



**CCS SELECT ONE  
Portfolio Management Services**

**FORM ADV, PART II  
Schedule H**

This brochure provides clients with information about Coordinated Capital Securities, Inc. ("CCS") SELECT ONE Program that should be considered before becoming a client of CCS with respect to the following programs (the "Programs") This information has not been approved or verified by any governmental agency.

Mutual Fund:	FundSource, CustomChoice, , Pathways
SMA's:	Compass, Masters, Network Investment Consulting
UMA:	Diversified Managed Allocations
Client Directed:	Asset Advisor Services
FA Directed:	Private Investment Management

**704 River Place Madison, WI 53716  
(608)221-4545**

**August, 2008**  
SEC File Number 31862

# TABLE OF CONTENTS

<b>I. INTRODUCTION.....</b>	<b>4</b>
A. Relationship Between Wachovia Securities Inc., CCS and First Clearing, LLC.....	4
B. Introduction to Coordinated Capital Securities SELECT ONE Advisory Services .....	5
C. Types of Clients Offered Program Services .....	6
D. Types of Securities .....	6
E. Strategies Employed By the Programs .....	7
F. Other Activities of CCS and WSI .....	7
<b>II. DESCRIPTION OF EACH PROGRAM .....</b>	<b>8</b>
A. FundSource and Custom Choice .....	8
B. Pathways Program .....	14
C. Masters Investment Consulting Program.....	14
D. Network Investment Consulting Services .....	18
E. Compass Program .....	20
F. Diversified Managed Allocations (DMA) .....	23
G. Asset Advisor .....	27
H. Private Investment Management (PIM) .....	28
I. Customized Portfolios from Evergreen Investments .....	29
<b>III. IMPORTANT CONSIDERATIONS.....</b>	<b>32</b>
<b>IV. EDUCATION AND BUSINESS STANDARDS - ADVISORY PERSONNEL .....</b>	<b>33</b>
<b>V. SECURITIES TRANSACTIONS AND USE OF DISCRETION .....</b>	<b>35</b>

**VI. CONDITIONS FOR PROGRAM SERVICES.....36**

**VII. TRANSACTION REPORTS AND ACCOUNT REVIEWS.....37**

**VIII. PAYMENTS FOR REFERRALS .....38**

**IX. OTHER INFORMATION .....38**

**X. PRIVACY NOTICE TO OUR CLIENTS .....38**

**XI. VOTING PROXIES .....40**

## I. Introduction

This disclosure document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and Rule 204-3 thereunder and deals solely with the FundSource (“FundSource”), CustomChoice (“CustomChoice”) and Pathway (“Pathway”), Masters Investment Consulting (“Masters”), Compass Advisory (“Compass”), Network Investment Consulting (“Network”), Diversified Managed Allocations (“DMA”), Asset Advisor (Asset Advisor”), Private Investment Management (“PIM”), and Evergreen Portfolio Solutions (“EPS”) Programs offered by Coordinated Capital Securities, inc. (“CCS”). The minimum account sizes to participate in the Programs are set forth below:

<b>Program:</b>	<b>Minimum Investment:</b>
Fund Source	\$25,000
Custom Choice	\$25,000
Pathways	\$25,000
Masters	\$100,000
Network	\$100,000
Wachovia Compass	\$50,000
DMA	\$150,000
Asset Adviser	\$50,000
Private Investment Management	\$50,000
Customized Portfolios from Evergreen	\$1,000,000
Equity Strategy	\$2,000,000
Fixed Income	\$2,000,000

### **A. Relationship Between Wachovia Securities Inc., CCS and First Clearing, LLC**

CCS has entered into an agreement with Wachovia Securities, Inc. (“WSI”) pursuant to which WSI provides advisory and/or other services with respect to the Programs. Clients of the Programs are clients of CCS. WSI provides advisory and/or other services to CCS with respect to all of the Programs, but provides investment advice that is tailored to the needs of a particular client only with respect to Masters, DMA, Compass, Evergreen Portfolios, Pathways, and FundSource (with respect to only those clients who have selected the Discretionary Account Service) Programs.

CCS is not related to or affiliated with WSI or First Clearing, LLC (the "Clearing Agent"). CCS, WSI and the Clearing Agent each reserves the right to reject and not provide services to any client for any reason.

The agreement between CCS and WSI provides, among other things, the following:

1. In the case of Masters, WSI will provide CCS a universe of investment managers that are evaluated by the Consulting Services Group of WSI and meet minimum quantitative and qualitative research criteria as defined by WSI;
2. In the case of DMA, WSI provides CCS a universe of investment managers that are evaluated by the Consulting Services Group of WSI and meet minimum quantitative and qualitative research criteria as defined by WSI. In addition, WSI provides CCS a universe of optimal blends of DMA investment managers that it represents as optimal combinations of different styles and investment classes based on the client's investment objectives and the amount the client will invest;
3. In the case of Compass, WSI provides CCS with model investment portfolios designed for a specific investor;
4. In the case of Evergreen Portfolios, WSI provides CCS a universe of investment strategies or portfolios made available through its affiliate, Evergreen Investment Management Company, LLC ("Evergreen"), which acts as investment manager for Evergreen Portfolio accounts. The portfolios are tailored to a client's needs; and
5. In the case of FundSource (with respect to only those clients who have selected the Discretionary Account Service), based on its evaluation of a client's financial goals, circumstances and risk tolerances, WSI provides recommendations to CCS as to the appropriate mix of investments for a client in various FundSource Funds (as defined below).

**For a complete description of WSI's services and fees, please refer to WSI's disclosure brochure which also includes background information about the firm's officers, directors and professional staff.**

**Many of the Programs involve the payment of "wrap" fees. A "wrap" fee covers the fees for portfolio management, transaction commissions and CCS's services. The fee does not cover costs and transaction fees arising out of transactions effected by entities other than CCS or its Clearing Agent, governmental fees or dealer mark-ups, mark-downs or spreads, postage, handling, transfer taxes or exchange fees. Various sections of this brochure describe the range of fees earned by managers and the Clearing Agent. To the extent any prospective client or client wishes to have more information relating to the exact fee being apportioned to a manager, CCS or the Clearing Agent from the total wrap fee, the prospect or client should ask for the information from CCS's Adviser Representative.**

## **B. Introduction to Coordinated Capital Securities SELECT ONE Advisory Services**

The principal business activity of CCS is that of a securities broker-dealer involved in the offer and sale of various securities including redeemable shares of investment companies, limited partnership interests, municipal and government securities and variable annuities. The firm also introduces customer accounts and stock and bond transactions, on a fully-disclosed basis, to the Clearing Agent, a securities broker-dealer located at ONE NORTH JEFFERSON

AVENUE, MO2081, ST. LOUIS, MO 63103. The Clearing Agent may provide certain custodial services for accounts introduced to it from CCS. The Clearing Agent is paid an asset-based fee for its services which varies by type of account. The principal officers and Adviser Representatives of CCS are registered as securities and insurance representatives and spend the majority of their time offering and selling securities on behalf of CCS.

### **C. Types of Clients Offered Program Services**

The Program services described in this booklet are provided to individuals, pension or profit sharing or other retirement plans, trusts, estates or charitable organizations, corporations or other business entities, as well as banks or thrift institutions.

### **D. Types of Securities**

The Programs differ in that certain Programs may only give advice about certain types of securities. The following types of securities may be encompassed by one or more Programs: exchange listed securities; over the counter and foreign securities; rights and warrants; corporate, municipal and U.S. Government debt securities; securities options and futures; partnership interests involving real estate, oil and gas investments; real estate investment trusts ("REITS"), mortgage backed securities; certificates of deposit; commodities and related option and futures contracts, including financial futures; commercial paper; variable annuities; exchange-traded fund shares; closed-end mutual fund shares; and certain select mutual fund shares from WSI's Allowable List. This Allowable List includes only open-end mutual funds that offer shares at net asset value through advisory programs, such as those described in its document.

International and Global portfolios in Masters generally use American Depository Receipts (ADRs) as foreign security investments, whereas Network accounts are free to use ordinary shares if the manager so desires.

CCS utilizes unaffiliated money market funds as temporary investment vehicles for the cash balances in all of its investment consulting accounts. These money market funds may be managed by an affiliate of the Clearing Agent and WSI. Clients are advised and understand that overall fees charged on account values will include these money market balances. Where permitted by law, in order to provide concise reporting and administration of such money market balances for its clients, CCS or the Clearing Agent or its affiliate has arrangements with the money market funds to provide advisory, administrative, distribution and/or other services subject to applicable restriction. Where permitted by law, CCS or the Clearing Agent or its affiliate receives a fee for these specialized services from the money market fund or its service providers that is in addition to the fees paid by clients under the described programs. For clients that are subject to ERISA or the prohibited transaction provisions of the Internal Revenue Code, applicable law may limit the extent to which such fees may be retained, and may require a fee offset. As a shareholder of a money market fund, in addition to fees paid by a client to CCS under a Program, the client will bear a proportionate share of the fund's expenses, including the investment management fees that are paid to the fund's investment manager, and will bear any other charges levied by a fund (e.g., redemption fees). For more information about a fund, see its prospectus.

Program investment managers, including CCS, may recommend closed end funds for clients' portfolios for which there are similar fund expenses in addition to fees paid to CCS or Program advisors.

**Prospective and existing clients should carefully review the features of each Program to ensure the Program provides advice about the types of securities owned or expected to be owned by the client.**

## **E. Strategies Employed By the Programs**

The third party managers selected by clients in the Masters, DMA or Network Programs employ similar methods of analysis which are described in Program descriptions and in the manager's disclosure document. The Masters, DMA or Network manager employs a variety of investment strategies depending on the client's objectives. Such strategies ordinarily include long or short-term purchases of securities with supplemental covered option writing. However, under special circumstances the strategies may also include margin transactions, other options strategies and trading and short sale transactions.

The FundSource advisory service is designed to provide advice about, and manage, shares of open-end mutual funds which have agreed to offer their shares to clients who participate in FundSource ("FundSource Funds"). The FundSource Funds include only open-end mutual funds that offer shares at net asset value through advisory services such as FundSource. Some of the FundSource Funds may be advised by, or otherwise affiliated with, WSI or the Clearing Agent. The FundSource advisory service will make recommendations based on, among other factors, an analysis of mutual funds' performances over a five-year period.

The Pathways Program is a personalized asset allocation investment program. Pathways provides Clients the opportunity to allocate assets among various mutual funds of the Frank Russell Investment Company, which is registered under the Investment Company Act of 1940. Pathways offers access to a series of mutual fund portfolios operated and administered by the Russell Investment Management Company, which evaluates and retains one or more investment management organizations to manage each Pathways Fund.

The PIM advisory service recommendations are generally based on fundamental securities analysis with some emphasis on utilizing charting or cyclical analysis. Each CCS Adviser Representative develops a specific investment approach for each client.

Investment decisions for Compass clients are derived from disciplined model portfolios provided to CCS by WSI that are based on established guidelines as modified to satisfy the individual investment objectives and needs of each client.

Investment decisions for Customized Portfolios from Evergreen Investment clients are derived from disciplined model portfolios provided to CCS by WSI that are based in Evergreen's established guidelines and modified to satisfy the individual investment objectives and needs of each client.

**Prospective and existing clients should obtain and carefully review the disclosure information provided in the Form ADV, Part II (or equivalent brochures) available from CCS and/or the manager providing account management services.**

## **F. Other Activities of CCS and WSI**

As described above, CCS and its affiliates engage in a wide range of services. CCS, WSI and their affiliates may give advice and take action in the performance of their duties to clients which differs from advice given, or the timing and nature of action taken, with respect to PIM,

FundSource, EPS or Compass accounts, or advice being given by selected Masters, DMA or Network managers. Additionally, CCS, WSI and their affiliates may, from time to time, not be free to divulge or act upon certain information in their possession in connection with investment banking or other confidential business activities.

A portion of the fees and/or commissions charged by CCS for the Masters, DMA, Network, PIM, Compass, EPS, Custom Choice, FundSource or Asset Adviser services described herein may be paid to CCS Adviser Representatives in connection with the introduction of accounts and/or the provision of client-related services within those Programs. This compensation may be more than CCS's Adviser Representatives would receive if clients paid separately for investment advice, brokerage and other services and, therefore, CCS's Adviser Representatives may have a financial incentive to recommend Program services over other programs or services available from CCS or others. This incentive creates a conflict of interest.

CCS presents advisors in the Masters, DMA and Network Programs as an investment consultant, not a manager. Thus, CCS makes no purchases or sales of securities. CCS's Adviser Representatives are compensated solely by CCS and have no association with, are not controlled by, and receive no compensation from any manager providing management services to a client.

## **II. Description of Each Program**

### **A. FundSource and Custom Choice**

The FundSource and Custom Choice Programs are designed to help clients allocate their assets among open-end mutual funds in accordance with each client's individual investment goals, objectives and expectations and to take advantage of the Clearing Agent's or its affiliate's arrangements with many mutual fund families under which the Clearing Agent maintains a single omnibus account for all of its clients.

FundSource and Custom Choice services begin with an initial review by CCS's Adviser Representative of a client's investment objectives, expectations, financial circumstances, and risk tolerances, determined in connection with a consultation with the client in which the client is asked to complete a client objectives questionnaire (the "Client Profile").

#### **1. Fund Source**

FundSource is an advisory, asset allocation, fee-based mutual fund program, where WSI maintains discretion over the account (hereafter "Discretionary Account Service").

FundSource and Custom Choice services begin with an initial review by CCS's Adviser Representative of a client's investment objectives, expectations, financial circumstances, and risk tolerances, determined in connection with a consultation with the client in which the client is asked to complete a client objectives questionnaire (the "Client Profile"). WSI will then recommend either an Optimal Blend or other target allocation of Recommended Funds, known as a Customized Blend, which is appropriate for the client.

With respect only to a client who has selected the **Fund Source** WSI will then recommend to CCS an asset allocation strategy for that client among FundSource Funds. WSI's recommended allocation of FundSource Funds is based in whole or in part on WSI's model Fund portfolios. Such models rely on, among other factors, an analysis of mutual funds' performances over a five-year period. In making investment recommendations WSI relies on information

contained in the Client Profile. CCS will comply with any reasonable instructions given by the client concerning management of the Discretionary Account. Reasonable instructions may include prohibitions with respect to the purchase or sale of particular mutual funds or other types of securities.

Under the FundSource, CCS and the Adviser Representative acts as the investment manager for the account, and supervises and directs the investments, and makes all investment decisions for the account within the overall parameters and guidelines of FundSource. In making investment decisions CCS and the Adviser Representative relies on investment objective information and special instructions provided by the client on the FundSource Client Agreement, the Client Profile, and the FundSource Account Special Instructions forms.

## **2. Custom Choice**

CustomChoice is an advisory, asset allocation, fee-based mutual fund program, where the client retains discretion over the account (hereafter "Non-Discretionary Account Service). Adviser Representative will profile and assist clients in constructing their own diversified portfolio from a universe of approximately 1350 no-load and load-waived funds. With this program, the client has the option to automatically rebalance the account or the rebalance option may be waived.

With respect to a client who selects the **Custom Choice Service** option CCS and the Adviser Representative will (based on its evaluation of the client's financial goals, circumstances and risk tolerances) provide the client with recommendations as to the appropriate mix of investments for the client in various allowable Custom Choice funds (hereafter Allowable Funds).

CCS will then assist each client in evaluating the advice contained in CCS's recommendations, but the client will direct the investments and make all investment decisions for the account, also within the overall parameters and guidelines of FundSource. CCS will not have investment discretion over the client's account. CCS will assist with placing transactions as requested to do so.

## **3. General Information Regarding FundSource and Custom Choice**

The Allowable Funds include only open-end mutual funds that offer shares at net asset value through advisory services such as FundSource and Custom Choice. WSI research analysts conduct an in-depth review of those funds that are included in the Recommended List, as described below. Some of the Allowable Funds may be advised by, or otherwise affiliated with the Clearing Agent or WSI.

All mutual funds held in FundSource and CustomChoice accounts are held in custody on the client's behalf. Since clients' positions will be held in custody by the Clearing Agent or its agent. Questions concerning mutual fund positions owned by the client should be directed to CCS and not the fund.

Over time, as changes occur in the financial markets, fund holdings and in a client's investment objectives or circumstances, WSI or CCS, as the case may be, will revise its recommended FundSource Fund allocations. In providing such advice, WSI or CCS, as the case may be, will take into account the information contained in the Client Profile.

**CLIENTS ARE ADVISED THAT A CLIENT'S INVESTMENT DECISIONS RELATING TO SUCH MUTUAL FUND TRANSACTIONS MAY HAVE TAX CONSEQUENCES WHICH SHOULD BE DISCUSSED WITH CLIENT'S FINANCIAL OR TAX ADVISOR.**

CCS's and WSI's initial and continuing recommendations in FundSource will relate only to the client's investments, or anticipated investments, in FundSource Funds.

The investment recommendations made by WSI within FundSource are made by WSI's Consulting Service Research Committee. The Committee meets at least quarterly and more frequently if necessary to review the current FundSource recommendations and make whatever changes are considered appropriate to the list of Select Mutual Funds and/or the current Asset Allocation models.

FundSource's research analysts use both quantitative and qualitative criteria to select funds for consideration in FundSource. Funds are first reviewed from a quantitative approach and are categorized using data developed from the fund's asset allocation and portfolio characteristics. For the purpose of FundSource asset allocation, funds are classified into five broad asset classes: large capitalization equities, small capitalization equities, mid cap equities, international equities, and intermediate fixed income. Funds that do not fit into these broad asset categories are excluded from further consideration for FundSource. Funds whose holdings have an average market capitalization weighting which exceeds \$8 billion are considered "large capitalization" funds, those below that level are considered "small capitalization" funds, and those between \$2 and \$8 million are considered "mid cap" funds. Funds whose holdings have a price-to-book ratio less than the median within the equity universes are considered "value" funds and those above that figure are considered "growth" funds. International funds must be primarily invested in foreign securities and broadly diversified by country. Fixed income funds must be primarily invested in high quality, domestic fixed income securities and have short to intermediate-term average maturities.

Once these classifications are complete, funds are ranked on the basis of their overall returns adjusted for the risk taken and the consistency achieved. Typically only funds which are ranked above the 50th percentile in this manner are retained for further scrutiny. Surviving funds are reviewed for portfolio concentrations, extraordinary asset allocations, consistency of investment style, and consistency of management. Funds that pass both the qualitative and quantitative screens may be considered for FundSource portfolio recommendations.

FundSource research analysts may will arrange meetings with the portfolio managers or representatives of the funds that are selected for FundSource. During these interviews, the FundSource research analysts discuss the underlying investment philosophy of the fund manager, and how that philosophy is manifested in security buy and sell decisions. The FundSource research analysts seek to understand the capabilities of the portfolio manager, and to assess how the investment philosophy will perform in different market environments. Funds which survive this process are considered suitable for FundSource accounts when used in the context of the FundSource asset allocation recommendations. This process is a continuing one, and funds may be added or removed from recommendation based on many factors, both internal and external to the fund's management.

The investment strategies utilized in FundSource accounts depend on the individual client investment objectives and goals as provided to the client's CCS Adviser Representatives. Portfolios are constructed along basic investment objective categories such as Low Risk, Conservative Growth, Moderate Growth, Long-Term Growth, and Aggressive Growth. Strategies accordingly encompass either long term purchases, short term purchases, or in some cases trading and margin transactions.

Cash in a client's account will be invested in shares of money market mutual funds. The money market FundSource Funds available to clients with Discretionary Accounts may differ from (and have lower expenses than) those available to clients with Non-Discretionary Accounts.

Where permitted by law, such money market mutual funds may be those with which WSI or the Clearing Agent has agreements to provide and receive compensation for administrative, investment advisory, distribution and other services.

From time to time, one or more of the FundSource Funds or other mutual funds held in a FundSource account may experience relatively large investments or redemptions due to research analysts' decisions to purchase, sell or exchange these mutual funds. These transactions may adversely affect these mutual funds since the funds that experience redemptions may have to sell portfolio securities and mutual funds that receive additional cash may have to invest such cash. CCS, representing the interests of its clients, may, but is not required to, take measures to minimize the impact of these transactions to the extent consistent with the investment objectives of clients participating in FundSource.

**CLIENTS SHOULD BE AWARE THAT SHARES OF ALL FUNDS FLUCTUATE IN VALUE AND WHEN REDEEMED MAY BE WORTH LESS THAN THEIR ORIGINAL COSTS AND THAT THERE IS NO GUARANTEE THAT EITHER FUNDSOURCE ASSET ALLOCATIONS OR FUNDSOURCE FUND RESEARCH RECOMMENDATIONS WILL PROTECT AGAINST A LOSS.**

Purchases and redemptions of FundSource Funds are made at the net asset value of the FundSource Fund next calculated after the order is received by the Clearing Agent. CCS will electronically transmit all purchase/redemption orders to the Clearing Agent immediately upon its receipt of such orders from the applicable client. In most cases, therefore, the Clearing Agent will receive purchase/redemption orders in such a manner that transactions for FundSource Funds will be made at the net asset value of the FundSource Fund next calculated after the client issues proper instructions to CCS. On some occasions, the Clearing Agent may not receive a purchase/redemption order in time to execute the transaction at the next calculated net asset value of the FundSource Fund and will have to execute the transaction at the subsequent calculation of the FundSource Fund's net asset value (typically the end of trading on the following day).

#### **4. Auto-Rebalance System**

A client who selects the FundSource Discretionary Account service, or who selects the Custom Choice Non-Discretionary Account service and auto-rebalancing service, authorizes CCS to rebalance the client's account using an automated rebalance system ("Auto-Rebalance System") in order to maintain the client's portfolio in conformance with the client's target asset allocation percentages. The Auto-Rebalance system automatically reviews a client's account on a periodic basis and rebalances the client's account, subject to certain minimum constraints, if any of the asset class levels in the client's account vary by more than a set percent from the client's target asset class levels. The System can, if a client so directs, also rebalance whenever any new deposit is made to or withdrawal is made from the client's account. In the case of the Non-Discretionary program, the client's election to participate in the Auto-Rebalance System is deemed a standing instruction from the client.

#### **5. FundSource and Custom Choice Reports and Reviews**

Each FundSource and Custom Choice account receives a quarterly account statement report setting forth all activity in client's account.

Account reviews are conducted between a client and the client's CCS Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor

## 6. FundSource and Custom Choice Fees

FundSource and Custom Choice accounts are charged a single fee for the service, billed quarterly in advance, based on a percentage of applicable client's Account Asset Value. The standard FundSource Fee Schedule, which is negotiable, is as follows:

<u>Total Account Value*</u>	<u>Quarterly Fee</u>	<u>Maximum Annualized Fee</u>
First \$250,000	.4375%	1.75%
Next \$750,000	.3750%	1.50%
Next \$1,000,000	.2875%	1.15%

\*The "Account Asset Value" means the sum of the net asset value of all FundSource Funds. Margin debit balances do not reduce the Account Asset Value.

## 7. Payment of FundSource and Custom Choice Fees

The initial fee payment is a pro-rated fee for the then current quarter due on the date the account is accepted by CCS ("the inception date"), and is based on the Account Asset Value on that date. The first full calendar quarter and thereafter, the fee is based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day. CCS is not compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the clients. If a client's reasonable instructions regarding management of the client's discretionary account include prohibitions with respect to the purchase or sale of particular securities or types of securities, the account may be charged an additional fee of 1% of the value of the account to cover reasonable additional administrative expenses.

The fee does not include postage and handling charges, transfer taxes, exchange fees and any other required fees, or non-brokerage related fees such as margin interest, or IRA trustee fees or fund administrative fees. Where permitted by law, the CCS, WSI, the Clearing Agent or its agent may also receive a fee for record-keeping, sub-accounting or other shareholder services from some of the FundSource Funds or their service providers. CCS and the Clearing Agent do not collect shareholder service fees, sub-accounting fees or other related asset-based fees (other than 12b-1 fees) from any of the mutual funds in which a client invests. The Clearing Agent may, however, where permitted by law, collect such fees from some or all of the mutual funds in which the client invests. CCS may collect, where permitted by law, Rule 12b-1 fees directly or indirectly from some or all of the mutual funds in which a client invests and, with respect to non-ERISA accounts, will pay any such fees it receives to the CCS Adviser Representative and, with respect to ERISA accounts, will credit such fees it receives to the applicable client accounts. The amount of fees received by CCS will vary, depending on the percentage paid pursuant to the fund's Rule 12b-1 plan and may be a maximum of ½ of 1% of the total assets in a client's FundSource accounts with the Fund. Each client understands and agrees that such fees constitute additional direct or indirect compensation to WSI, the Clearing Agent (or its agent) and/or CCS for services it or its agent provides for the benefit of the client, and the client agrees to the payment of such compensation to the extent WSI or CCS does not waive such fees. To the extent FundSource Funds pay such fees, WSI's and CCS's compensation may benefit if funds with higher payments are recommended and/or otherwise selected by the client.

No fee adjustment is made during any fee period for appreciation or depreciation in Account Asset Value during that period, nor is any adjustment or refund be made with respect to partial withdrawals by a client during such period. If cash or securities or other assets are added

between billing periods, a proportionate fee is charged on the value of investment added as of the date of the addition.

If a FundSource client account agreement is terminated during a quarter, a pro rata refund will be made to the client's account less reasonable start up costs, if applicable. A FundSource client account agreement may be terminated at any time upon written notice.

All fees, including fees owed to CCS and its agents for services with respect to client accounts, are charged to the account, and each client authorizes CCS to direct the Clearing Agent to debit the cash or money market balances in that client's account pay such fees. CCS recommends that each account maintain enough cash in money market funds to pay the account fee each quarter and that income dividends and capital gains received from FundSource Funds be reinvested into the respective funds. Each client authorizes CCS to direct the Clearing Agent to redeem shares of the client's other FundSource Funds in the amount necessary to satisfy the debit balance in the event that the account does not have sufficient cash or money market balances to cover such fees or other debits. In the absence of written instructions from a client, CCS will direct the Clearing Agent to make such redemptions from the client's FundSource Fund in which the client has the highest account value in relation to its target percentage with respect to the client's selected allocation under FundSource, or in the event the client's account is subject to the Auto-Rebalance System, CCS shall direct the Clearing Agent to make a proportional redemption from all FundSource Funds in the account, depending on the rebalance criteria.

Clients should be aware that the fee charged in FundSource will encompass all FundSource Funds held in the account, even those transferred into the account for which the client may have previously paid sales charges or borne other costs in acquiring. Additionally, as a shareholder in mutual funds, FundSource participants will bear a proportionate share of the funds' expenses, including advisory fees paid to the FundSource Fund's investment managers, which may be WSI or an affiliate, in addition to the FundSource fee. For more information about such fees, please see the FundSource Funds' prospectuses.

#### **8. Additional Information About FundSource and Custom Choice**

A FundSource or CustomChoice account can be a personal account, corporate or other business entity account, trust or other fiduciary account, joint account or an Individual Retirement Account or other qualified retirement plan account.

**A CLIENT MAY INVEST IN THE VARIOUS FUNDSOURCE FUNDS DIRECTLY WITHOUT INCURRING THE FEE CHARGED FOR PARTICIPATION IN FUNDSOURCE. IN ADDITION, CERTAIN INSTITUTIONAL INVESTORS MAY DIRECTLY PURCHASE A CLASS OF SHARES OF CERTAIN FUNDSOURCE FUNDS WHICH DOES NOT CHARGE SHAREHOLDER SERVICES, SUB-ACCOUNTING OR OTHER RELATED FEES. CERTAIN FUNDS ARE ALSO AVAILABLE FOR PURCHASE THROUGH CCS'S BROKER-DEALER SERVICES. A CLIENT MAY ALSO INVEST IN A SINGLE FUND FAMILY AND OBTAIN "BREAKPOINTS" THAT MAY LOWER THE COST OF THE FUNDS. HOWEVER, IN SUCH A CASE, THE INVESTOR WILL NOT RECEIVE THE ASSET ALLOCATION AND PORTFOLIO MONITORING SERVICES PROVIDED BY THE CCS UNDER FUNDSOURCE AND SOME MUTUAL FUNDS MAY IMPOSE A SALES LOAD ON DIRECT INVESTMENTS. MOREOVER CLIENTS SHOULD CONSIDER THAT CERTAIN MUTUAL FUNDS MAY NOT BE AVAILABLE TO CERTAIN CLIENTS OUTSIDE FUNDSOURCE EITHER BECAUSE OF MINIMUM ACCOUNT SIZES, FEE SCHEDULES, GEOGRAPHIC AVAILABILITY OR OTHER FACTORS.**

**TO THE EXTENT THAT FUNDS USED FOR INVESTMENT IN FUNDSOURCE COME FROM REDEMPTION PROCEEDS FROM A CLIENT'S OTHER NON-FUNDSOURCE MUTUAL FUND INVESTMENTS, THE CLIENT SHOULD CONSIDER THE COST OF SALES CHARGES PAID ON SUCH**

**NON-FUNDSOURCE MUTUAL FUNDS, WHICH ARE IN ADDITION TO THE FUNDSOURCE FEE ON THE SAME ASSETS.**

**B. Pathways Program**

Pathways is a personalized asset allocation investment program. Pathways provides clients the opportunity to allocate assets among various mutual funds (the “Pathways Funds”) of the Frank Russell Investment Company, which is registered under the Investment Company Act of 1940. Pathways offers access to a series of mutual fund portfolios operated and administered by the Russell Investment Management Company (“Russell”), which evaluated and retains one or more investment management organizations to manage each Pathways Fund.

**1. Program Services**

Pathways services begin with an initial review by CCS’s Adviser Representative of a client’s investment objectives, expectations, financial circumstances, and risk tolerances, determined in connection with a consultation with the client in which the client is asked to complete a client objectives questionnaire (the “Client Profile”). CCS will then recommend a target allocation of Pathways Funds. Based on CCS’ recommendations, the client may elect to access Pathways via a pre-determined model portfolio, the Pathways Optimal Blend, or by creating an allocation of Pathways funds, the Pathways Customized Blend.

**2. Reports and Reviews**

Each Pathways account receives a quarterly account statement report setting forth all activity in client’s account.

Account reviews are conducted between a client and the client’s CCS Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

**3. Pathways Fees**

Pathways accounts are charged a single fee for the service, billed quarterly in advance, based on a percentage of applicable client’s Account Asset Value. The standard Pathways Fee Schedule, which is negotiable, is as follows:

<b><u>Total Account Value*</u></b>	<b><u>Quarterly Fee</u></b>	<b><u>Maximum Annualized Fee</u></b>
First \$250,000	.4375%	1.75%
Next \$750,000	.3750%	1.50%
Next \$1,000,000	.2875%	1.15%

\* Notwithstanding this fee calculation, the minimum fee charged to the account will be \$75 per quarter.

**C. Masters Investment Consulting Program**

Under the Masters Program, CCS’s Adviser Representative assists each client in reviewing the client’s investment objectives, including restrictions imposed by the client with

respect to investment securities. In addition, the Consultant assists in selecting one or more compatible investment managers from a universe of investment managers provided to CCS by WSI. The intent of the Program is to have a broad and competitive list of high quality and recognizable investment management firms from which a client can select one or more Masters managers to handle the day to day management of the client's account(s). The factors influencing the inclusion of a manager in the universe of managers may include the investment manager's past record, management style, location, number and continuity of investment professionals, client servicing capabilities, etc.

The list of Masters managers based on a number of criteria, which may include information collected by questionnaire, database information on the firm, statistical analysis of the firm's track record, and an interview with a member of the investment manager. Due to these and other factors, the managers having the best performance may not be included on the list.

To begin services, CCS's Adviser Representative first reviews a client's investment advisory needs, investment objectives and risk tolerances. The client then selects one or more managers from among those on the list of Masters managers. Each selected manager is notified of the client's selection and is provided with information regarding the client.

All Masters accounts are managed by the selected third party investment managers and neither WSI nor CCS has any discretionary trading authority with respect to such accounts.

A manager may be removed from an account at the client's election. WSI, CCS or its agents, have the right to remove a manager from an account without prior notice to the client. Factors considered before removing a manager may include a failure to adhere to management style or client's objectives, a material change in the professional staff of the manager, unexplained poor performance, dispersions of client account performance or WSI's decision to no longer include the manager on its roster of Masters managers.

WSI and CCS do not assume responsibility for the conduct or performance of investment managers selected by clients, including their compliance with laws or regulations. Clients should understand that:

- a manager's past performance is no guarantee of future results;
- there is a certain market and/or interest rate risk which may adversely affect any advisor's objectives and strategies, and could cause losses in a client's account(s);
- initially, a manager's past performance does not reflect management of any Masters account, the performance of which may vary according to a number of factors, including the size, timing of account investment and individual client investment limitations; and
- client risk parameters or comparative index selections provided to WSI or CCS are guidelines only. There is no guarantee that they will be met or not be exceeded.

Information collected by WSI regarding Masters managers is believed to be reliable and accurate but WSI does not necessarily independently review or verify it on all occasions. While performance results are generally reported to WSI through consultants or directly by managers on a standard gross of fees or commission basis, neither CCS or WSI audit or otherwise verify that these results are calculated on a uniform or consistent basis when provided by the managers directly to WSI or by a consulting service utilized by WSI.

A Masters manager's recommendations to its other accounts may have been implemented prior to executions for other client accounts resulting in higher or lower execution prices. WSI will also comply with any reasonable restrictions given by the client concerning the management of the account. WSI policy is generally to immediately liquidate a client's pre-existing securities portfolio and bring the account into conformity with the current manager's model or guide account. Clients who desire to hold positions for tax or investment purposes should consider holding these positions in a separate account. The Masters manager chosen by a client will, subject to best execution obligations, execute the client's securities transactions.

## **1. Reports and Reviews**

Under Masters, clients are provided with a quarterly portfolio monitoring service. WSI furnishes to each client and/or the investment managers selected by the client, a statistical presentation of the performance of the client's account(s). The report is based on such information reflected on CCS's records supplemented by information provided by the client and/or investment managers, and comparisons of such performance with selected industry indices. The comparative indices are selected by a client after a discussion with CCS to determine appropriateness in light of the client's investment objectives and the manager's investment style. In addition, WSI's Consulting Services Group compares client performance to the "reported number" that the applicable investment manager reports to the various consulting and database services.

Account reviews are conducted between a client and the client's CCS Adviser Representative in the scope and at the times mutually agreed between the client and Adviser Representative. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

## **2. Masters Fees**

Fees for Masters accounts are only offered on a wrap fee basis covering certain of CCS's transaction execution, consulting and custodial services as well as each manager's management fee for services. The fee does not cover certain other expenses described on pages 2 and 28.

WSI negotiates each manager's fee with the manager based on a variety of factors including the amount of data processing facilities, software, marketing and other overhead interface believed necessary. Currently, WSI compensates managers from .15% to .8% annually based on total client dollars in Masters for each objective. Breakpoints will lower the manager's fee as aggregated assets increase. Therefore, WSI has a potential conflict of interest to recommend selections of management style and managers that would result in a lower percentage of advisory fees. WSI intends, however to make all recommendations independent of such fee consideration and based solely on its obligations to consider a client's objectives and needs. Certain of WSI's affiliates are currently included as managers under Masters. Thus, WSI or its affiliates receive the entire Masters management fee when such affiliates are selected as managers for a client account.

The following standard fees, which are negotiable, are charged for the Masters accounts:

### Equity and balanced accounts

<u>Total Account Value*</u>	<u>Quarterly Fee</u>	<u>Maximum Annualized Fee</u>
First \$250,000	.75%	3.0%
Next \$750,000	.6125%	2.5%
Next \$1,000,000	.50%	2.0%

### Fixed accounts

<u>Total Account Value*</u>	<u>Quarterly Fee</u>	<u>Maximum Annualized Fee</u>
First \$500,000	.4375%	1.75%
Next \$500,000	.3125%	1.25%
Next \$1,000,000	.2500%	1.00%

\*Calculated as the value of the account at the beginning of the calendar quarter. The "value of the account" includes money market fund balances and for the purposes of the investment consulting accounts described, shall mean the sum of the market value of all securities (both long and short) and money market fund and credit balances. Margin debit balances do not reduce the value of the account. In valuing the account, CCS will use the closing prices or, if not available, bid prices of the last recorded transaction for listed securities, options and over-the-counter NASDAQ securities. In so doing, CCS will utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, CCS will determine prices in good faith so as to reflect its understanding of fair market value. The fee does not include certain dealer markups and markdowns including offering concessions, odd lot differentials, transfer taxes, exchange fees and any other fees required by law which the client's account will be charged. Cash balances in the account may be invested in money market mutual funds including, as permitted by law, those with which WSI or its affiliates have agreements to provide advisory, administrative, distribution, and other services and for which WSI or its affiliates receive compensation for the services rendered. As a shareholder of a money market fund, in addition to fees paid by a client to CCS under this Program, the client bears a proportionate share of the fund's expenses, including the investment management fees that are paid to the fund's investment manager, an affiliate of WSI. For more information about these funds, refer to their prospectuses. Currently, where permitted by law, CCS may have an agreement with the Clearing Agent to receive an administrative and sales distribution fee on money market balances as described in the fund's prospectus. Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and will be charged to the account separately.

### 3. Payment of Masters Fees

The client authorizes CCS's Clearing Agent to deduct quarterly, in advance, from the account(s) of the client the fee at the rate indicated in the Master's Fee Schedule.

The initial fee under the Masters Fee Schedule is calculated as of the date that a client executes the Masters' agreement and covers the remainder of the calendar quarter. Subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and cash held for the particular account of the client on the last business

day of the prior calendar quarter. Should cash and/or securities be added between billing periods, a proportionate fee will be charged on the value of securities added as of the date of the addition.

There is no refund of fees previously paid with respect to the amount applicable to withdrawals of cash and/or securities. In the event of cancellation of a client agreement, fees previously paid pursuant to the Fee Schedule are refunded on a pro rata basis, as of the date of notice of such cancellation is received by the non-canceling party.

Whenever there are changes to the fee schedule, the schedule charges previously in effect continue until the next billing cycle. Established fees may not be increased unless the applicable client executes a new agreement.

#### **D. Network Investment Consulting Services**

Through Network, CCS's Adviser Representatives assist clients in identifying an investment manager to advise and counsel a client regarding the client's investment of assets. CCS's services usually include assisting clients prepare an investment policy statement in connection with anticipated advisory needs, matching personal and financial data provided by a client with a database of investment managers provided to CCS by WSI, periodic evaluation and comparison of account performance, and continuing investment performance and objectives. Another purpose of Network services is for CCS to provide clients with information on a continuing basis on which to base decisions with respect to the selection and evaluation of investment managers.

CCS's Adviser Representative provides information on investment managers that appear to meet a client's needs. Screening criteria may include the investment manager's past record, management style, location, size of account, etc. The client, possibly with the assistance of a CCS's Adviser Representative and/or other sources, will then choose one or more investment managers.

Clients are also provided with a Network quarterly portfolio monitoring service. CCS or its agent will furnish each client and/or the investment manager selected by the client with a statistical presentation of the performance of the client's account, based on such information as is reflected on CCS's records supplemented by information that may be provided by the client and/or investment managers, and ongoing comparisons of such performance with selected industry indices. The comparative indices are selected by the client after a discussion with the client's CCS Adviser Representative to determine appropriateness in light of client investment objectives and managers' investment styles.

All accounts are managed by independent managers and CCS has no discretionary trading authority with respect to such accounts. Information collected by CCS regarding Network independent managers is believed to be reliable and accurate but CCS does not independently verify it. CCS does not assume responsibility for the conduct of investment managers that clients select, including their performance or compliance with laws or regulations. Clients are advised and should understand:

- that a manager's past performance is no guarantee of future results;
- that there is a certain market and/or interest rate risk which may adversely affect any manager's objectives and strategies, and could cause a loss in a client's account; and

- there is no guarantee that they will be met or exceeded.

### 1. Reports and Reviews

As described above, each Network account receives a quarterly performance report.

Account reviews are conducted between a client and the client's CCS's Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

### 2. Network Fees

Clients pay a fee for all account services with no separate charge being imposed by CCS for brokerage commissions.

The client's manager's management fee is separately charged and billed. The standard fee schedules (not including the management fee) are as follows:

Fee Schedule (No separate charge for execution services)

#### Equity and balanced accounts

Total Account Value*	Quarterly Fee	Maximum Annualized Fee
First \$250,000	.50%	2.0%
Next \$750,000	.375%	1.5%
Over \$1,000,000	.25%	1.0%

#### Fixed accounts

Total Account Value*	Quarterly Fee	Maximum Annualized Fee
First \$500,000	.25%	1.00%
Next \$500,000	.1875%	.75%
Over \$1,000,000	.1250%	.50%

\*Calculated as the value of the account at the beginning of the calendar quarter. The "value of the account" includes money market balances and, for purposes of Network accounts, shall mean the sum of market value or all securities (both long and short) and money market and credit balances; margin debit balances do not reduce the value of the account. The fee does not include certain dealer markups or markdowns, odd lot differentials, postage and handling charges, transfer taxes, exchange fees and any other fees required by law. Currently, where permitted by law, CCS may have an agreement with the Clearing Agent to receive an administrative and sales distribution fee on money market balances as described in the fund's prospectus. Non-brokerage related fees such as IRA fees or the money market administrative fees described above are not included in the Network Fee.

### 3. Payment of Network Fee

If a client selects the Network Fee Schedule, the client authorizes the Clearing Agent to deduct quarterly, in advance, from the account of the client the fee at the rate indicated in the fee schedule. Payment for execution services under the Execution Schedule is due at the time of each transaction and will be deducted from the account.

The initial fee under the Network Fee Schedule is calculated as of the date that the Network agreement is accepted and covers the period to the end of the full calendar quarter occurring thereafter. This initial fee is deducted in two installments: the first on the date of acceptance based on the initial value of the account; the second installment and subsequent fees will be determined for calendar quarter periods and shall be calculated on the basis of the appraised market value of the securities and cash held for the account of the applicable client on the last business day of the prior calendar quarter. Should cash and/or securities be added between billing periods, a proportionate fee will be charged on the value added as of the date of the addition.

There is no refund of fees previously paid with respect to withdrawals of cash and/or securities. In the event of cancellation of client agreements, fees previously paid pursuant to the fee schedule are refunded on a pro rata basis as of the date notice of such cancellation received by the non-canceling party.

The schedule of charges in effect for accounts (under the fee schedule) shall continue until (30) days after CCS has notified clients in writing of any change in the schedule of fees that are applicable to accounts, at which time the new schedule will become effective unless the applicable client notifies CCS that the account is not to be continued under the revised fee schedule.

Clients authorize the Clearing Agent or its agent to pay the separate investment manager's management fee by debiting the client's account accordingly. It is the client's responsibility to determine if any such invoice from the investment manager is proper or the amount of fee charges is accurate. The client may revoke the Clearing Agent's authorization to pay the investment management fee at any time by providing written notice to CCS.

#### **4. Network Non-Execution Accounts**

Certain clients may determine to utilize the selection, evaluation or monitoring services of Network without any execution service. Fees for such accounts, and payment schedules and refunds thereof are negotiated on a case by case basis and may be determined as a percentage of assets under management, a flat annual fee or based upon consideration of other factors.

#### **E. Compass Program**

Through Compass, CCS provides investment advisory and brokerage services to client accounts on a discretionary basis. CCS has entered into an agreement with WSI, pursuant to which WSI furnishes to CCS its model portfolios of investments, each designed for a specific type of investor, as described below. CCS then uses the model portfolios to assist it in making investment recommendations to a client, but may add and subtract securities to or from the model portfolios before making recommendations to the client. Compass also provides extensive monitoring and reporting of portfolio performance to clients on a periodic basis. Compass is designed to provide a disciplined advisory approach to meet client objectives and needs for a wide variety of client accounts. With respect to the model portfolios, WSI Advisory Services Group generally relies on fundamental securities analysis with some emphasis on utilizing charting or cyclical analysis as well. Each Advisory Services Group portfolio manager

follows a specific investment philosophy that will detail the mix of these analysis methods. Program quality and concentration requirements are established to provide an overall discipline and structure to the Program. Such strategies ordinarily include long and short-term purchases of equity and fixed income securities and, exchange-traded funds (“ETFs”) and closed-end funds. However, in special circumstances the strategies may also include option strategies. Portfolio performance is monitored and calculated by WSI personnel. A description of the model portfolios follows:

### **1. The Blue Chip Advantage Portfolio.**

The Blue Chip Advantage Portfolio is designed for investors seeking total return (growth and income combined) that outpaces the overall market while investing in companies that carry the label “Blue Chip”. The Blue Chip Advantage strategist employs a “bottom up” or fundamental style of investing, which involves targeting stocks of companies that enjoy solid track records of earnings growth. If the company pays a dividend, consistency of payment and ability to grow the dividend will be important. “Blue Chip” companies are typically thought of as pace setter companies that set the standards by which others in their fields are measured. Typically, these will be companies that have the advantage of size and can hold their own even in a recession. The research sources for the Blue Chip Advantage portfolio include WSI Advisory Services Group as well as other correspondent firms. When fully invested, each client’s portfolio typically will have 25 to 40 equity positions with an average holding period of two years. The Blue Chip Advantage Portfolio may, from time to time, purchase exchange-traded funds (“ETFs”) and closed-end funds (“CEFs”). These purchases will generally be for short-term cash management purposes and will not generally form an ongoing strategy within the portfolio.

### **2. The Value Investors Portfolio.**

The Value Investors Portfolio employs a “value” style of investing for clients seeking total return. The portfolio managers attempt to identify stocks whose value has not been fully appreciated by the market. Stock selection incorporates comparisons to a company’s peers and focuses on a variety of valuation measures including, but not limited to, price-to-book value, price-to-earnings ratios, debt levels, cash flow levels, and dividend yields. The portfolio will focus upon the universe of globally traded stocks, which comprises the lower three-quarters of their home market’s capitalization. The investment method will combine rigorous fundamental analysis of individual stocks with a big-picture approach that includes analysis of overall market conditions and its economic sectors. Technical analysis—the study of how the market has valued the stock in the past— will be employed to enhance the timing of trading decisions. Although the Value Investors Portfolio’s investment time frame is long-term, typically two to four years, a sell discipline will be employed in an effort to protect capital. A position may be sold upon deterioration of at least two out of the following three factors: the fundamental condition, the technical picture, and performance relative to the broad market. While the portfolio’s intent is to be fully invested, the strategists may hold cash reserves if market conditions are unfavorable. The portfolio is expected to hold twenty to twenty-five equity positions when fully invested.

### **3. Compass Multi-Portfolio Strategies (CMPs).**

Compass Multi-Portfolio Strategies (CMPs) are designed to meet investor needs for diversified portfolio solutions meeting defined risk objectives. Three CMP portfolio models are offered - Conservative Growth, Moderate Growth and Long Term Growth. Each model is built around a targeted strategic asset allocation among four major asset classes, as detailed in the chart below. These strategic asset allocation targets are based upon WSI’s recommended long-term strategy guidelines, and may change from time to time in light of new research and analysis.

The strategic asset allocation targets are selected such that the Conservative Growth model could be expected to have the lowest investment risk, based upon historical average risk levels for these asset classes. Similarly, historical average return figures would suggest that this model also offers the lowest potential return. As the investor moves to models with higher equity allocations, historical averages suggest that expected investment risk and potential return increase as more of the asset allocation shifts from bonds into equities.

#### Strategic Asset Allocation Targets

Asset Class	Conservative Growth	Moderate Growth	Long- term Growth
Intermediate Bonds	55	30	0
Large Cap Equities	15	25	45
Small/Mid Cap Equities	15	25	30
International Equities	15	20	25
Account Minimum	\$200,000	\$150,000	\$125,000

The strategic allocation targets for the CMP portfolios serve as a guideline against which these portfolios will be managed. However, sector allocations within the portfolio models will vary from the strategic targets when, in the opinion of the strategy teams within WSI, a somewhat modified asset allocation offers better potential returns. These tactical asset allocation “tilts” will generally be limited to a maximum of 10% variance from each of the strategic target levels. For example, **Conservative Growth** has a strategic allocation target for Intermediate Bonds of 55%. As a result, in most instances this portfolio model’s allocation to Intermediate Bonds will range between 45% and 65%. Similarly, investment in sectors not within the strategic allocation (for example, real estate investment trusts (“REITs”), high yield bonds, etc.), will also generally be limited to no more than 10% of the portfolio model.

Domestic equity investments for CMP portfolios will follow the Compass equity models, Blue Chip Advantage and Value Investors. Diversification and liquidity are paramount concerns in the management of CMP’s fixed income allocation. Achieving suitable levels of diversification and liquidity for fixed income investments may entail investments in exchange traded funds (ETFs) and closed end funds (CEFs). Similarly, the specialized knowledge and transaction costs associated with international equity investing may make ETFs and CEFs a desirable portfolio strategy for this sector of the portfolio. For these two asset classes, fixed income and international equity, investment in ETFs and CEFs may form a core portfolio strategy.

#### 4. Reports and Reviews

Each Compass account receives a quarterly performance report.

Account reviews are conducted between a client and the client’s CCS Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

#### 5. Compass Fees

Compass accounts are charged an all-inclusive “wrap fee” that is both for investment advice and commissions. The fee is based on account size and an assumed active equity portfolio. The standard Compass fee schedule, which is negotiable, is as follows:

<b>Total Account Value*</b>	<b>Quarterly Fee</b>	<b>Maximum Annualized Fee</b>
First \$250,000	.6250%	2.5%
Next \$750,000	.5000%	2.0%
Over \$1,000,000	.3750%	1.5%

As noted above, the all-inclusive wrap fee charged on a Compass account is for both investment advice commissions. Clients should consider the amount of anticipated trading in the selected portfolio when executing the agreement since per trade commissions may be lower than the asset-based fee.

\*Calculated as the value of the account at the beginning of the calendar quarter. The “value of the account” includes money market fund balances, and for the purposes of the investment consulting accounts described, shall mean the sum of the market value of all securities (both long and short) and money market fund and credit balances; margin debit balances do not reduce the value of the account. The fee does not include certain dealer markups or markdowns, odd lot differentials, postage and handling charges, transfer taxes, exchange fees and any other fees required by law which the client’s account will be charged. Non-brokerage related fees, such as IRA fees, are not included in the wrap fee and will be charged to the account separately.

#### **6. Payment of Compass Fees**

Fees are payable quarterly, in advance. The initial asset-based fee is calculated as of the date that the agreement is accepted by CCS, based on the initial value of the account, and covers the remainder of the calendar quarter. Subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and cash held for the account on the last business day of the prior calendar quarter. Should cash and/or securities be added between billing periods, a proportionate fee will be charged on the value added as of the date of the addition.

Whenever there are changes to the fee schedule, the schedule of charges previously in effect continues until the next quarterly billing cycle. Fees may not be increased unless the client executes a new agreement. If the Compass agreement is terminated during a quarter, upon written notice from the client, a pro rata refund will be made to the client less reasonable start up costs, if applicable. The Compass agreement may be terminated by either the client or CCS at any time upon written notice.

#### **F. Diversified Managed Allocations (DMA)**

Under the DMA Program, CCS’s Adviser Representative assists each client in reviewing the client’s investment objectives, including any restrictions designated by the client with respect to investment securities. In addition, the Consultant assists the client in selecting two or more investment managers from a roster of investment managers provided to CCS by WSI, based on the client’s financial situation, investment objectives and risk tolerance. All DMA accounts are managed by the independent managers. DMA also provides manager monitoring services, and reporting of portfolio performance to clients on a periodic basis.

The intent of the Program is to offer a competitive roster of high-quality investment managers representing a broad array of investment classes and styles. WSI formulates this roster of investment managers by evaluating a broad range of asset classes and investment styles and identifying classes or styles that perform differently under varying market conditions and that are complementary to one another. From these various classes and styles, WSI uses quantitative and qualitative measures to identify several investment managers in each of these various classes and styles. The factors influencing the inclusion of a manager on the roster of DMA investment managers may include the manager's past record, management style, location, number and continuity of investment professionals, and client servicing capabilities. WSI reviews candidates for the roster of DMA investment managers based on a number of criteria, which may include information obtained by a questionnaire, database information about the firm, statistical analysis of the firm's track record, or an interview with a member of the investment manager. The best performing managers may not be included on the roster. From this roster, WSI creates a number of Optimal Blends, which represent certain investment managers and target allocations recommended by WSI for a number of investment strategies based on the client's investment objectives and the amount the client will invest in the account. WSI believes these combinations represent an optimal blend of investment classes and styles using the roster of DMA investment managers.

The client's investment advisory needs, as well as other objectives and risk tolerances are first reviewed with a CCS Adviser Representative. Based on the client's financial situation, investment objectives and risk tolerance, CCS then recommends either an Optimal Blend, or another target allocation of investment managers, known as a Customized Blend, that is appropriate for the client. Based on CCS's recommendations, the client then selects a target allocation of two or more investment managers to handle the day-to-day management of the client's account. WSI notify each selected manager of the client's selection and provides the manager with appropriate client profile information. Each selected manager will manage a "sub-account" of the client's account.

For both Optimal Blends and Customized Blends, WSI reserves the right to remove and replace an investment manager with another manager with a similar management style and to, in such a case, amend the investment managers selected by the client without the client's consent. Any securities repositioning effected by the client's new manager may cause the client to incur tax consequences. Factors involved in the removal of an manager may include a failure to adhere to management style or client's objectives, a material change in the professional staff of the manager, unexplained poor performance, dispersions of client account performance or WSI's decision to no longer include the manager on its roster of DMA investment managers. WSI will determine whether any or all of these factors are material when deciding whether to make a change. CCS also reserves the right to remove a manager from an account without prior notice to the client. Factors involved in a recommendation for the removal of a manager by CCS may also include a failure to adhere to management style or clients' objectives, a material change in the professional staff of the manager, unexplained poor performance, or dispersions of client account performance.

In addition to replacing an investment manager within an Optimal Blend, WSI may also adjust the target allocation within an Optimal Blend from time to time without client consent. A manager may also be removed from an account at the client's election.

Information collected by WSI regarding DMA managers is believed to be reliable and accurate but WSI does not independently review or verify the information. While performance results are generally reported to WSI by managers on a standard gross of fees or commission basis, WSI does not audit or verify that these results are calculated on a uniform or consistent basis as they are provided to WSI directly by a manager or through consultants used by WSI.

WSI and CCS do not assume responsibility for the conduct or performance of investment managers selected by clients, including their compliance with laws or regulations. Clients are advised and should understand that:

- a manager's past performance is no guarantee of future results;
- there is a certain market and/or interest rate risk which may adversely affect any manager's objectives and strategies, and could cause losses in a client's account(s);
- initially, a manager's past performance does not reflect management of any Masters account, the performance of which may vary according to a number of factors, including the size, timing of account investment and individual client investment limitations; and
- client risk parameters or comparative index selections provided to WSI or CCS are guidelines only. There is no guarantee that they will be met or not be exceeded.

All DMA accounts are managed by the selected investment managers. WSI and CCS exercise no discretionary trading authority with respect to such accounts, except that WSI may direct transactions in the following circumstances; provided, however, that WSI may, in its own discretion, instruct an investment manager to direct any such transactions: (a) rebalancing the account as directed by the client to maintain the levels within the sub-accounts in conformance with the client's target allocation when the actual allocation within sub-accounts varies by more than certain established percentages from the target allocation, whether as a result of market changes or additions to, or withdrawals from, the account; (b) any gain or loss selling that may be requested by the client; (c) selling securities being added to the account, initially or during the term of the service, that are not compatible with an investment manager's investment model for any sub-account; and (d) liquidating the account as requested by the client upon termination of the account in the DMA program.

The target allocation among the selected investment managers applies at the time the account is established in the DMA program. Additions to and withdrawals from the account will generally be allocated based on the target allocation. Fluctuations in the market value of assets, as well as other factors, however, will affect the actual allocation in the sub-accounts at any given time. In order to maintain a client's overall account with us in conformance with the client's target allocation among sub-accounts, WSI will automatically rebalance, or direct the rebalancing of, the account periodically if the levels of the sub-accounts vary by more than certain established percentages from the target allocation. If the account is managed pursuant to a Customized Blend, the client may opt out of rebalancing. WSI may also rebalance or direct the rebalancing of a client's account when requested by the client.

A DMA manager's recommendations may be effected for its other managed accounts prior to or simultaneous with taking similar action with respect to other managed accounts. Because of the delay involved, the account may receive higher or lower execution prices than such other accounts. WSI will also comply with any reasonable restrictions given by the client concerning the management of the account. WSI policy is to immediately liquidate a client's pre-existing securities portfolio and bring the account into conformity with a manager's' current models or guide accounts. Clients who desire to hold positions for tax or investment purposes should consider holding these positions in a separate account. The DMA managers chosen by that client will, subject to best execution obligations, execute that client's securities transactions through us.

## **1. Reports and Reviews**

Each DMA account receives a quarterly performance monitoring report.

Account reviews are conducted between a client and the client's CCS's Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

## 2. DMA Fees

Fees for DMA accounts are only offered on a wrap fee basis covering certain execution, consulting and custodial services as well as each manager's management fee for services. The fee does not cover certain other expenses described on pages 2 and 28.

WSI negotiates each manager's management portion of the client fee with the manager based on a variety of factors including the amount of data processing facilities, software, marketing and other overhead interface believed necessary. WSI compensates managers from .20% to .60% annually based on total client dollars with each manager. Breakpoints will lower the advisory fee as aggregate assets increase. Therefore, WSI has a potential conflict of interest to recommend selections of management styles and managers that would result in a lower percentage of advisory fees. WSI intends, however to make all recommendations independent of such fee consideration and based solely on their obligations to consider the clients' objectives and needs.

The following standard fees, which are negotiable, are charged for the DMA accounts:

<b>Total Account Value*</b>	<b>Quarterly Fee</b>	<b>Maximum Annualized Fee</b>
First \$250,000	.75%	3.0%
Next \$750,000	.6125%	2.5%
Next \$1,000,000	.50%	2.0%

\*Calculated in the same manner as those for the Masters Investment Consulting Program (See page 7).

## 3. Payment of DMA Fees

If a client selects DMA, the client authorizes the Clearing Agent to deduct quarterly, in advance, from the account(s) of the client the fee at the rate indicated in the Fee Schedule.

The initial fee is calculated as of the date that the applicable client executes the DMA agreement and covers the remainder of the calendar quarter. Subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and cash held for the particular account of the client on the last business day of the prior calendar quarter. Should cash and/or securities be added between billing periods, a proportionate fee is charged on the value of the securities added as of the date of the addition.

There is no refund of fees previously paid with respect to withdrawals of cash and/or securities. In the event of cancellation of client agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date of notice of such cancellation is received by the non-canceling party.

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle. Established fees may not be increased unless the applicable client executes a new agreement.

## **G. Asset Advisor**

Asset Advisor is a non-discretionary fee-based investment advisory program. The fee covers transaction costs and advisory services including profiling, investment plan, on-going monitoring and the objective advice of a qualified CCS Adviser Representative. With Asset Advisor, the client pays a single quarterly fee based on the value of the eligible assets in the account. Asset Advisor is ideal for the client who desires and values the guidance and support of an investment advisory professional, but who wants to be involved in the decision-making process regarding their investments.

**In an asset-based program, like Asset Advisor, clients should carefully evaluate the level of Asset Advisor services, frequency of transactions, and other information to ensure the Program is appropriate.**

### **1. Program Services**

Asset Advisor services begin with an initial review by CCS's Adviser Representative of a client's investment objectives, expectations, financial circumstances, and risk tolerances, determined in connection with a consultation with the client in which the client is asked to complete a client objectives questionnaire (the "Client Profile").

CCS will, based on its evaluation of the client's financial goals, circumstances and risk tolerances, provide the client with recommendations as to the appropriate investment mix. The client will direct the investments and make all investment decisions for the account. CCS will not have investment discretion over the client's account. CCS will assist with placing transactions as requested to do so.

CCS and its Adviser Representatives shall provide investment advice, recommendations, and other investment management or broker dealer services to Asset Advisor accounts. These services may include:

- Preparing Financial Plans and Evaluations. Plans are based on each client's unique current and anticipated financial situations, risk analysis, investment objectives and needs.
- Pre-Legal Organizational and Compilation Service for Trusts. After providing client with financial planning, if there is a desire and need, to help achieve client's goals, Adviser Representatives may have the facility to provide the client with pre-legal planning for establishing a Trust, to be written by an attorney.
- Retirement/Estate Analysis. An analysis of future needs and present assets for pre-retirement and/or estate planning.
- Dividends/interest income planning, as well as a higher level of asset allocation services.
- Cost basis determinations and limited tax planning advice.

### **2. Reports and Reviews**

Each Asset Adviser account receives a quarterly account statement report setting forth all activity in client's account.

Account reviews are conducted between a client and the client's CCS Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

### 3. Asset Adviser Fees

Asset Adviser accounts are charged a single quarterly fee based on the value of the eligible assets in the account. The standard Asset Adviser Fee Schedule, which is negotiable, is as follows:

<b>Total Account Value*</b>	<b>Quarterly Fee</b>	<b>Maximum Annualized Fee</b>
First \$250,000	.75%	3.0%
Next \$750,000	.63%	2.5%
Next \$1,000,000	.50%	2.0%

\*Total Account Value shall mean the market value of all long and short securities positions in Eligible Assets, including the Cash Sweep Option, free credit balances and cash balances in the Program account.

## H. Private Investment Management (PIM)

Through PIM, certain selected Adviser Representatives of CCS provide investment advisory and brokerage service to client accounts on a discretionary basis. CCS's Adviser Representatives develop disciplined portfolios based on certain established PIM guidelines and the client's investment objectives and needs as established in investment portfolio and strategy criteria. Through the oversight of CCS, PIM also provides monitoring and reporting of portfolio performance to clients on a periodic basis. The PIM Program is designed to provide a disciplined advisory approach to meet client objectives and needs, yet with relatively few restrictions so that CCS's Adviser Representative may develop Program services for a wide variety of accounts.

### 1. Reports and Reviews

Each PIM account receives a quarterly performance report.

Account reviews are conducted between a client and the client's CCS's Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

### 2. PIM Fees

PIM accounts are charged a "wrap fee" that is for both investment advice and commissions. The fee does not cover certain other expenses described on pages 2 and 28. The standard PIM fee schedule is based on asset size and an assumed "active" equity portfolio:

<b>Total Account Value*</b>	<b>Quarterly Fee</b>	<b>Maximum Annualized Fee</b>
First \$250,000	.75%	3.0%
Next \$750,000	.6125%	2.5%
Next \$1,000,000	.50%	2.0%

\*Calculated as the value of the account at the beginning of the calendar quarter. The “value of the account” includes money market balances and for the purposes of PIM accounts described shall mean the sum of the market value of all securities (both long and short) and money market and credit balances; margin debit balances do not reduce the value of the account. The fee does not include certain dealer markups or markdowns, odd lot differentials, postage and handling charges, transfer taxes, exchange fees and any other fees required by law. Currently, where permitted by law, CCS may have an agreement with the Clearing Agent to receive an administrative and sales distribution fee on money market balances as described in the fund’s prospectus. Non-brokerage related fees such as IRA fees or the money market administrative fees described above are also not included.

If the PIM agreement is terminated during a quarter, which may be done at any time upon written notice from the applicable client, a pro rata refund will be made to the client less reasonable start-up costs, if applicable.

### **3. Payment of PIM Fees**

Fees are due on a quarterly basis in advance at the fee rate shown above. The initial fee payment includes the first full calendar quarter plus a prorated fee for days services are provided during the current quarter. The fee is due on the date the account is accepted by CCS (“the inception date”), and is based on account asset value on that date. The first full calendar quarter and thereafter, the quarterly fee, will be based on the account asset value on the last business day of the previous calendar quarter and will become due the following business day. CCS will pay a portion of this fee to the Clearing Agent for its services with respect to PIM.

## **I. Customized Portfolios from Evergreen Investments**

Through Evergreen Portfolios, CCS assists each client review the client’s investment objectives, including restrictions imposed by the client with respect to investment securities to be invested in the client’s account. In addition, CCS assists the client in selecting one or more investment strategies from the Evergreen portfolios made available through Wachovia Securities’ affiliate, Evergreen Investment Management Company, LLC (“Evergreen”), which acts as investment manager for Evergreen Portfolio accounts.

Evergreen has developed disciplined portfolios based on certain established guidelines. The portfolios can be modified to meet the client’s investment objectives and individual needs, as established in investment portfolio and strategy criteria. Evergreen Portfolios also provides monitoring and reporting of portfolio performance to clients on a periodic basis. The Evergreen Portfolio program is designed to provide a disciplined advisory approach to meet a client’s objectives and needs for a wide variety of client accounts. Evergreen Portfolio services generally rely on fundamental securities analysis with some emphasis on utilizing economic and quantitative analysis. Each Evergreen portfolio manager follows a specific investment philosophy consistent with the portfolio objectives. Account performance is monitored and calculated by

Wachovia Securities personnel. While some portfolio minimums may be higher, the minimum initial assets required for Evergreen accounts is \$1,000,000 for equity portfolios and \$2,000,000 for fixed income portfolios except where noted in the portfolio descriptions below.

#### **1. Large Cap Core Equity**

This strategy seeks long-term capital appreciation through a diversified core equity portfolio of primarily large capitalization companies. The strategy emphasizes bottom-up stock selection framed within top-down analysis and is assessed and managed within a risk-controlled portfolio construction process.

#### **2. Large Cap Growth Equity**

This strategy seeks long-term growth of capital, using a fundamental, bottom-up approach to stock selection focusing on established companies that exhibit superior and sustainable earnings growth potential. In addition, a strict sell discipline is employed in an attempt to provide consistent value-added performance.

#### **3. Large Cap Value Equity**

This strategy uses quantitative analysis and fundamental research to locate large, well established companies that possess attractive valuation characteristics, strong near-term business dynamics, and long-term growth potential.

#### **4. Strategic Value Equity**

This strategy focuses on identifying stocks, primarily of large capitalization companies, which are temporarily under priced relative to their intrinsic value. The strategy employs extensive quantitative analysis and qualitative research to determine companies with attractive financial and business fundamentals, and a catalyst for positive change.

#### **5. Multi Cap Growth Equity**

This strategy seeks long-term growth of capital by focusing on companies of all sizes with either a history of consistent long-term earnings growth, or the potential for above-average future earnings growth. Top-down analysis provides a framework for portfolio construction, by identifying economic trends and industries with favorable outlooks.

#### **6. Mid Cap Value Equity**

This strategy seeks long-term capital appreciation through a portfolio of mid-capitalization companies that are undervalued or under followed. Portfolios are constructed using bottom-up stock selection that is focused on targeting companies with favorable long-term prospects and a demonstrated history of management integrity that sell at a wide discount to intrinsic value. (\$100,000 account minimum)

#### **7. Small Cap Growth Equity**

This strategy, seeks long-term appreciation by investing in small and mid-sized companies that are reasonably priced relative to their growth prospects. Fundamental analysis is focused on companies that maintain a leadership position in high growth industries, can capitalize on niche markets, or can take advantage of changes within their industry or the economy at large. (\$100,000 account minimum)

## 8. International Equity ADR

This strategy seeks capital appreciation by investing in a diversified portfolio of both growth and value stocks of established companies located outside of the United States. The investment process combines top-down economic analysis and bottom-up company analysis to select stocks with the most attractive prospects. Securities are purchased as American Depositary Receipts (ADRs) traded on major U.S. exchanges, allowing foreign investment through U.S. securities.

## 9. Core Bond – Total Return

This strategy seeks a total return in excess of the broad bond market. The process consists of a balanced approach between interest rate anticipation and sector forecasting, utilizing U.S. Treasuries, U.S. government agencies, mortgage-backed securities and investment grade corporate bonds. (\$250,000 account minimum)

## 10. Core Bond – Capital Preservation

This strategy seeks a total return in excess of the Lehman Intermediate Government index. Security purchases are limited to U.S. Treasury and agency securities, and have a maximum maturity of 10 years. Performance is achieved through sector rotation, yield curve positioning, and modest interest rate anticipation. (\$100,000 account minimum)

## 11. Reports and Reviews

Each EPS account receives a quarterly performance report.

Account reviews are conducted between a client and the client's CCS's Adviser Representative in the scope and at the times mutually agreed between the client and Consultant. A supervisor at CCS periodically reviews accounts at the times and in the scope determined by the supervisor.

## 12. EPS Account Fees

EPS accounts are charged an all-inclusive "wrap fee" that is both for investment advice and brokerage commissions. The fee is based on account size. The following standard fees, which are negotiable, are charged for EPS accounts:

### Equity and balanced accounts

<u>Total Account Value*</u>	<u>Quarterly Fee</u>	<u>Maximum Annualized Fee</u>
First \$250,000	.750%	3.0%
Next \$750,000	.625%	2.5%
Over \$1,000,000	.500%	2.0%

### Fixed accounts

<u>Total Account Value*</u>	<u>Quarterly Fee</u>	<u>Maximum Annualized Fee</u>
First \$500,000	.4375%	1.75%
Next \$500,000	.3125%	1.25%
Over \$1,000,000	.2500%	1.00%

\*Calculated and billed in the same manner as the Compass Program Fees (see page 18).

Evergreen's management fee portion of the annualized fees shown above vary from .95% to .15% depending on the type of portfolio selected and dollar amount in the portfolio. Clients should review Evergreen's disclosure brochure for specific fees.

Clients should also carefully review Evergreen's disclosure brochure to determine the minimum account size for each portfolio described above.

### **III. Important Considerations**

- **The asset-based fees paid in certain wrap Programs cover commissions and management fees but do not cover postage, handling charges, exchange or other required fees, transfer taxes or mark-ups, mark-downs or spreads charged in connection with transactions.**
- **One or more of the Programs may cost the client more or less than purchasing such services separately. For example, a client may be able to find investment management services of a similar nature at a lower cost elsewhere, or find transaction execution services which cost less than those provided under an asset-based fee or per-transaction fee arrangement described in this brochure.**
- **WSI and CCS may have a conflict of interest in that the managers in various Programs are in a position to influence the revenue flow to affiliates of WSI and to CCS by the number of transactions they place through CCS and the Clearing Agent. In an asset-based commission program, CCS and the Clearing Agent, an affiliate of WSI, may receive more revenue if fewer transactions occur. Under a per-transaction commission method, CCS and the Clearing Agent may receive more if the volume of transaction is high. Thus, both WSI and CCS are in a position to recommend those managers whose historical transaction practices are most favorable to them.**
- **Clients should be aware that a potential conflict of interest exists when CCS charges an asset based fee based upon the value of securities purchased through margin because there is an incentive to trade an account on margin in order to increase the fee.**
- **Because CCS may negotiate asset-based fees and commissions with Program clients, clients receiving similar services may pay more or less than other clients.**
- **Clients should be aware that Program asset-based fees are applied to all securities held in an account, including those transferred to a client's account for which a client may have previously paid sales charges or paid other expenses in acquiring the securities.**
- **Although CCS believes Program services and its Clearing Agent's services are competitively priced, clients may be able to obtain similar advisory or transaction execution services at lower prices by using a different advisory program service offered by CCS.**
- **The CCS Adviser Representative recommending a particular Program to a client receives compensation as a result of the client's participation in the Program. The amount of**

compensation a Adviser Representative receives may be more than what the Consultant would have received had the client participated in another Program, or paid separately for investment advice, brokerage or other services.

- All CCS investment consulting standard fee schedules and commissions described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons.
- Clients and prospective clients should be aware that in addition to the Program fees described herein, each mutual fund in which a client's assets are invested also pays its own management fees and other expenses and, depending on the fund, a client may be able to invest directly in the mutual fund shares without incurring any advisory fee. In addition, there are tax effects pertaining to fund share redemptions made by CCS or an advisor on behalf of clients. Redemptions are taxable events which may accelerate the recognition of capital gains, and frequent redemptions may result in short term, rather than long term capital gains.
- Several of the Programs described in this brochure require the client to designate and use CCS and the Clearing Agent for processing all securities transactions. Clients should be aware that by making this designation, a client will not receive securities research or other benefits which could have been obtained by the manager by directing transactions to another firm. Also, limiting the processing of transactions to one broker-dealer may not result in best price or execution of transactions.
- CCS is dependent upon WSI and the Clearing Agent for manager selection, account access, transaction execution and other services. Termination of CCS's services agreement with either WSI or the Clearing Agent will result in termination of these services to clients.
- In connection with certain mutual fund positions held in client accounts, CCS and/or the Clearing Agent may receive continuing 12(b)-1 fees based solely on the value of the funds held in an account. These fees create a conflict of interest since selling the fund positions would result in less fees to CCS and/or the Clearing Agent.
- A client should contact their CCS Adviser Representative if the client's financial circumstances change.

No investment in any of the Programs is guaranteed. Thus losses can occur by participating in any Program.

#### **IV. Education and Business Standards - Advisory Personnel**

The educational and business background of key officers of WSI or its affiliates that are involved in providing the Programs are set forth in WSI's disclosure document.

CCS requires those individuals who are involved in the creation of financial plans for clients or in the preparation of evaluations for, or rendering of consulting or account management services to clients to have education and experience sufficient to perform their specific function and to have all required business licenses and experience to perform their duties.

The educational and business backgrounds of key officers of CCS involved with the Programs are as follows:

**Mari J. Buechner**

Year of Birth:	1965
Education:	1987 graduate of University of Wisconsin-Madison, Bachelor of Science Degree in Finance and Marketing.
Licenses:	Ms. Buechner is registered as a General Securities Representative and a General Securities Principal with the Financial Industry Regulatory Authority (FINRA), and is also licensed as a Securities Agent in various state jurisdictions.
Business/Industry:	<p>Mari Buechner is the President and Chief Executive Officer of Coordinated Capital Securities, Inc. (CCS), a full-service broker-dealer and investment advisory firm located in Madison, WI. Ms. Buechner has been affiliated with CCS since 1987 and is a skilled financial services industry executive with 20 years of experience and more than 15 years in management positions.</p> <p>In 2008 Ms. Buechner was appointed as an at-large member of FINRA’s Small Firm Advisory Board, she is a member of FINRA Independent Dealer/Insurance Affiliated Committee, past FINRA District 8 Committee member, a member of the FINRA District 8 Nominating Committee, a past member of FINRA Licensing and Registration Committee and volunteers her time to work on various FINRA member education programs. She is also a Board member of the Financial Services Institute.</p>

**Larry E. Peters**

Year of Birth:	1941
Education:	1967 graduate of University of Wisconsin-Madison, Bachelor of Science Degree in Economics.
Licenses:	Mr. Peters is registered as a General Securities Representative, General Securities Principal, Financial Operations Principal, Municipal Securities Principal and Options Principal with the Financial Industry Regulatory Authority (FINRA), and is licensed as a Securities Agent in various state jurisdictions.
Business/Industry:	One of the Company founders, Mr. Peters has been actively engaged in the financial planning, investment advisory business since 1969. He is a Director and Executive Vice President of Coordinated Capital Securities, Inc.

**Donna J. Peters**

Year of Birth:	1945
Education:	1965 graduate of Madison Business College Associate Degree, Court Reporting
Licenses:	Ms. Peters is registered as a General Securities Representative and a General Securities Principal with the Financial Industry Regulatory Authority (FINRA), and is licensed as a Securities Agent and an Insurance Agent in various state jurisdictions.
Business/Industry:	One of the Company founders, Mrs. Peters has been actively engaged in the financial planning, investment advisory business since 1983. She is a Director and Executive Vice President of Coordinated Capital Securities, Inc.

**V. Securities Transactions and Use of Discretion**

As a general matter CCS considers it appropriate to use its own or the Clearing Agent's execution services for the purchase and sale of securities involved in Program services. On occasion, CCS, WSI, the third party investment manager, or clients may designate other brokers or other legal requirements may dictate the use of other brokers. Costs and transaction fees arising out of transactions effected by entities other than CCS or its agent are separately borne by clients. CCS has entered into a brokerage clearing agreement with the Clearing Agent to execute and perform the clearance on a fully disclosed basis of all purchase and sale orders directed to it by CCS for the Programs selected by a client. The Clearing Agent will not assess or collect from CCS or clients any transaction fee for its services upon the purchase or redemption of any FundSource Funds' shares or of any other securities for a client's account.

The Clearing Agent or its agent generally maintain, in an CCS account, custody of all account assets. Pursuant to a clearing agreement between CCS and the Clearing Agent, the Clearing Agent performs custodial functions for CCS, including crediting of interest and dividends on account assets and crediting of principal on called or matured securities in the account, together with other custodial functions customarily performed with respect to securities brokerage accounts.

The Clearing Agent also forwards to CCS confirmations and statements, as described below. The Clearing Agent or its agent also performs cashiering and invoicing responsibilities with respect to the Programs, which includes the charging and collection of account fees and processing, pursuant to CCS instructions, deposits to and withdrawals from Program accounts. Clients expressly authorize the Clearing Agent or its agent to withdraw from the account fees due CCS, WSI, the Clearing Agent and the investment managers as the fees become due.

The Clearing Agent provides CCS with certain administrative, computer software and the documentation services in order that CCS may provide the DMA, Network and PIM services described below. The Clearing Agent does not provide any of the consulting, advisory or evaluation services to CCS's clients with respect to any program described herein. CCS compensates the Clearing Agent pursuant to a brokerage clearance agreement fee schedule.

The annual asset-based fees received by the Clearing Agent for its services varies by Program and amount in each Program. For accounts under \$250,000, the fee ranges from .25% to .45%; for accounts valued from \$250,000 to \$1,000,000 the fee ranges from .15% to .25%; and for accounts over \$1,000,000, the fee ranges from .10% to .15%.

Under Masters, DMA, Network, and EPS, CCS is not responsible for the day to day investment management of client accounts. CCS will effect only transactions as it is instructed by the investment managers and clients who are solely responsible for the management of a client's portfolios. Neither CCS nor its agent is under any obligation to effect any transaction for a client account that it believes to be improper under applicable law, rule or regulation.

It is the practice of CCS, its agents or the third party investment managers, when feasible, to aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the accounts of several Program clients, in order to seek a lower commission or more advantageous net price. The benefit, if any, obtained as a result of such aggregation generally is allocated pro-rata among the accounts of clients which participated in the aggregated transaction in accordance with procedures adopted by CCS.

Neither CCS or its sub-advisor, WSI, will perform any discretionary acts with respect to client accounts, except as may be otherwise permitted with respect to replacing investment managers who are removed from the Masters and DMA Programs, changing allocations for the Optimal Blends offered through the DMA Program, and changing funds in the FundSource Program. When using discretion, a client's account manager has full authority to purchase and sell securities at will.

CCS and Program managers may buy for themselves securities that are recommended to clients. Clients authorize that CCS or its agent's, as their agent, may effect and execute brokerage transactions, including on a national exchange, as permitted by current provisions of Section 11(a) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and rules promulgated thereunder and any future amendments or changes to such statutes and rules.

## **VI. Conditions For Program Services**

A minimum initial account value of \$100,000 is required for Masters and Network.

PIM, Compass and EPS Equity Accounts have an initial minimum of \$50,000. DMA accounts have an initial minimum of \$150,000.

A minimum initial account value of \$25,000 is required for FundSource, Pathways, and Custom Choice accounts.

Adviser Select accounts have an initial minimum of \$50,000.

Certain Masters, DMA, and Network managers, and certain Compass and Evergreen Portfolio accounts, may have higher account minimum requirements. The minimum account size may be different for IRA (or otherwise qualified) accounts. Under certain circumstances the minimum may be waived, including for related accounts that may be combined to meet the minimum.

Each client has the ability to impose reasonable restrictions on the management of the client's account, including the designation of types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are

unreasonable, or CCS, or a manager believes that the instructions are inappropriate for the client, CCS will notify the client that, unless the instructions are modified, it may cancel the client's account. A client will not be able to provide instructions that prohibit or restrict the investment manager of an open-end or closed-end mutual fund or exchange traded fund with respect to the purchase or sale of specific securities or types of securities within the mutual fund.

CCS reserves the right to cancel a client's account for, among other things, excessive transactions.

CCS will contact each client periodically and request current information about the client to determine whether there have been any changes in the client's financial situation, investment objectives, or service instructions. Each client agrees to inform CCS in writing of any material change in the client's financial circumstances which might affect the manner in which the client's assets should be invested. Those changes deemed material or appropriate will be forwarded to any applicable advisor under the particular Program. In addition, those responsible for making investment decisions for a client will be reasonably available to the client for consultation.

## **VII. Transaction Reports and Account Reviews**

CCS and the Clearing Agent provides its investment consulting clients with periodic reports of account activity.

CCS, through the Clearing Agent or its agent, will transmit to clients (and where appropriate to the applicable investment advisor) the following reports:

- trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act;
- a statement of account activity at least quarterly;
- monthly statements itemizing all transactions in cash and securities, and all deposits and withdrawals of principal and income in the account during the preceding calendar month;
- statements of securities in custody, listing securities held in the account, submitted at least quarterly; and
- an annual summary of transactions and dividend and interest statements.

With respect to all of the Programs, CCS or its agent will provide to each client quarterly portfolio performance reports of the client's account which include a review and evaluation of the client's portfolio in light of the client's investment goals and objectives. Each performance report includes a reminder to the client to contact CCS if there are any changes in the client's financial situation or other objectives and will also disclose a method by which the client may make such contact. CCS will review each client's quarterly portfolio performance reports with the client as requested by a client to do so.

CCS account reviews are performed at various levels. CCS's Adviser Representatives giving advice to clients receiving account management services are required to review the accounts at least quarterly, or more frequently: at a client's request; as market conditions

change; as material price movements occur to one or more securities in the account; as material transactions occur in the account, e.g., a large withdrawal or deposit; or at the Adviser Representative's discretion.

Meetings between a Adviser Representative and his or her client to review account statements are encouraged. As trades are placed for managed and counseled accounts, the transactions are reviewed by a compliance officer at CCS's home office. Random account supervisory reviews are also performed periodically during office records inspections by CCS's compliance staff.

PIM accounts are reviewed upon the inception of the account when a client's investment objective and strategy is reviewed for approval and consistency with PIM program guidelines. Thereafter, PIM accounts are reviewed on a transaction, monthly, quarterly or annual basis, as requested by a client and at the discretion of CCS.

### **VIII. Payments For Referrals**

From time to time, CCS may compensate others for referrals of potential clients to the Programs. The referral compensation takes the form of payment of a percentage of the fees described in the particular Program contract and results in no additional fees being paid by a referred client. The terms of such arrangements are disclosed in advance to the client before a services contract is signed.

### **IX. Other Information**

Clients and potential clients of CCA desiring clarification of information in this brochure or seeking further information regarding the services or business activities of CCS may obtain such information by writing to Coordinated Capital Securities, Inc., 704 River Place Commerce Center III, Madison, WI 53716 or calling 608-221-4545.

### **X. Privacy Notice to Our Clients**

**Coordinated Capital Securities, Inc (CCS) strongly believes in protecting the confidentiality and security of information we collect about you. This notice describes our privacy policy and describes how we treat the information we receive about you.**

#### Why We Collect And How We Use Information.

When we evaluate your request for our services, provide investment advice to you and process transactions for your account, you typically provide us with certain personal information necessary for these transactions. We may also use that information to offer you other services we provide which may meet your investment needs.

#### What Information We Collect.

The personal information we collect may include:

Name and address; Employer; Social Security number or tax payer identification number; Assets; Income, Account investment positions and balance; Investment objectives; Investment transactions; Accounts at other Institutions; the identities of accountants, attorneys and other professionals you engage; Information we receive from third parties, including credit bureaus; and Information we obtain to verify your representations to us, such as your identity or assets.

#### We Limit How, and With Whom We Share Your Information

We do not sell your personal information to anyone. We may disclose information about you to our employees, affiliates, registered representatives, their affiliated businesses, and third parties who provide you with financial products and services when completing a transaction at your request or when providing other services to you. At your request, we may disclose information to nonaffiliated third parties but only when completing a transaction at your request or providing our other services to you. Nonaffiliated third parties may include retirement plan sponsors or third party administrators, mutual fund companies, insurance companies and agencies, other broker-dealers and clearing firms, accountants, lawyers, securities professionals and others to assist us, or them, in providing services to you.

We may also share information with companies that perform services on our behalf, such as the companies that we hire to perform marketing or administrative services. Companies we may hire to provide support services are not allowed to use your personal information for their own purposes. We may make additional disclosures as permitted by law.

Our privacy policy is the same for current, as well as former clients. If you close your account, in the process of transferring your accounts we may share your information with the new broker dealer or custodian that you or your registered representative selects. Your registered representative may use the personal information about you in his or her files to provide you with information regarding the new firm and account transfer procedures and documents.

If you prefer that we not share your nonpublic personal information (except in those circumstances described above that are permitted or required by law), you may opt out at any time by notifying us not to share information with third parties. To notify us, please call us at 608/221-4545. You will be asked to provide identifying customer information at that time, including your Social Security Number.

For accounts that are held jointly by more than one customer, any of the account holders may opt out on behalf of the other account holders. Any opt out instructions received from one owner of a joint account will apply also to individual accounts in that person's name, as well as other accounts held jointly by that person, based on the account information we have.

#### How We Protect Information.

We treat information about current and former clients and their accounts in a confidential manner. Employees and our registered representatives are required to comply with our established information confidentiality provisions. We also maintain physical, electronic, and procedural safeguards to protect information.

#### Access to and Correction of Your Information.

Upon your written request, we will make available your information for review. Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available. If your personal information with us becomes inaccurate, or if you need to make a change to that information, please contact us at the number shown below so we can update our records. Also, if you believe someone has accessed your account without authorization, please contact us as soon as possible.

#### Annual Written Notice

We will reaffirm this policy annually in writing, as long as you maintain an on-going relationship with us. While this policy may change from time to time you can always review our current policy online at [www.ccsmadison.com](http://www.ccsmadison.com)

#### Further Information.

For additional information regarding our privacy policy, or if you have any questions and/or concerns about your account or about our services, please contact us by writing to us at 704 River Place Commerce Center III, Madison, Wisconsin 53716 or calling 608-221-4545.

We also wish to advise you that the Financial Industry Regulatory Authority (FINRA) Public Disclosure Program provides information to investors about the background, business practices and conduct of FINRA members, such as CCS and their brokers. More information about the FINRA Program can be obtained at [www.finra.org](http://www.finra.org) or by calling the FINRA hotline (800)289-9999.

## **XI. Voting Proxies**

CCS does not vote proxies. For ERISA Clients, CCS is expressly precluded from taking any action or rendering any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a Client's account, except to the extent that a Client notifies CCS in writing that the governing instruments of the plan require that CCS have the responsibility and authority to vote such proxies. CCS obligations with respect to any such solicitation shall be limited exclusively to forwarding within a reasonable period of time to the plan's sponsor any materials or other information with respect to such solicitation received from the issuer or third parties and acting upon the express instructions of the plan's sponsor with respect to any such proxy.

Under DMA and Compass Programs, WSI may be authorized to vote proxies solicited by or with respect to issuers of securities held in client accounts unless clients elect otherwise. WSI may delegate this responsibility to a third-party vendor that specializes in proxy research and voting services. The vendor votes according to guidelines approved by WSI. WSI receives and reviews reports provided by the vendor. Under the Masters Program, WSI will forward the proxy materials to the investment manager, who will vote the proxy requests, unless otherwise instructed by the client. Under the Network and EPS Programs, WSI will forward the proxy materials to the client, who will vote the proxy requests, unless otherwise instructed by the client to forward them to the investment manager.

WSI and CCS have establish and maintain procedures regarding their proxy voting policies and procedures in compliance with the requirements of newly adopted Rule 206(4)-6 and amendments to Rule 204-2 under the Investment Advisers Act of 1940. Copies are available upon request.