

Uniform Application for Investment Adviser Registration

Name of Investment Adviser: Reason Financial Advisors, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
350 Pfingsten Rd., Suite 108	Northbrook	Illinois	60062	(847) 205-9501

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services	<u>75 %</u>
<input checked="" type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services	<u>5 %</u>
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above	<u>%</u>
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription	<u>%</u>
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above	<u>%</u>
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	<u>%</u>
<input checked="" type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	<u>20 %</u>
<input type="checkbox"/>	(8)	Provides a timing service	<u>%</u>
<input type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above	<u>%</u>

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed Fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | | | |
|-------------------------------------|--|-------------------------------------|--|
| <input type="checkbox"/> | A. Equity securities | <input checked="" type="checkbox"/> | H. United States government securities |
| <input checked="" type="checkbox"/> | (1) exchange-listed securities | | I. Options contracts on: |
| <input checked="" type="checkbox"/> | (2) securities traded over-the-counter | | (1) securities |
| <input checked="" type="checkbox"/> | (3) foreign issuers | <input type="checkbox"/> | (2) commodities |
| <input checked="" type="checkbox"/> | B. Warrants | <input type="checkbox"/> | J. Futures contracts on: |
| <input checked="" type="checkbox"/> | C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> | (1) tangibles |
| <input checked="" type="checkbox"/> | D. Commercial paper | <input type="checkbox"/> | (2) intangibles |
| <input checked="" type="checkbox"/> | E. Certificates of deposit | | K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> | F. Municipal securities | <input type="checkbox"/> | (1) real estate |
| | G. Investment company securities: | <input type="checkbox"/> | (2) oil and gas interests |
| <input checked="" type="checkbox"/> | (1) variable life insurance | <input type="checkbox"/> | (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> | (2) variable annuities | <input type="checkbox"/> | L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> | (3) mutual fund shares | | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | | | |
|---|-------------|---|-------------------------------|
| (1) <input type="checkbox"/> | Charting | (4) <input checked="" type="checkbox"/> | Cyclical |
| (2) <input checked="" type="checkbox"/> | Fundamental | (5) <input type="checkbox"/> | Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> | Technical | | |

B. The main sources of information applicant uses include: (check those that apply)

- | | | | |
|---|---------------------------------------|---|---|
| (1) <input checked="" type="checkbox"/> | Financial newspapers and magazines | (5) <input type="checkbox"/> | Timing services |
| (2) <input type="checkbox"/> | Inspections of corporate activities | (6) <input checked="" type="checkbox"/> | Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> | Research materials prepared by others | (7) <input type="checkbox"/> | Company press releases |
| (4) <input type="checkbox"/> | Corporate rating services | (8) <input type="checkbox"/> | Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | | | |
|---|--|------------------------------|--|
| (1) <input checked="" type="checkbox"/> | Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> | Margin transactions |
| (2) <input checked="" type="checkbox"/> | Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> | Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> | Trading (securities sold within 30 days) | (7) <input type="checkbox"/> | Other (explain on Schedule F) |
| (4) <input type="checkbox"/> | Short sales | | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

For those clients to whom Restrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Registrant's President, Patrick L. Doland. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to comprehensively review investment objectives and account performance with the Registrant on an annual basis.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer / custodian for the client accounts. Those clients for whom Registrant provides investment advisory services will also receive a quarterly report from the Registrant summarizing account activity and performance.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|-------------------------------------|-------------------------------------|
| | Yes | No |
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| (4) commission rates paid? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|-------------------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| B. directly or indirectly compensates any person for client referrals? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
 - requires repayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes No

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
REASON FINANCIAL ADVISORS, INC.	801-N/A	6/3/04

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: REASON FINANCIAL ADVISORS, INC.	IRS Empl. Ident. No.: 72-1573363										
Item of Form (identify)	Answer										
Item ID	<p>As discussed below in this disclosure statement, the Registrant provides its clients (i.e. individuals) with comprehensive financial planning and discretionary and non-discretionary investment management services.</p> <p>Financial Planning</p> <p>Registrant may provide its clients with a broad range of financial planning and consulting services (including non-investment related matters), which may address, among other issues, estate and retirement planning, taxes, insurance, college planning, long term care issues and/or investment recommendations. Registrant will charge a fee (fixed and/or hourly) for these services. Registrant's financial planning fees are negotiable, but generally begin at a minimum of \$2,500 on a fixed fee basis and from \$100 to \$195 on an hourly rate basis, depending upon the level and scope of the services required and the professional, para-professional and/or administrative per service(s). Prior to engaging the Registrant to provide financial planning and the client will be required to enter into a <i>Financial Planning Agreement</i> with the terms and conditions of the engagement, describing the scope of the service and the portion of the fee that is due from the client prior to Registrant commencing the client terminates Registrant's financial planning and/or consulting any unearned fee shall be refunded to the client. In performing its services, Registrant is required to verify any information received from the client or from the client's representative and is expressly authorized to rely thereon. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is not to engage the services of any such recommended professional. The client retains control over all such implementation decisions and is free to accept or reject any recommendation of Registrant. Moreover, each client is advised that it remains his/her/its responsible to notify the Registrant if there is ever any change in his/her/its financial situation and objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.</p> <p>Investment Management</p> <p>In the event the client desires, the client can engage the Registrant to design an investment portfolio and provide ongoing and continuous corresponding investment management services on a <i>fee-only</i> basis. In the event the client determines to implement investment recommendations through the Registrant on a <i>fee-only</i> basis, Registrant shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Registrant. The investment management fee charged shall vary (between 0.50% and 1.25%) depending upon the market value of assets under management, as follows:</p> <table border="1"> <thead> <tr> <th><u>Assets Under Management</u></th> <th><u>Annual %</u></th> </tr> </thead> <tbody> <tr> <td>Up to \$500,000</td> <td>1.25%</td> </tr> <tr> <td>\$500,001- \$1M</td> <td>1.0%</td> </tr> <tr> <td>\$1,000,001- \$3M</td> <td>0.75%</td> </tr> <tr> <td>Above \$3,000,001</td> <td>0.50%</td> </tr> </tbody> </table> <p>Registrant generally requires an account minimum of \$150,000.00 for asset management services. Registrant's annual investment management fee shall be pro-rated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. However, Registrant, in its sole discretion, may require a lesser account minimum or charge a lesser investment management fee based upon certain criteria (i.e. existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be</p>	<u>Assets Under Management</u>	<u>Annual %</u>	Up to \$500,000	1.25%	\$500,001- \$1M	1.0%	\$1,000,001- \$3M	0.75%	Above \$3,000,001	0.50%
<u>Assets Under Management</u>	<u>Annual %</u>										
Up to \$500,000	1.25%										
\$500,001- \$1M	1.0%										
\$1,000,001- \$3M	0.75%										
Above \$3,000,001	0.50%										

Complete amended pages in full, circle amended items and file with execution page (page 1).

Item ID
(continued)

managed, related accounts, account composition, negotiations with client, etc.). Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with the designated broker-dealer/custodian. Both Registrant's *Investment Advisory Agreement* and the broker-dealer/custodian's custodial/clearing agreement, may authorize the broker-dealer/custodian to debit the account for the amount of the Registrant's investment management fee and to directly remit that management fee to the Registrant in accordance with applicable regulatory procedures. The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice. Registrant's investment management fee shall be prorated through the date of termination, and any remaining balance shall be promptly refunded to the client. The broker-dealer/custodian charges brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

Factors which the Registrant considers in recommending a broker-dealer/custodian to clients include the broker-dealer's/custodian's financial strength, reputation, execution, pricing, reporting, research, service, and state registration(s). The broker-dealer/custodian enables Registrant to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges. The broker-dealer/custodian charges commission rates which are generally considered discounted from customary retail commission rates. The commissions and/or transaction fees charged by the broker-dealer/custodian may be higher or lower than those charged by other broker-dealers. The Registrant will not receive any portion of the brokerage commissions and/or transactions fees charged to *fee-only* clients. In return for effecting securities transactions through the broker-dealer/custodian or other designated broker-dealer/custodian, Registrant may receive certain investment research products and/or services which assist the Registrant in its investment decision-making process for the client, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934. The brokerage commissions and/or transaction fees charged by the broker-dealer/custodian or other designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products and/or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

MISCELLANEOUS

With respect to its non-discretionary asset management services, Registrant generally maintains responsibility to make recommendations, based upon the needs of the client, as to the securities the account may purchase or sell and, if such recommendation is accepted by the client, Registrant is generally responsible for arranging or effecting the purchase or sale. If engaged to provide non-discretionary services, Registrant will review, annually, a client's investment portfolio and make recommendations. Registrant will charge a fixed fee for these services, which will be negotiable based on the level of complexity.

In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. The client

Complete amended pages in full, circle amended items and file with execution page (page 1).

	<p>is free to accept or reject any recommendation made by the Registrant. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services, or if they wish to impose any reasonable restrictions upon Registrant's management services.</p> <p>Neither the Registrant nor the client may assign the <i>Financial Planning Agreement</i> or <i>Investment Advisory Agreement</i> without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of the Registrant shall not be considered an assignment.</p> <p>Copies of the written disclosure statements for the Registrant, as set forth on Part II of Form ADV, shall be provided to each client prior to or contemporaneously with the execution of the <i>Financial Planning Agreement</i> or <i>Investment Advisory Agreement</i>. Any client who has not received a copy of Registrant's written disclosure statement at least forty-eight (48) hours prior to executing <i>Financial Planning Agreement</i> or the <i>Investment Advisory Agreement</i> shall have five (5) business days subsequent to executing the agreement to terminate the Registrant's services without penalty.</p>
Item 5	All individuals that give investment advice on behalf of the Registrant must have earned a college degree and/or have investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.
Item 6	<p>PATRICK L. DOLAND, CFP Born: 1949 Educational Background: College for Financial Planning, Denver, CO (CFP Professional Education Program), May 1998 Northwestern University, Evanston, IL MBA (Finance and Marketing), 1988 Graduate School of Banking, Madison, WI, (Certificate in Banking), 1981 Upper Iowa University, Fayette IA, BA (English and Speech), 1971 Business Background: Reason Financial, President, 9/03 – Present Successful Financial Solutions, Inc., Investment Adviser Representative, 2/98 - 9/03</p> <p>WALTER O. TESKE Born: 1961 Educational Background: DePaul University, Chicago, IL (Certificate in Financial Planning), September 2003 Valparaiso University, Valparaiso, IN B.S. in Business Administration, 1983 Business Background: Reason Financial Advisors, Inc., Planner, 3/04 – Present; Options Trader and Professional Investor, 11/86 – 2/04</p>
Item 7B	Registrant's President, in his individual capacity, is also a licensed insurance agent/broker and in such capacity may provide on a fully disclosed basis, insurance-related services. Registrant's President will not sell insurance-related products.
Item 9E	<p><u>Investment Policy</u></p> <p>None of Registrant's advisory representatives may effect for himself or herself or for his or her immediate family (i.e. spouse, minor children) (collectively "Covered Persons") any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Registrant's clients, unless in accordance with the following Firm Procedures.</p> <p><u>Firm Procedures</u> - In order to implement Registrant's investment policy, the following procedures have been put into place with respect to Registrant and its Covered Persons:</p> <ol style="list-style-type: none"> (1) If Registrant is purchasing or considering for purchase any security on behalf of Registrant's client, no Covered Persons may transact in that security prior to the client purchase having been completed by Registrant, or until a decision has been made not to purchase the security on behalf of the client; and (2) If Registrant is selling or considering the sale of any security on behalf of Registrant's client, no Covered Persons may transact in that security prior to the sale on behalf of the

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	<p>client having been completed by Registrant, or until a decision has been made not to sell the security on behalf of the client.</p> <p>Exceptions -</p> <p>(1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of Registrant’s clients trade in sufficiently broad markets to permit transactions to be completed without any appreciable impact on the markets of the securities. Under certain circumstances exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with Registrant ‘s records.</p> <p>(2) Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by Registrant ‘s Investment Policy and Procedures.</p> <p>In accordance with Section 204A of the Investment Advisers Act of 1940, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.</p>
Items 12 A and 12B	<p>Please see the previous responses set forth on this Schedule “F” to Item 1D. In addition, Registrant’s general policies relative to the execution of client securities brokerage transactions are as follows:</p> <p>Execution of Brokerage Transactions (when applicable). If requested, Registrant will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Registrant reasonably believes will provide “best execution”. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.</p> <p>Consistent with obtaining best execution, transactions for a client’s account may be effected through broker-dealers in return for research products and/or services which assist Registrant in its investment decision making process. Such research generally will be used to service all of Registrant’s clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by client may be used to pay for research that is not used in managing the client’s account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where Registrant determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.</p> <p>Transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Registrant’s clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that Registrant determines to aggregate client orders for the purchase or sale of securities, including securities in which Registrant’s principal(s) and/or associated person(s) may invest, Registrant shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, <i>SMC Capital, Inc.</i> The Registrant shall not receive any additional compensation or remuneration as a result of the aggregation.</p> <p>The client may direct Registrant to use a particular broker-dealer registered in states where the</p>

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	<p>client resides (subject to Registrant’s right to decline and/or terminate the engagement) to execute some or all transactions for the client’s account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that transactions for client accounts are effected through a broker-dealer that refers investment management clients to Registrant, the potential for conflict of interest may arise.</p> <p>In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.</p> <p><u>Initial Public Offering (IPO) Policy.</u> On occasion, Registrant, through its clearing/custodial firm relationships, may have limited access to IPO shares. Except with respect to the limited exception noted below, Registrant does not purchase and/or recommend for purchase IPOs for its individual client accounts. The exception to the above policy is for those individual clients of Registrant who, on a completely unsolicited basis, contact the Registrant to request that Registrant purchase a specific IPO for his/her/their/its account, to the extent same has been made available to Registrant. In the event of any such unsolicited request(s), Registrant, after first determining that the client(s) is qualified for such specific IPO (i.e., suitable for the client(s) relative to the client’s(s’) investment objective(s), financial situations) and current asset allocation(s)), may (to the extent possible under the circumstances) purchase such IPO on a pro-rata basis with other unsolicited client requests. To the extent possible and applicable under the circumstances, Registrant will allocate unsolicited individual client IPO share purchases among qualified individual clients on a rotational basis. To the extent possible and applicable under the circumstances, the Registrant will use reasonable efforts to allocate available IPO shares on a fair and equitable basis in accordance with the terms and conditions of the aforementioned policy.</p> <p><u>Proxy Voting Policy.</u> The Registrant does not vote client proxies. Therefore, although the Registrant may provide investment advisory services relative to client investment assets, the Registrant’s clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. The Registrant and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets.</p>
Items 13A	Please see the response set forth in Item ID pertaining to investment research products and/or services which assist Registrant in its investment decision-making process for its clients, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934. Specifically, although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from a particular broker-dealer/custodian, without cost, support services which allow Registrant to better monitor and service client accounts maintained at a particular broker-dealer/custodian.

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