees from client accounts. Management fees for each program are described below.

EFA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, IRA fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Clients may incur deferred sales

charges on previously purchased mutual funds. Such charges, fees and commissions are exclusive of and in addition to EFA's fee. Transaction fees, service fees, and IRA fees in the ESI Illuminations program may include a markup by Equity Services, Inc. from the actual fee charged by NFS.

Certain funds available in the ESI Illuminations program may pay additional compensation to ESI, such as 12b-1 fee (trail) fees. This additional compensation is retained by the Firm and it is not paid to the advisory representative managing the account.

Item 12 further describes the factors that EFA considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., transaction fees, commissions).

The following section details the fee schedules for each of the advisory programs offered by EFA. Please note that actual fees are subject to negotiation and may differ from the stated fee schedule as long as the actual fee is not above the maximum in the stated fee schedule.

ESI Illuminations

For all ESI Illuminations products, clients are charged a quarterly asset management fee based on the average daily balance for the previous quarter. Billing is in arrears and based on the following fee schedule (should a client close his/her Illuminations account before the end of a quarter, he/she will have a pro-rata fee deducted from the final proceeds check. This pro-rata payment will reflect the number of days in the quarter that the assets were managed):

Flagship, Flagship Direct, and Flagship Select mutual fund asset allocation programs. (Suggested minimum investment: \$50,000):

Market Value	Quarterly Fee	Total Annual Fee
First \$250,000	0.5000%	$0.5000\% \times 4 = 2.00\%$
Next \$250,000	0.4375%	$0.4375\% \times 4 = 1.75\%$
Next \$500,000	0.3750%	$0.3750\% \times 4 = 1.50\%$
Over \$1,000,000	0.3125%	$0.3125\% \times 4 = 1.25\%$

Navigator and Navigator Select (both programs closed to new investors) are asset management programs that utilize separate account managers:

Market Value	Quarterly Fee	Total Annual Fee
First \$1,000,000	0.6250%	$0.6250\% \times 4 = 2.50\%$
Next \$1,000,000	0.5500%	$0.5500\% \times 4 = 2.20\%$
Next \$3,000,000	0.5000%	$0.5000\% \times 4 = 2.00\%$
Over \$5,000,000	Negotiable	Negotiable

Expedition and Expedition Plus asset allocation programs. (Suggested minimum investment: \$50,000.00):

Market Value	Quarterly Fee	Total Annual Fee
First \$250,000	0.5000%	0.5000% x 4 = 2.00%
Next \$250,000	0.4375%	0.4375% x 4 = 1.75%
Next \$500,000	0.3750%	0.3750% x 4 = 1.50%
Above \$1,000,000	0.3125%	0.3125% x 4 = 1.25%

Voyager program. (Suggested minimum investment: \$250,000):

Market Value	Quarterly Fee	Total Annual Fee
First \$500,000	0.6250%	0.6250% x 4 = 2.50%
Next \$500,000	0.5625%	0.5625% x 4 = 2.25%
Over \$1,000,000	0.5000%	0.5000% x 4 = 2.00%

ActivePassive Portfolios (Suggested minimum investment: \$25,000):

Market Value	Quarterly Fee	Total Annual Fee
First \$250,000	0.4375%	0.4375% x 4 = 1.75%
Next \$250,000	0.3750%	0.3750% x 4 = 1.50%
Next \$500,000	0.3125%	0.3125% x 4 = 1.25%
Over \$1,000,000	0.2500%	0.2500% x 4 = 1.00%

ESI Directions

Fees are payable in advance and are calculated based on the average daily balance of the previous quarter using the fee schedule below (Suggested minimum investment: \$100,000):

Market Value	Quarterly Fee	Total Annual Fee
First \$249,999	0.6250%	0.6250% x 4 = 2.50%
\$250,000 - \$499,999	0.5000%	0.5000% x 4 = 2.00%
\$500,000 - \$999,999	0.3750%	0.3750% x 4 = 1.50%
\$1,000,000 and Over	0.3000%	0.3000% x 4 = 1.20%

Should a client close their Directions account before the end of a quarter, they shall be reimbursed for those days remaining in the quarter for which asset management services will not be provided.

Saratoga

Clients are charged a quarterly asset management fee by EFA, based on the value of the client's holdings at the end of each calendar quarter. Billing is in advance and based on the following schedule (Suggested minimum investment: \$10,000):

Asset Value	Annualized Fee
\$0 - \$99,999	2.00%
\$100,000 - \$249,999	1.80%
\$250,000 - \$499,999	1.60%
\$500,000 - \$749,999	1.25%

Should a client close their Saratoga account before the end of a quarter, they shall be reimbursed for those days remaining in the quarter for which asset management services will not be provided.

Morningstar

Clients are charged a quarterly asset management fee by EFA, based on the value of the client's holdings at the end of each calendar quarter. Billing is in advance and based on the following schedule:

Mutual Fund Accounts:

First \$500,000	1.50%
Next \$500,000	1.40%
Next \$1,000,000	1.30%
Over \$2,000,000	1.10%

\$50,000 account minimum for Mutual Fund Asset Allocation Strategies and Mutual Fund Focused Strategies (\$250,000 for Institutional Income and \$40,000 for Individual 401(k) accounts).

Client fee does not include mutual fund expenses, and a \$15 annual maintenance for IRA accounts. The Annual Minimum Morningstar Advisory Fee is \$200.

ETF Accounts:

First \$1,000,000	1.41%
Next \$4,000,000	1.35%
Over \$5,000,000	1.30%

\$100,000 account minimum

Annual Minimum Morningstar Advisory Fee \$310

Select Stock Baskets:

First \$1,000,000	1.65%
Next \$4,000,000	1.60%
Over \$5,000,000	1.55%

Custom Series --\$250,000 account minimum

Strategist Series --\$100,000 account minimum

Client fee does not include transaction costs associated with custody/clearing

Annual Minimum Morningstar Advisory Fee (Custom Series) \$1375

Annual Minimum Morningstar Advisory Fee (Strategist Series) \$550

Should an account close during a quarter, a pro rata portion of the fee shall be returned to the client.

SEI

Clients are charged a quarterly asset management fee by EFA, based on the value of the client's holdings at the end of each calendar quarter. Billing is in arrears and based on the following fee schedule (No minimum investment, \$60 annual custody fee if account balance is less than \$50,000):

Asset Value	Annualized Fee
First \$500,000	1.50%
Next \$500,000	1.30%
Next \$1,000,000	1.00%
Next \$1,000,000	0.70%
Next \$2,000,000	0.50%
Over \$5,000,000	0.30%

Upon the agreement of all parties, actual fee may be higher or lower from the stated fee schedule, as long as actual fee is not above the maximum fee of 1.75%.

Should an account close during a quarter, a pro-rata fee is deducted from the account. This pro-rata fee will reflect the number of days in the quarter that the assets were managed.

Genworth

(Advisor Model) - Minimum account size for the Mutual Fund program and the Variable Annuity program is \$50,000 per account model. Minimum account size for ETFs and privately managed accounts is \$100,000 per individual investment manager and \$2,000,000 for multi-manager models. Fees are payable in advance and are calculated based on the average daily balance of the previous quarter using the fee schedule below:

Mutual Fund and Variable Annuity Accounts:

First \$250,000	1.95%
Next \$250,000	1.80%
Next \$500,000	1.60%
Next \$1,000,000	1.30%
Over \$2,000,000	1.00%

ETF and Privately Managed Accounts:

First \$1,000,000	2.05%
Next \$2,000,000	1.75%
Next \$2,000,000	1.55%
Over \$5,000,000	1.35%

Should an account close during a quarter, a pro rata portion of the fee shall be returned to the client.

Managers

Managers' transfer agent calculates the quarterly fees and automatically debits fees from the client's account. Billing is in arrears and based on the annualized fee of 1.5%. (Suggested minimum investment: \$50,000)

Should an account close during a quarter, a pro-rata fee is deducted from the account. This pro-rata fee will reflect the number of days in the quarter that the assets were managed.

Financial Planning/Consulting Services

Fees will be paid, in full, only after the plan or service is delivered to the client. Partial payment prior to the preparation of the financial plan or service, not to exceed 50% of the total fee due, is permitted. In no case will EFA accept an advance fee for financial planning/consulting services that is greater than \$1,200 unless the plan and/or services connected with such payment are completed within six months from the receipt of such payment. EFA may charge by the hour for services provided, so long as the total paid by the client does not exceed the maximum fee permitted for that client based on the client's income and net worth.

The client may terminate the financial planning/consulting agreement prior to the delivery of the financial plan, recommendations, advice or suggestions by notifying EFA in writing.

Fee Schedule – Financial Planning/Consulting Services:

Level One:	Gross Income Under \$100,000
Level Two:	Gross Income Between \$100,001 & \$200,000
Level Three:	Gross Income Between \$200,001 & \$300,000
Level Four:	Gross Income Over \$300,001

Net Worth	Level One	Level Two	Level Three	Level Four
Up to \$2,000,000	\$3,000	\$3,500	\$4,500	\$5,000
\$2,000,001 to \$4,000,000	\$4,500	\$4,500	\$5,500	\$6,000
\$4,000,001 to \$10,000,000	\$6,250	\$6,250	\$7,250	\$8,500
\$10,000,001 and Above	\$6,500	\$7,000	\$9,500	\$12,000+

Gross income shall be determined from the client's most current new account form on file. Fees for Financial Planning/Consulting services may not exceed 3% of client's gross income.

Item 6 – Performance-Based Fees and Side-By-Side Management

EFA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

EFA provides portfolio management services to individuals, corporations, trusts, estates, charitable organizations, and retirement plans including pension and profit sharing plans.

Most asset management programs offered by EFA have minimum account sizes to open/maintain an account ranging from \$10,000 to \$250,000. Details on these minimums are explained for each program in Item 5 Fees and Compensation.

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

EFA's advisory representatives generally use technical and fundamental analysis when analyzing securities. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Sources of information for analysis include research material acquired from outside vendors, financial newspapers and magazines, annual reports, prospectuses, filings with the SEC and company press releases.

Investment strategies used to implement investment advice to clients may include: long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions, and option writing.

EFA will utilize certain asset allocation tools and investment research materials prepared by third party investment advisers in constructing an appropriate asset mix for a client and in monitoring the performance of the investment portfolio selected. Clients can learn more about the methods of analysis, investment strategies, and risk of loss associated with the advisory platform providers offered by EFA by reviewing the Form ADV 2A of those advisers.

Investing in securities involves risk of loss that clients should be prepared to bear.

Common stocks may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of stocks in which a particular fund invests, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stocks and/or micro-capitalization stocks, may underperform the market as a whole. In addition, growth stocks can be more volatile than other types of stocks. Value stocks can continue to be undervalued by the market for long periods of time. Additionally, dividends paid on common stocks can vary significantly over the short-term and long-term. Dividends on common stocks are not fixed, but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of common stocks in which a portfolio invests will declare dividends in the future or that if declared they will remain at current levels or increase over time.

Fixed income risks include credit risk, interest rate risk, and high yield risk.

Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline

because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for portfolios that may invest in "high yield" securities.

Interest rate risk is the risk that the value of a portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments. Duration is a common measure of interest rate risk. Duration measures a bond's expected life on a present value basis, taking into account the bond's yield, interest payments and final maturity. The longer the duration of a bond, the greater the bond's price sensitivity to changes in interest rates.

High yield, or below investment grade securities may be more susceptible to real or perceived adviser economic conditions than investment grade securities. In addition, the secondary trading market for below investment grade securities may be less liquid. High yield securities generally have more volatile prices and carry more risk to principal than investment grade securities.

International Investing Risk — Investing in securities or issuers in markets other than the United States involves risks not typically associated with U.S. investing, such as currency risk, risks of trading in foreign securities markets, and political and economic risks.

Currency Risk — Because foreign securities generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect an account's value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of account.

Foreign Securities Market Risk — Securities of many non-U.S. companies or U.S. companies with significant non-U.S. operations may be less liquid and their prices more volatile than securities of comparable U.S. companies. Securities of companies traded in many countries outside the U.S., particularly emerging markets countries, may be subject to further risks due to the inexperience of local investment professionals and financial institutions, the possibility of permanent or temporary termination of trading, and greater spreads between bid and asked prices for securities. In addition, non-U.S. stock exchanges and investment professionals are subject to less governmental regulation, and commissions may be higher than in the U. S. Also, there may be delays in the settlement of non-U.S. stock exchange transactions.

Political and Economic Risks — International investing is subject to the risk of political, social, or economic instability in the country of the issuer of a security, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, and nationalization of assets.

Additionally, income from foreign issuers may be subject to non-U.S. withholding taxes. Non-U.S. companies generally are not subject to uniform accounting, auditing, and financial reporting standards or to other regulatory requirements that apply to U.S. companies; therefore, less information may be available to investors about non-U.S. issuers. In addition, some countries restrict foreign investment in their securities markets, which may limit or preclude investment in certain countries or may increase the cost of investing.

The above risks may be particularly significant in emerging markets countries. To the extent an account invests in depositary receipts, it will be subject to the same risks as when investing directly in foreign securities.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of EFA or the integrity of EFA's management.

1. The Financial Industry Regulation Authority ("FINRA") alleged that Equity Services, Inc. ("ESI"), in its capacity as a broker-dealer, made unsuitable sales of an unregistered private placement securities to five non-accredited retail investors. It was also alleged that ESI failed to enforce its written supervisory procedures relating to suitability and the sale of private placements.

Without admitting or denying the findings, ESI signed a letter of acceptance, waiver and consent. In accordance with the terms of the settlement, ESI consented to the imposition of a fine in the amount of \$50,000, and it was ordered to pay \$163,815 plus interest, in restitution to four customers. The settlement was accepted by FINRA on November 2, 2011.

2. The Pennsylvania Securities Commission alleged that ESI violated provisions of the Pennsylvania Securities Act of 1972 in connection with supervisory oversight of certain registered representatives.

ESI was ordered to comply with the Pennsylvania Securities Act of 1972. ESI was also ordered to hire an independent consultant to review its compliance with the 1972 Act. ESI was ordered to pay an administrative assessment of \$12,500 and \$7,500 in investigative and legal costs and paid these amounts on July 8, 2005.

3. The Securities and Exchange Commission ("SEC") alleged that ESI failed to provide asset allocation monitoring services to certain of its advisory clients from 2001 until the Summer of 2005.

Without admitting or denying the allegations related to the matter, ESI consented to the entry of the order whereby ESI was censured, and ordered to cease and desist from committing or causing any violations and any future violations of the Investment Advisers Act. ESI was ordered to pay a civil penalty in the amount of \$300,000. The fine was paid December 17, 2009.

4. The National Association of Securities Dealers alleged that: 1) ESI associated persons received improper non-cash compensation from an unaffiliated insurance company; 2) ESI failed to maintain adequate records of non-cash compensation from other offerors; 3) ESI associated persons received improper non-cash compensation from National Life Insurance Company; 4) ESI's supervisory system and written policies and procedures regarding non-cash compensation were inadequate; and 5) ESI violated e-mail retention requirements.

ESI was fined \$350,000, and ordered to conduct a comprehensive review and certification of policies and procedures related to non-cash compensation within 90 days of the acceptance, waiver, and consent. The fine was paid June 12, 2007.

Item 10 – Other Financial Industry Activities and Affiliations

ESI is registered as a broker-dealer with the SEC, FINRA and all fifty states. ESI devotes a substantial portion of its time and derives a substantial portion of its revenue from its operations as a broker-dealer. As a broker-dealer, ESI offers the following investment products: mutual

funds; unit investment trusts; variable annuities and life; direct participation programs and real estate investment trusts. ESI has a fully disclosed clearing relationship offering stock, bond and option trading through NFS. ESI is not affiliated with NFS. ESI also acts as the distributor of variable insurance products underwritten and issued by National Life Insurance Company.

EFA is under common control with the following companies: Sentinel Financial Services Company, a registered broker-dealer and distributor of the Sentinel Funds; Sentinel Asset Management, Inc., a registered investment adviser, which manages the Sentinel Funds and offers services to mutual funds, institutions and individual clients.

EFA is an affiliate of National Life Insurance Company and Life Insurance Company of the Southwest ("LSW"). Most of EFA's registered and advisory representatives are also life insurance agents of National Life and LSW. National Life provides space and certain other services to EFA. Life Insurance Company of the Southwest ("LSW") is an affiliated insurance company that offers annuity products.

EFA and its advisory representatives may offer affiliated products or services to advisory clients in order to execute certain transactions recommended within a financial plan. Clients are free to execute transactions recommended as part of a financial plan through any broker-dealer or product issuer they choose. If the purchase or sale of financial products recommended as a part of a financial plan is executed with an affiliate of EFA, EFA and the advisory representative will receive additional compensation, including commissions and other compensation, over and above the advisory fee paid.

Potential conflicts of interest are monitored by Business Risk Analysts of EFA, and potential conflicts are discussed during EFA's Quarterly Senior Management meetings.

Unaffiliated Third Party Money Managers

Other investment advisers or asset management companies may pay EFA for referring clients to them. The nature of relationship between the third party, EFA and the client is more fully described in the contracts entered into with each respective third party. EFA will receive a portion of the fee charged. The services to be provided, investment methodology and fee structure are described in the third party's advisory contract that is entered into between EFA's client and the respective third party organization. Form ADV, Part 2A or appropriate disclosure brochure for the third party organization is provided to EFA's client.

EFA may receive payments from firms or persons that offer asset management or separate account products or services to be included in a preferred list of advisers ("Preferred Advisers"). These payments may take the form of conference, program or event attendance, participation or exhibition fees; educational and training fees; or fees linked to Program participation or specific marketing initiatives within an existing Program. Such advisers may pay travel, meal and other expenses for a firm's representative and others who visit the adviser's offices or other locations (including hotels and conference centers) to learn about its products and services. EFA's Preferred Advisers are FundQuest, Maple Capital Management, and SEI.

Pursuant to an Investment Services Program Agreement between FundQuest and EFA, FundQuest will refund to EFA part of FundQuest's advisory fee earned in the Illuminations programs. EFA retains this refund amount. As such, EFA may have an incentive to recommend FundQuest over another investment adviser.

EFA manages these conflicts by disclosing its payments to clients.

Item 11 – Code of Ethics

EFA has adopted a Code of Ethics that mandates high standards of business conduct and professionalism. The Code prohibits EFA's representatives and employees from trading on material non-public information. All of the Company's employees are required to report Initial and Annual Holdings Reports. Quarterly reporting of personal securities transactions is also required. All supervised persons at EFA must acknowledge the terms of the Code of Ethics annually. EFA, through its advisers, will provide a copy of its Code of Ethics to any client or prospective client upon request.

Advisory representatives of EFA may occasionally buy, hold, or sell securities for their own accounts that are also recommended to, or bought or sold, for their clients at the same time or at different times as clients are trading in these securities. However, neither EFA nor any employee may receive preferential treatment over clients.

It is EFA's policy that the firm will not effect any principal or agency cross transactions for client accounts. EFA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Cross trades occur where an adviser causes a client account to sell a security to another client account, and no commission is charged.

ESI in its capacity as a broker-dealer may execute securities transactions for its advisory clients, including, but not limited to, transactions in securities distributed or underwritten by an affiliate. EFA and its advisory representatives generally realize compensation, including commissions on transactions for which ESI acts as broker-dealer, in addition to that which is received in the performance of advisory-related services.

ESI is likely to receive additional compensation with respect to the sales of securities issued and or distributed by members of its Strategic Partners program. The following mutual funds/unit investment trusts that participate in the Strategic Partners Program: Sentinel Funds and Advisors Asset Management, Inc. The following variable insurance issuers currently participate in the program: Transamerica, Prudential and Nationwide. The following direct participation program sponsors participate in the Strategic Partners Program: ATEL and Cole. Current information regarding ESI's Strategic Partners program may be found at www.Equity-Services.com or by calling (800) 344-7437.

EFA and its affiliates may also contribute amounts to various non-cash and cash incentives paid to EFA's registered representatives based on the achievement of specified sales goals for certain securities, including (1) sponsoring sales contests and/or promotions in which participants receive awards or incentives such as travel, merchandise, computer hardware and/or software; (2) paying for occasional meals, lodging and/or entertainment; (3) making cash payments in lieu of business expense reimbursements; (4) making and forgiving business-

related loans; (5) cash bonuses and/or; (6) employee benefits, such as health insurance, Social Security contributions, etc.

EFA and its advisory representatives offer brokerage services to advisory clients in order to execute certain transactions recommended within a financial plan, as well as the Illuminations and Directions program. Clients are free to execute securities transactions recommended as part of a financial plan through any broker-dealer they choose. If ESI is the broker-dealer selected to execute the purchase or sale of financial products recommended as a part of a financial plan, ESI and the advisory representative will receive additional compensation, including commissions and other compensation, including 12b-1 (trail) fees, over and above the advisory fee paid.

Item 12 – Brokerage Practices

EFA generally has written agreements whereby clients agree that all brokerage transactions will be executed through NFS, unless directed otherwise by the client. EFA is also a registered broker dealer, doing business as Equity Services, Inc. ("ESI"). ESI has entered into a clearing arrangement with NFS. EFA may, therefore, be viewed as recommending itself to clients as a broker-dealer. ESI acts as the introducing broker-dealer in this arrangement and may receive transactional compensation. In executing trades through NFS, EFA may, in certain instances, be prevented from seeking and obtaining more favorable prices and lower commission rates or other charges, than EFA may otherwise might be able to obtain by, for example, negotiating better prices or lower rates of commissions with certain other broker-dealers. However, executing transactions through NFS may benefit clients when NFS aggregates client trades with orders from its other clients. This aggregation may provide savings on execution costs through volume discounts that EFA might not be able to negotiate or obtain for other clients who do not execute trades through NFS. EFA regularly reviews execution pricing and execution through the use of various reports received detailing comparative execution data.

Item 13 – Review of Accounts

Each advisory representative and his/her client will individually determine the frequency of reviews for the account(s) governed by an investment advisory agreement between the client and EFA. In all cases, however, such frequency will be offered no less than on an annual basis. Factors triggering such a review will include but are not limited to, the changing circumstances in the client's financial and personal life; the performance of the portfolio in both absolute terms and relative to the client's goals, objectives and risk tolerance; and at the request of the client. In most cases, the review will be conducted by the advisory representative who performed the initial investment advisory services. EFA will review either monthly exception reports, software tools, or quarterly statements, for which EFA is advisor or co-advisor, to detect and make recommendations to correct variations from client mandates. Reviewers will be the Business Risk Analysts, and/or other home office staff members.

For ESI Illuminations Flagship Select accounts, reviewers have been instructed to review the monthly exception report generated from the Illuminations website which reports accounts for which there is a variance from the model portfolio of 15% or more for a period of over 30 days based on allocations into equity, fixed income or cash positions.

For ESI Illuminations Navigator Select, the reviewers, on a quarterly basis, review a sampling of account statements to monitor for variance from the model portfolio of 15% or more based on allocations into equity, fixed income or cash positions.

For ESI Directions accounts, reviewers and advisory representatives use a proprietary system developed by Envestnet and made available to them by NFS to monitor client accounts. This process is more fully described in the Firm's Appendix 1, which is subject to amendment from time to time.

For other programs for which EFA is co-advisor, including: Non-Select ESI Illuminations, SEI, Saratoga, Genworth (Advisor Model), Morningstar, and Managers accounts, the reviewers have been instructed to take a quarterly sampling of account statements from each program to compare against the portfolio/allocation model indicated by the client and/or to review exception reports provided by these third-party advisers.

Clients of the ESI Illuminations Programs will receive written quarterly performance statements from FundQuest showing positions, activities and contributions made during the quarter. Also, at least quarterly brokerage statements are provided by NFS for Illumination program accounts. For other asset management programs offered by EFA, clients will at least receive quarterly statements from the account custodian showing transactions for the prior quarter, fees imposed, and current asset allocations, and may receive other reports as set forth in their account documentation.

Item 14 – Client Referrals and Other Compensation

EFA may pay individuals or entities, acting as bona fide Solicitors, a portion of the advisory fee EFA charges a client referred to EFA by the Solicitor. All such Solicitor arrangements will conform to the requirements set forth in SEC Rule 206(4)-3.

Item 15 – Custody

EFA does not take custody of client funds or securities. Client funds and securities are held with a qualified custodian. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets.

Item 16 – Investment Discretion

Neither EFA nor its advisory representatives have any authority to buy and sell securities for clients on a discretionary basis.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, EFA 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. Upon request of the client, EFA may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

EFA does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and thus has not provided a balance sheet for its most recent fiscal year. EFA does accept partial payment of financial planning/consulting fees prior to the preparation of the financial plan or service. The partial fees will not exceed 50% of the total fee due. In no case will EFA accept an advance fee for financial planning/consulting services that is greater than \$1,200 unless the plan and/or services connected with such payment are completed within six months from the receipt of such payment.

EFA is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to clients, nor has EFA been the subject of a bankruptcy petition at any time during the past ten years.