

CYNOSURE

ADVISORS

79 South Main Street, 4th Floor
Salt Lake City, UT 84111-1929

www.cynosuregroup.com

March 2018

This brochure provides information about the qualifications and business practices of Cynosure Advisors, LLC (“Cynosure Advisors” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (801) 521-3100, or contact Sophia DiCaro, our Chief Compliance Officer, at sophia.dicaro@cynosuregroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Cynosure Advisors is a “registered investment advisor.” Registration does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

The March 2018 Annual Amendment contains technical changes and updates to the Regulatory Assets Under Management. Additionally, there was an update to the make-up of managing directors among the officers of Cynosure Advisors, LLC.

While any material changes to this brochure will be reflected on this page, clients may request a copy of the Form ADV Part 2A at any time without charge by sending a written request to our Chief Compliance Officer, Sophia DiCaro, by mail at 79 South Main Street, 4th Floor, Salt Lake City, UT 84111, or by email at sophia.dicaro@cynosuregroup.com.

ITEM 3:TABLE OF CONTENTS

	<u>Page</u>
Item 2: Material Changes	ii
Item 4: Advisory Business	1
Item 5: Fees and Compensation	1
Item 6: Performance-Based Fees and Side-by-Side Management	2
Item 7: Types of Clients	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9: Disciplinary Information	9
Item 10: Other Financial Industry Activities and Affiliations	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal ... Trading	10
Item 12: Brokerage Practices	11
Item 13: Review of Accounts	12
Item 14: Client Referral and Other Compensation	13
Item 15: Custody	13
Item 16: Investment Discretion	14
Item 17: Voting Client Securities	14
Item 18: Financial Information	14

ITEM 4: ADVISORY BUSINESS

Cynosure Advisors, LLC (“Cynosure Advisors” or the “Firm”) is an investment advisory firm with offices in Salt Lake City, Utah. Cynosure Advisors is a member of the Cynosure Group, an investment firm engaged in providing private investment advisory and wealth management services. Cynosure Advisors was formed for the purpose of providing wealth management and investment advisory services to high net worth individuals, family and institutional clients in the Mountain West Region of the United States. Cynosure Advisors is organized as a Utah limited liability company, and the principal owners of the Firm are the Randal Quarles and Hope Eccles Family Trust, Spencer P. Eccles and R. Keith Taylor.

Cynosure Advisors works closely with its clients to develop comprehensive, custom tailored, investment programs based on an analysis of various factors, such as each client’s investment goals, tax position, diversification requirements, other assets held, social concerns, risk tolerance, etc. After completing this analysis, Cynosure Advisors will construct a portfolio for the client by allocating the client’s assets among various investment strategies (“Strategies”) through investments in separate accounts with sub-advisors and/or pooled investment vehicles. Clients may also direct Cynosure Advisors to construct a portfolio based on a single or limited number of Strategies that is not part of a comprehensive portfolio management program. Each client’s investment program is monitored on an ongoing basis and may be adjusted from time to time in response to changing market conditions, client circumstances or other factors.

Most of the Strategies used by Cynosure Advisors will focus on investments in publicly traded securities. However, depending on client circumstances, Cynosure Advisors may also recommend private equity and other alternative investment vehicles to its clients.

As of March 2018, Cynosure Advisors managed approximately \$442.8 million of client assets on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

Cynosure Advisors’ fees are described in general below and set forth in detail in each client’s investment advisory agreement with the Firm. Except as otherwise negotiated with a client, fees are typically calculated based upon the quarter-end aggregate market value of all assets under management within the client’s account(s), including allocations to cash and accrued interest. Cynosure Advisors may group multiple accounts of a client (or group of clients, such as a family) together for fee calculation and billing purposes.

The fee schedule for Cynosure Advisor’s wealth management and investment advisory services is as follows:

<u>Asset Level</u>	<u>Annual Fee</u>
First \$7,500,000	0.70% – 0.90%
\$7,500,000 to \$50,000,000	0.50% – 0.70%
Above \$50,000,000	0.35% – 0.50%

Fees may change over time and different fee schedules may apply if Cynosure Advisors accepts different types of clients from its currently anticipated client base. Fees for client accounts are negotiable. Thus, some clients may pay more or less than other clients for the same or similar management services depending, for example, on the account inception date, the number (or value) of related accounts, the total assets under management by Cynosure Advisors, and fee negotiation or fee waivers, if any.

Fees will be assessed and paid by deduction from an account quarterly in arrears or on such other basis as Cynosure Advisors and the client may agree in writing.

Cynosure Advisors reserves the right, in its sole discretion, to negotiate and to charge different fees for certain investment programs or Strategies based on the client's particular needs or requirements as well as overall financial condition, goals, risk tolerance and other factors unique to the client or for new or additional services not described herein.

Other Fees and Expenses

In addition to the advisory fees described above, clients will be responsible for paying certain fees and other expenses charged in respect of the investment Strategies that Cynosure Advisors allocates client assets to. Such fees and expenses are separate from and in addition to the fees paid to Cynosure Advisors for selecting and monitoring those investments.

- For investment Strategies that are structured as separately managed accounts with sub-advisors, these additional fees and expenses will include the sub-advisory fees charged by the sub-advisor, as negotiated by Cynosure. In addition, clients will be responsible for certain other fees and expenses (e.g., custodial fees, brokerage commissions and similar charges) associated with each of the Strategy types. Such sub-advisory fees and expenses will be passed through to the client by Cynosure.
- For investment Strategies that are structured as pooled investment vehicles, such as mutual funds (including money market funds for cash management purposes), exchange traded funds ("ETFs") or private alternative asset funds, these additional fees and expenses will include the clients' indirect share of any management or other service fees charged to the pooled investment vehicle by the fund's sponsor, its affiliates and other service providers.

These fees and expenses will be disclosed to clients more fully in various disclosure documents that will be provided by the sub-advisor, fund manager or other authorized party responsible for each investment Strategy into which a client's assets are allocated.

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

Cynosure Advisors generally does not charge performance-based fees on its client accounts. In some cases, however, a performance-based fee may be negotiated with terms dependent upon the particular investment requirements of the client. In addition, the Firm may recommend that some clients invest in private funds, direct private investments or co-investment opportunities managed by Cynosure Advisor's affiliates, which charge performance-based fees. The existence of such performance fees may create an incentive for the manager of such private funds to take risks in managing such funds that they might not otherwise take.

Because Cynosure Advisors may recommend Strategies for client portfolios that pay performance-based fees to its affiliates and those that do not, the Firm may have an incentive to favor allocating assets to such performance fee paying Strategies over those that do not. Cynosure Advisors has adopted policies and procedures to address this potential conflict of interest that are designed to ensure that each client portfolio is constructed in a manner that is consistent with the customized investment program established for such client.

ITEM 7: TYPES OF CLIENTS

Cynosure Advisors provides investment advisory services to:

- High net worth individuals and families
- Trusts, estates or charitable organizations
- Corporations and businesses

Cynosure Advisors prefers to establish relationships of at least \$10,000,000 in order to act as investment manager for a client. However, Cynosure Advisors may waive this minimum in its sole discretion.

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

Comprehensive Portfolio Management Services

In general, Cynosure Advisors works with each of its clients to develop customized investment programs based on an analysis of various factors, such as each client's investment goals, tax position, diversification requirements, other assets held, social concerns, risk tolerance, etc. Through a thorough understanding and analysis of these factors, Cynosure Advisors believes it can identify and put in place an investment program best suited for each individual client.

Once this analysis has been completed, Cynosure Advisors will generally construct a portfolio on the client's behalf by allocating the client's assets among various Strategies through investments in separate accounts with sub-advisors or pooled investment vehicles (including alternative private investment funds). The process for portfolio construction and management involves the following steps:

1. Cynosure Advisors begins the portfolio construction process with a thorough understanding of the investment asset classes available. The asset classes constitute the building blocks of a client portfolio.
2. Cynosure Advisers performs a statistical analysis to determine "optimized" combinations of various asset classes, with optimization determined by the risk/reward tradeoff (i.e. how much risk is assumed in arriving at a projected level of return).
3. Risk and return projections for various combinations of asset classes are developed by applying various capital market assumptions based on asset class valuations, historical relationships, market risk premiums and the investing environment.

4. To ensure proper diversification and mitigate estimation errors, minimum and maximum allocation constraints are instituted. These constraints are a function of client preferences such as liquidity, growth, cash flows and taxes and the application of prudent judgement.
5. Client risk tolerances are identified and factored into the analysis. Risk tolerances are determined by the objective capacity and the subjective willingness to take risk.
6. Once a strategic asset allocation is identified, investments are made in an appropriate mix of asset classes, represented by the diverse set of investment Strategies.
7. Cynosure Advisors performs ongoing monitoring and rebalancing based on the need to maintain appropriate risk-levels and targeted returns, subject to tax, trading and liquidity considerations.

Clients may also direct Cynosure Advisors to construct a portfolio based on a single or limited number of Strategies that is not part of a comprehensive portfolio management program.

Investment Strategies

Through its network of sub-advisors, private fund sponsors and other financial intermediaries, Cynosure Advisors will have access to a diverse mix of global proprietary fixed income, equity and cash management investment strategies across the risk/return spectrum, enabling Cynosure Advisors to construct client portfolios with an emphasis on risk management. Cynosure Advisors will also have access to complementary alternative investment strategies, including private equity and hedge funds, further broadening the opportunity set.

At the time a client's assets are allocated to any particular Strategy, the client will receive additional disclosure from the sub-advisor, or manager of the pooled investment vehicle (as the case may be), providing additional detail with respect to the investment objective, guidelines, restrictions and risk factors applicable to such Strategy. Clients are urged to review such disclosure documents carefully and to be in touch with their client advisor at Cynosure Advisors with any questions or concerns they may have.

Risk of Loss

As with any investment in securities, the investment programs developed by Cynosure Advisors involve a number of significant risks. The following is a discussion of some of the primary risks associated with Cynosure Advisor's investment Strategies. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to a client's account will depend on the nature of the Strategies chosen for such account and the types of securities held in the account as a result.

While each Strategy is managed so that the risks incurred are appropriate to the return potential for the Strategy, it is not possible or even desirable to fully eliminate all risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Clients should be aware that, while Cynosure Advisors does not limit its advice to particular types of investments, mandates may be limited to certain types of securities (e.g., equity securities) and may not be adequately diversified. In and of themselves, the individual Strategies are generally not intended to provide a complete investment program.

- ***Common Risks Associated with Investing in Securities Generally.*** Investment in securities may be subject to a number of risks, including the following:
 - *Current Market Conditions.* In recent years, global debt and equity markets have experienced increased volatility and turmoil, which can adversely affect a portfolio.
 - *Liquidity in Financial Markets.* The financial markets in the U.S. and elsewhere have experienced a variety of difficulties and changed economic conditions, which could adversely affect the value of a portfolio's assets.
 - *Government Intervention and Market Disruptions.* The global financial markets have undergone fundamental disruptions that have led to extensive and unprecedented government intervention that could prove detrimental to the efficient functioning of the markets and adversely affect a portfolio.
- ***Common Risks Associated with Equity Investments.*** Investments in equity securities may be subject to a number of specific risks, including the following:
 - *Equity Securities.* Equity securities (stocks) held in a portfolio may decrease in response to activities of companies or market and economic conditions.
 - *Growth Stocks.* Growth stocks may be more sensitive to market movements because their prices tend to more heavily reflect future investor expectations rather than just current profits. They may also underperform value stocks during given periods.
 - *Value Stocks.* Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time. They may also underperform growth stocks during given periods.
 - *Small-Capitalization Companies.* Small cap stocks may exhibit erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.
 - *Initial Public Offerings.* Initial public offerings (IPOs) are subject to high volatility and limited availability.
 - *Private Placements.* Private placements may be classified as illiquid and be difficult to value.
 - *Derivative Securities.* Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses in a portfolio that substantially exceed the initial amount paid or received from the investment.

- ***Common Risks Associated with Non-U.S. Investments.*** In addition to the risks associated with investing in equity securities described above, investments in non-U.S. securities can expose clients to certain additional risks, including the following:
 - *Foreign Markets.* Foreign markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.
 - *Foreign Securities.* Foreign stocks are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
 - *Foreign Currency Markets.* Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in a portfolio.
 - *Emerging Markets.* Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political and economic stability characteristics of more developed countries.
- ***Common Risks Associated with Fixed Income Investments.*** Investments in fixed income securities can expose clients to certain specific risks such as the following:
 - *Credit Risk.* Fixed income securities (bonds) are subject to the risk that the bond issuers may not be able to meet interest or principal payments when the bonds come due.
 - *Below Investment Grade Rated Securities.* Below investment grade bonds are subject to a higher probability that the issuers may not be able to meet payment of interest or principal on a timely basis or at all. These securities also may be less liquid than investment grade securities and experience higher price volatility. It may not be possible to sell these securities at the desired price and within a given time period.
 - *Interest Rates.* Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall. Interest rates continue to be at historic lows. Investments with longer maturities, which typically provide higher yields than securities with shorter maturities, may subject a portfolio to increased price changes resulting from market yield fluctuations.
 - *Income Risk.* The income received by a portfolio may decrease as a result of a decline in interest rates.

- *Prepayment Risk.* There is a risk of prepayment in mortgage- and asset-backed securities. This risk arises when market interest rates are below the interest rates charged on the loans that comprise the securities. Elevated prepayment activity may result in losses in these securities.
- *Liquidity Risk.* Investments that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active investments. It may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable. Securities subject to liquidity risk include emerging market securities, Rule 144A securities, below investment grade securities and other securities without an established market.
- *Foreign Investments.* Foreign investments often involve additional risks, including political instability, differences in financial reporting standards and less stringent regulation of securities markets.
- *Derivative Securities.* Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- *Rule 144A Securities.* Rule 144A securities are not registered for resale in the general securities market and may be less liquid than registered securities.
- ***Common Risks Associated with Alternative Investments.*** Investments in alternative investment strategies (such as private equity, private debt, hedge fund, real asset and dynamic allocation strategies) can expose clients to certain specific risks associated with the following:
 - *Derivative Securities.* Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
 - *Short Sales.* A short sale involves the risk of a theoretically unlimited increase in the market price of a security sold short, which could result in an inability to cover the short position and a theoretically unlimited loss.
 - *Commodity and Futures Contracts.* Commodities futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand, governmental programs and policies, national and international political and economic events and changes in interest rates. A high degree of leverage is typical in commodities futures trading, and as a result, a relatively small price movement may result in substantial losses.
 - *High Yield Securities.* High yield securities are rated in the lower rating categories by the various credit agencies and are subject to greater risk of loss of principal and interest than higher rated securities. High yield securities generally are considered

predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

- *Options*. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so an investor loses their premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security, which could result in a potentially unlimited loss.
- *Foreign Securities*. Foreign stocks are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- *Foreign Currency Markets*. Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in a portfolio.
- *Currency Risks*. Investments denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more currencies.
- *Interest Rates*. Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall.
- *Leverage*. The use of borrowing (leverage) exposes an investor to additional levels of risk including greater losses from investments than would otherwise have been the case without borrowing; margin calls or changes in margin requirements may force premature liquidations of investments; and losses on investments where the investment fails to earn a return that equals or exceeds the cost of the leverage.
- *Lack of Diversification*. Alternative investment funds may not generally be as diversified as other investment vehicles. Accordingly, such investments may be subject to more rapid change in value than would be the case if the funds were required to maintain a wide diversification among types of securities, geographical areas, issuers and industries.
- *Event-Driven Trading*. Event-driven trading involves the risk that the event identified may not occur as anticipated or may not have the anticipated effect, which may result in a negative impact upon the market price of securities held in the portfolio.
- *Liquidity*. A portfolio's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

Clients are urged to review the disclosure documents they receive from the sub-advisors or fund managers of the Strategies into which their portfolio will be allocated for more detailed disclosure of the risk factors that will apply to each specific Strategy

ITEM 9: DISCIPLINARY INFORMATION

There have been no disciplinary actions against Cynosure Advisors or any of its owners.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As noted above, Cynosure Advisors is a part of the Cynosure Group, an investment firm engaged in providing private investment advisory and wealth management services. One of the other members of the Cynosure Group is Cynosure Management, LLC (“Cynosure Management”), a registered investment advisor with approximately \$323.5 million in assets under management. Cynosure Management provides investment advice with regard to private equity and other alternative investments to members of the controlling family of Cynosure, their affiliated entities and third parties. Cynosure Advisors expects that it will allocate some of its clients’ assets, where appropriate, to private funds or other alternative investment strategies managed by Cynosure Management.

Cynosure Management is the manager of two pooled investment vehicles which jointly own a minority interest in Avalon Advisors, LLC (“Avalon Advisors”), a registered investment advisor. Avalon Advisors serves as a sub-advisor to certain clients of Cynosure Advisors. Cynosure Advisors expects that it will allocate some of its client’s assets, where appropriate, to investment strategies managed by Avalon Advisors. This creates a conflict of interest as Cynosure Advisors and Avalon Advisors both receive management fees from clients. This conflict is mitigated through disclosure to clients, a continual disciplined approach to assessing the client’s investment objectives and risk tolerance, and ensuring the client has reviewed the appropriate documents before investing.

Avalon Advisors is also affiliated with Avalon Wealth Management, LLC, a limited purpose broker dealer that is registered with the SEC and is a member of the Financial Industry Regulatory Authority, which may act as placement agent with respect to the offer and sale of certain investments in client portfolios managed by Cynosure Advisors. Cynosure Advisors does not currently use Avalon Wealth Management, LLC for the purchase or sell of securities.

Neither Cynosure Advisors, nor any of its affiliates or members of the Firm’s senior management team is registered as a broker-dealer, or as a registered representative of a broker-dealer, nor is there any present intention to do so. Likewise, neither Cynosure Advisors, nor any of its affiliates or members of the Firm’s senior management team is registered as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of any such entities, nor is there any present intention to do.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Cynosure Advisors intends to act as investment manager to numerous client accounts and the Firm's personnel may give advice and take action with respect to client accounts they manage or for their own accounts or the accounts of their family members that may differ from actions taken by Cynosure Advisors on behalf of other client accounts. Cynosure Advisors is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Cynosure Advisors or its personnel may buy or sell for its or their own accounts or for any other account Cynosure Advisors manages. Additionally, Cynosure Advisors' personnel may invest or otherwise have an interest, either directly or indirectly, in private funds which, in turn, may invest in securities held in other client accounts. Cynosure Advisors is not obligated to refrain from investing in securities held in client accounts, except to the extent that such investments violate Cynosure Advisors' Code of Ethics (the "Code"), adopted pursuant to Rule 204A-1 under the Advisers Act.

From time to time, officers and employees of Cynosure Advisors may have interests in securities owned by or recommended to Cynosure Advisors' clients. As these situations may represent a potential conflict of interest, Cynosure Advisors has implemented procedures relating to personal securities transactions and insider trading that are designed to identify potential conflicts of interest and to prevent or mitigate actual conflicts of interest. These policies and procedures, including Cynosure Advisors' Code, are intended to avoid conflicts of interest with clients, and resolve such conflicts appropriately if they do occur. Any supervised person of Cynosure Advisors who fails to observe Cynosure Advisors' Code and related policies risks serious sanctions, including dismissal and personal liability. A copy of the Code is available to any client, or prospective client, upon request.

Misuse of Nonpublic Information:

Cynosure Advisors and its supervised persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Cynosure Advisors and its supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, even if such other person is a client. Accordingly, should Cynosure Advisors or its supervised persons come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for the benefit of, its clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, its clients or Cynosure Advisors personnel when following policies and procedures designed to comply with law.

Cynosure Advisors has adopted as a part of the Code a "Policy Statement on Insider Trading" in accordance with Advisers Act Section 204A which establishes procedures to prevent the misuse of material nonpublic information by Cynosure Advisors' supervised persons. Among other things, Cynosure Advisors maintains a "restricted list" of securities in which the Firm may not trade because the Firm or its personnel may be in possession of material non-public information

concerning the issuer. In addition, Cynosure Advisors' requires that all personnel must read, sign and adhere to the Firm's policy on insider trading.

Personal Securities Trading:

Cynosure Advisors requires its personnel to pre-clear all personal trades in securities transactions involving an initial public offering, a private placement, or a Covered Security, as defined by the Cynosure Advisors Code of Ethics. In addition, employees are required to submit quarterly reports of their personal transactions in any reportable securities accounts within 30 days of the end of each calendar quarter, which may consist of monthly brokerage statements for all accounts in which they have a beneficial interest, to the CCO or her designee. Employees also must report all securities holdings in reportable accounts to the CCO or her designee annually, if statements are not provided. These are reviewed by the CCO to ensure compliance with the Firm's policies.

ITEM 12: BROKERAGE PRACTICES

Cynosure Advisors does not typically execute securities transactions on behalf of its clients, as this function will generally be delegated to the sub-advisors or investment funds to which client assets are allocated. However, Cynosure Advisors will occasionally execute trades in pooled investment vehicles (such as mutual funds, closed-end investment companies, exchange-traded funds or privately-placed hedge funds, private equity funds or similar alternative investment vehicles) on behalf of its clients.

Where possible, Cynosure Advisors will seek to deal directly with the applicable fund sponsor rather than through a broker-dealer or other financial intermediary, if Cynosure Advisors believes that this will be in the best interests of its clients. If, consistent with its duty to seek best execution, Cynosure Advisors does choose to trade through an intermediary, Cynosure Advisors will select such intermediary based on all relevant factors, including the intermediary's reputation, quality of services, ability to provide liquidity, ability to obtain interests in the particular investment funds that Cynosure Advisors wishes to invest in, execution capabilities, commission rates, responsiveness and financial strength. In considering these factors, Cynosure Advisors recognizes that different brokers may have different execution capabilities with respect to different types of securities and transactions, and that no broker will likely be judged the best at every relevant factor as a general matter or with respect to a particular transaction. In particular, Cynosure Advisors may choose not to execute trades through brokers that charge the lowest possible commission rates if, in Cynosure Advisor's judgment, other considerations lead Cynosure Advisors to conclude that other broker dealers are more likely to deliver best execution for its clients.

Soft Dollars

Cynosure Advisors does not have formal soft dollar arrangements; however, Cynosure Advisors may from time to time use research services provided by brokers that execute trades on behalf of client accounts. When Cynosure Advisors uses client commissions to pay for or obtain research, the Firm receives a benefit since it does not have to produce the research itself or pay for the research with its own money. As a result, Cynosure Advisors may have an incentive to select a broker-dealer based on its own interest in receiving research, rather than on its clients' interest in receiving best execution. The commissions client accounts may pay to obtain or pay for research

(and trade execution services) may be higher than they would be if research was not considered in selecting brokers to execute trades. In addition, Cynosure Advisors does not require that research obtained or paid for with client commissions be used only to benefit the accounts that paid for the commissions. Cynosure Advisors generally uses research obtained or paid for with commissions to benefit a broad range of clients.

The research Cynosure Advisors obtains and pays for with client commissions may only include:

- Advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchaser or sellers of securities; and
- Analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts.

Specific types of research Cynosure Advisors may obtain or pay for with client commissions include (i) fundamental, quantitative and technical issuer, industry, sector, market, asset class, economic and policy research reports and analyses, and (ii) portfolio strategy research. The research is generated by either an executing broker-dealer or by third parties.

Under Cynosure Advisors' policy, research paid for with client commissions must be eligible under the Section 28(e) safe harbor and must be used only to provide lawful and appropriate assistance to the performance of Cynosure Advisors' investment decision-making responsibilities.

Brokerage for Client Referrals

Cynosure Advisors does not use brokerage relationships for client referrals, nor does it take client referrals into consideration when selecting brokers for executing trades.

Order Aggregation

Where possible and appropriate, Cynosure Advisors or the sub-advisors for its investment Strategies may choose to aggregate or "batch" trade orders on behalf of multiple clients. Executing transactions on a batched basis may facilitate best execution by, for example, allowing the negotiation of more favorable commission rates or prices, more timely or equitable executions or a reduction of overall transaction costs or charges.

Directed Brokerage

In an effort to obtain best execution on behalf of clients, Cynosure Advisors does not accept direction from clients as to which broker-dealers should or must be used to execute securities transactions for their accounts.

ITEM 13: REVIEW OF ACCOUNTS

Review of each client's accounts will be ongoing and continuous, and completed at least quarterly by the Client Advisor assigned to the account. Such reviews will generally include a review of the account's Strategies, performance and other matters. In addition, the Cynosure Advisors Client Advisor assigned to each client will discuss the client's overall strategy and goals with the client

as often as the client requests. Clients are encouraged to contact Cynosure Advisors if there are any changes in their financial situation or investment objectives.

Clients are able to access and review their accounts daily. On a quarterly basis, Cynosure Advisors will provide each client a report containing the following information: (i) the assets held in the account(s); (ii) the performance of the account(s) in both percentage and dollars; and, (iii) any transactions in the account(s). Each client will also receive an annual Realized Gains & Losses Report.

Cynosure Advisors utilizes information provided by third parties in preparing reports and a third party assists in preparing or distributing reports. To the extent reports include or rely upon information from a source other than Cynosure Advisors (e.g., index information when a report includes a comparison of the Account's performance to that of an index), Cynosure Advisors attempts to obtain such information from reliable sources; however, the accuracy of such information cannot be guaranteed. Additionally, reports may include or rely upon fair value determinations made by Cynosure Advisors or a third party. While such valuations are made in good faith, their actual or empirical accuracy cannot be guaranteed.

Cynosure Advisors personnel are available to meet with clients upon request and, upon reasonable request, will tailor reporting to meet the particular needs of a client.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Cynosure Advisors does not currently have any such arrangements in place.

ITEM 15: CUSTODY

In response to client requests for assistance with third-party wire and other asset-transfer requests, Cynosure Advisors may operate under a standing letter of authorization or may instruct custodians on a client's instruction to move assets to third parties. In these cases, Cynosure Advisors will be deemed to have "custody" of client accounts within the meaning of Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Custody Rule"). As required by the Custody Rule, Cynosure Advisors will report these accounts as under Cynosure Advisor's custody and will arrange for an independent auditor to have an annual surprise exam of client assets in these accounts.

For all client accounts managed by Cynosure Advisors, the applicable Custodian will send the client periodic account statements (generally monthly in the case of account activity, and at least on a quarterly basis) indicating the amounts of any funds or securities in the account as of the end of the statement period and any transactions executed on behalf of the Account during the statement period, including the deduction of Cynosure Advisors' management fee. A client should review these statements carefully.

As noted in the section entitled "Review of Accounts" above, Cynosure Advisors may provide each client, with reports or account statements providing information about the client's account(s). Each client should compare these carefully to the account statements received from their Custodian. If the client should discover any discrepancy between the account statements, the client should contact Cynosure Advisors and the Custodian immediately.

ITEM 16: INVESTMENT DISCRETION

For discretionary accounts, Cynosure Advisors has full trading authority under a limited power of attorney assigned to the Firm. As a result, Cynosure Advisors will be authorized to determine the following: 1) the total amount of securities to buy or sell; 2) the broker or dealer through whom securities are bought or sold; 3) the commission rates at which securities transactions for client accounts are effected; and 4) the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

In addition, Cynosure Advisors will have the authority to delegate these investment powers to the underlying sub-advisors or fund managers that will manage the various investment Strategies to which a client's assets will be allocated.

Cynosure Advisors typically does not accept Accounts with limited discretion or where investments are client-directed, but may accept client direction as to the broker or dealer through whom securities are bought or sold. Cynosure Advisors generally requires that such direction be in writing, either as part of the client contract or otherwise. Cynosure Advisors reserves the right, in its sole discretion, to change the brokerage arrangements described herein without further notice to clients. Cynosure Advisors will obtain the permission from the client prior to opening an Account in the client's name at a custodian.

ITEM 17: VOTING CLIENT SECURITIES

In general, Cynosure Advisors will not vote proxies on behalf of its clients. Instead, this authority will either be delegated to the sub-advisor or fund manager managing the investment Strategy to which a client's assets have been allocated or retained by the client in cases where the underlying sub-advisor does not wish to exercise proxy voting powers. At a client's request, however, Cynosure Advisors may agree to vote proxies on behalf of the client. In such circumstances, a client's proxies will be voted in a manner that is accordance with the client's best interests pursuant to Cynosure Advisors' written Proxy Voting Policy. In cases where Cynosure Advisors has a conflict of interest, this policy provides that Cynosure Advisors will either refer the proxy vote back to the client for instructions or vote such securities in accordance with the recommendations of an independent third-party proxy voting service.

A client may contact Cynosure Advisors to request receipt of information about how Cynosure Advisors voted proxies for the client's Account, if applicable, or to obtain a copy of Cynosure Advisors' Proxy Voting Policy.

ITEM 18: FINANCIAL INFORMATION

Cynosure Advisors is not aware of any financial conditions that are reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.