

# The Blue Shores Disclosure Brochure



May, 2010

This brochure is delivered in accordance with the requirements set forth in Rule 204-3 of the Investment Advisers Act of 1940. This brochure provides Clients with information about Blue Shores *Capital*, a Division of Independent Portfolio Consultants, Inc. The information provided in this brochure should be considered before becoming a Client of **Independent Portfolio Consultants, Inc. located at 5002 T-Rex Avenue, Suite 225, Boca Raton, FL 33431. The telephone number is (561) 912-1040.** This information has not been approved or verified by any governmental authority.

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## **INTRODUCTION**

Independent Portfolio Consultants, Inc. (“IPC”), a registered investment adviser with the Securities and Exchange Commission, is based in Boca Raton, Florida.

IPC established Blue Shores *Capital* (“BSC”) as a division of IPC in 2007. BSC specializes in proprietary investment management services primarily tailored for individual investors. BSC seeks to offer value-added investment management utilizing an active management approach that BSC believes is not widely offered in the industry.

## **BLUE SHORES SERVICES**

BSC provides discretionary investment advisory services to Clients via equity and balanced (equity and fixed income securities) account management. When a Client retains BSC to manage substantially all of their financial assets, a careful review is conducted to determine the Client’s objectives and risk tolerances and the Client’s portfolio is constructed accordingly. When only a portion of the Client’s assets are the subject of the relationship, a clear understanding of the Client’s investment objectives are determined and the assets managed accordingly. Investors solely seeking fixed income management or investors who do not have a capital appreciation objective as an element of their financial objectives are not ideal Clients for BSC.

### **Multi-Cap Core Equity Strategy:**

#### **Investment Philosophy**

BSC believes that the greatest opportunity for an active investment manager to add value versus the passive benchmark alternative is to generally operate a portfolio free of capitalization restrictions, thus allowing the best investment opportunities to be included in the portfolio regardless of market capitalization. Additionally, BSC believes a core portfolio that is created by combining multiple approaches is the best structure for a style neutral portfolio. Portfolio holdings are limited to approximately 75 positions in order to meaningfully differentiate the portfolio from the broader equity market. The portfolio is a single equity strategy that is diversified by market capitalization, economic sector and investment strategy.

Paramount to BSC’s investment philosophy is the belief that equity markets are very efficient, but not perfectly efficient, particularly over the short-run. Furthermore, it is BSC’s belief that the market prices of publicly traded common stocks reflect both rational and irrational factors. Therefore, while fundamental analysis is the primary investment discipline utilized, technical analysis is also employed in the investment decision-making process. Generally, the core equity strategy has meaningful exposure towards mid and small capitalization stocks that have less analyst coverage than the more well-known companies found in the S&P 500 Index.

## **Investment Strategy**

### *Growth Stock Strategy*

The growth portion of the core equity strategy seeks to purchase companies that BSC believes will grow earnings substantially faster than the broader market in the future. Special consideration is paid to a company's profitability, reinvestment rate and operating performance to maximize the probability that shareholder wealth is created. Companies purchased for the portfolio are expected to be trading at valuation levels BSC believes are not subject to overly optimistic expectations or short-term "hype."

### *Value Stock Strategy*

The value portion of the core equity strategy seeks to purchase companies that may be considered "good value candidates" by traditional industry valuation measures. Companies purchased are believed to have improving fundamental characteristics. It is BSC's belief that the companies' enhanced operating performance/structure will ultimately be recognized by the broader marketplace, resulting in increased share value.

### *International Stock Strategy*

The international component of the global core equity strategy seeks to generally purchase high yielding, large international companies via the purchase of the ADRs. It is BSC's belief that purchasing leading international companies with higher than average dividend yields will provide current income in addition to potential capital appreciation over time.

### *Hedging and Exchange-Traded Funds*

In some market environments, BSC may partially hedge the portfolio by purchasing inverse exchange-traded funds (ETFs) if the risk of significant market correction appears high. Such securities serve as synthetic short positions and play a limited roll in the overall strategy. More frequently, broad market or sector ETFs may be purchased as temporary allocations until individual stock opportunities present themselves.

## **Balanced Strategy:**

Balanced accounts have an allocation to select fixed income ETFs in addition to the core equity strategy. Such accounts seek a balance between capital growth, capital preservation, and current income. The amount of Client assets allocated to fixed income securities is determined based upon each Client's unique return and risk objectives. Currently, BSC will only utilize fixed income ETFs for the portion of the portfolio to be allocated to fixed income.

## **Fixed Income Strategy:**

The fixed income strategy seeks to provide low-risk current income and limited capital appreciation utilizing an intermediate fixed income investment strategy. The strategy also seeks investment results that correspond generally to the price and yield performance, before fees and

expenses, of the investment grade credit sector of the United States bond market and the total United States Treasury market as defined by the Barclays Capital Intermediate U.S. Government/Credit Bond Index for taxable investments and the Barclays Capital Five Year Municipal Bond Index for tax-exempt investments. As may be indicated by BSC's research and its analysis of the yield curve, the fixed income positions of the portfolio may be repositioned from time to time to adjust for certain interest rate scenarios. The manager utilizes research by select economists and/or market strategists for interest rate forecasts. Proprietary technical analysis (the use of price and volume patterns to forecast security price movements) is used to confirm any interest rate forecast before the fixed income strategy changes security allocations.

### **Review of Client Accounts:**

Client portfolios are managed according to the investment strategy and philosophy developed by BSC as described above. BSC's equity investment process narrows a universe of potentially attractive securities to a model in which Client securities are selected for purchase. The allocation of Client assets is subject to the risk/return objective set forth in a Client's Statement of Investment Policy.

While a BSC portfolio manager reviews the daily trades, the accounts are also reviewed weekly to ensure appropriate security structure and cash level in relation to the BSC investment model. Equity holdings are reviewed in relation to the model. Additionally, on a daily basis account activity is reviewed for exceptions and restrictions by IPC. Each account is balanced and reconciled by IPC at least monthly versus the Client's custodian statement.

On a quarterly basis, a consultant of the IPC's consulting team reviews each actively managed account relationship. These individuals review accounts to look at asset allocation, holdings, performance, as well as industry, sector and issue concentrations and for general adherence to BSC's stated style. Any discrepancies will be noted and reviewed.

The investment oversight committee typically meets monthly to review the Blue Shore investment strategy.

### **Client Reporting:**

BSC makes available a quarterly report that includes portfolio performance, asset allocation, portfolio holdings, capital gains and losses and contributions, withdrawals and income transactions for the quarter. The reports are generated following the quarters ending March 31st, June 30th, September 30th, and December 31st. BSC follows industry standards in the calculation and presentation of performance information.

Clients generally receive trade confirmations, as well as the monthly statements, from Managed Account Services, LLC ("MAS") in accordance with their investment advisory agreement. If the Client has selected a custodian other than MAS, the nature and frequency of reports will be determined by the agreement between the Client and the custodian.

## **Electronic Access of Communications:**

As a BSC advisory Client, you may consent to electronic delivery of account communications (“Account Communications”) at IPC’s discretion. IPC will provide this delivery of Account Communications by giving Clients access to their account information via IPC’s internet site, utilizing an access password and account number. This includes all current and future advisory account statements, trade confirmations, notices, disclosures, regulatory communications, and other information, documents, data, and records regarding Client’s IPC account. This consent to electronic delivery will be effective immediately and will remain in effect unless and until revoked. Clients may revoke this consent at anytime and request paper copies by writing to: Independent Portfolio Consultants, Inc., Attention: Advisory Compliance, 5002 T-Rex Avenue, Suite 225, Boca Raton, FL 33431. The Client agrees that neither the revocation of consent to electronic delivery, request for paper delivery nor IPC’s delivery of paper copies of Account Communications will imply that any previous electronic delivery did not constitute good and effective delivery.

## **Investment Policies and Investment Manager Communications:**

The Client signs an Investment Advisory Agreement for each account. This agreement outlines the terms by which the Client’s account is to be managed. Attached to the Investment Advisory Agreement is a Statement of Investment Policy that outlines the Client’s investment objectives. This may include such information as the purpose of the account, the Client’s primary investment objective, tolerance for risk, liquidity needs, age, occupation, income, net worth, and other special considerations that would impact how the Client desires the account to be managed. On a quarterly basis, IPC will remind the Client in writing to provide any information regarding significant changes to his or her financial condition and other information, which may change the Client’s investment objectives.

If the Client communicates a significant change in the investment policy or investment strategy, this information typically requires the completion of a new Investor Profile Questionnaire.

## **MINIMUM ACCOUNT SIZE; ACCOUNT TERMINATION**

Generally, the minimum initial account size managed by BSC is \$200,000. Although BSC’s general business practice is not to terminate accounts, BSC reserves the right to terminate an account that drops below the required minimum.

Either BSC or the Client may terminate the management agreement upon 30 days’ prior written notice. In addition, the Client has the right to terminate the agreement at no cost (excluding market fluctuations), upon written notice to BSC, any time within five business days after the effective date in which the Client signed the agreement. If the agreement is terminated by either BSC or the Client, a pro-rata fee from the date of termination through the end of the previous billing period will be billed. BSC will instruct the Client’s custodian to deliver securities held in the account as instructed by the Client, unless they request that assets in the account be liquidated or be held in kind and the custodian agrees to do so.

## **BLUE SHORES FEES**

### **Equity and Balanced Accounts:**

Blue Shores *Capital* provides its services in an advisory wrap-fee environment offered on a discretionary basis. The fee schedule applicable to a BSC account is determined based on the size of the account as set out below. The following fee schedule applies to both equity and balanced accounts.

**Each account is charged an annual \$2,500 strategy fee and 1% of the market value of assets under management.**

While not a part of BSC's regular business practice, BSC reserves the right to discount from its fee schedule at its discretion based upon a number of factors including, but not limited to, the Client's objective, family or other related accounts, assets under management, or the anticipated level of transactions. The fees are billed either monthly or quarterly in arrears, based upon the market value of the assets under management (without reduction for any margin debit), including accrued interest, at the end of each calendar month or quarter. Fees will be automatically debited from the account in accordance with the Client authorization as set forth in the Investment Advisory Agreement. BSC will charge the last fee rate which was applied to the account at the end of the previous billing month or quarter, depending on the client's billing cycle.

The fees include all costs associated with professional investment management services, performance monitoring, and reporting. The fees also include brokerage commissions on the purchases and sale of securities if MAS acts as broker and custody charges if MAS is the custodian. Additional fees may be incurred for transactions executed other than through MAS or if a custodian other than MAS is utilized. MAS is a securities broker-dealer and investment adviser registered with the Financial Industry Regulatory Authority ("FINRA"), and the Securities and Exchange Commission ("SEC"), respectively. MAS' primary business is as a securities broker-dealer.

The initial fee covers the period from the inception date through either the last day of the first billing month or quarter (depending on the client's billing cycle) and will be pro-rated accordingly. Thereafter, the Client will compensate IPC on either a monthly or quarterly basis in arrears. The monthly or quarterly period fee will be based on the market value of the account on the last business day of either the billing month and will become due the first business day following either the month or quarter for which the fee is charged.

No fee adjustment will be made to the Client's fee schedule during any billing period for appreciation or depreciation in account asset value during that period, nor shall any adjustment or refund be made with respect to partial withdrawals or deposits by the Client during any billing period.

In the event an account does not maintain a sufficient cash or money market fund balance to cover BSC's fee, the Client may deposit additional funds (subject to certain restrictions for IRA and qualified retirement plan accounts) within five days, or MAS may, at its discretion, sell securities held in the account sufficient to cover fees.

For Clients subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or other tax-qualified accounts, the receipt of compensation and fees referred to in this Brochure are subject to the restrictions imposed by ERISA and any applicable exemption thereto.

## **GENERAL INFORMATION FOR BLUE SHORES ACCOUNTS**

### **Types of Clients:**

Clients may include, but are not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable or non-profit organizations, corporations, municipalities and correspondents. Tax-qualified, pension and profit sharing plans or other retirement vehicles subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or the Internal Revenue Code of 1986, as amended (the “Code”) are subject to special rules.

### **Investment Discretion:**

BSC has discretion with respect to the investment and reinvestment of Client assets, subject to any reasonable restrictions mutually agreed to by IPC and the Client.

### **Evaluating the Cost of IPC’s Wrap-Fee Programs:**

IPC is the sponsor of Blue Shores *Capital* which provides its services in an advisory wrap-fee environment (a wrap-fee program). In evaluating a wrap-fee arrangement, a Client should recognize that brokerage transactions are effected “net” of commissions (i.e., without commissions) and a portion of the wrap-fee is generally considered as being in lieu of commissions. Additionally, the Client should consider the level of activity in a Client account, the value of custodial and other brokerage services, the associated cost of trading, the advisory services and consulting services provided under this arrangement, in order to determine if the wrap-fee charged is more or less than the aggregate cost of such services if they were to be provided separately.

### **Additional Client Fees:**

The fee charged in this Brochure is known as a “wrap-fee.” This fee covers the cost of the advisory management services provided by BSC, MAS custodial charges, and all brokerage commissions of MAS. BSC fees do not include: (1) custodial fees for assets held outside MAS; (2) account maintenance or trustee fees for MAS (or their clearing agent First Clearing LLC) on qualified retirement plan, IRA, cash management or similar accounts; (3) transfer taxes; (4) dividend reinvestment costs; (5) odd-lot differentials; (6) foreign receives and delivers; (7) safekeeping fees or (8) any other charges imposed by law or otherwise agreed to with regard to Client accounts. These fees will be charged to Client accounts in addition to the BSC fees.

Any wrap-fee paid by the Client does not cover the management, distribution and other fees and expenses paid by mutual funds, money market funds, unit trusts, exchange-traded funds or

closed-end funds held in a Client's account. These fees are paid to the fund's investment advisers and other service providers, but ultimately are borne by all shareholders.

The wrap-fee also does not cover debit balances with MAS or any other custodian or margin interest on such margin debit balances. To the extent that margin is used, fees will be calculated on the total market value of the account without the reduction of any debit balance. Trades in securities that customarily trade in "dealer markets," such as fixed income securities, may be effected through broker-dealers other than MAS, and, accordingly, the net purchase or sale prices reflected on Client confirmations of such trades may reflect commissions or dealer "markups" or "markdowns," charged and "spreads" earned by such other broker-dealers. This is also true when BSC selects broker-dealers other than MAS for some or all of their trade executions.

IPC and the Client agree that MAS may withhold any tax to the extent required by law, and may remit such taxes to the appropriate governmental authority.

### **Referral Arrangements:**

BSC, through IPC, may enter into referral arrangements with individuals, including independent financial planners and CPAs, who are not employees or agents of IPC. These arrangements are done in compliance with the rules and regulations of the Investment Advisers Act of 1940 and the terms of the arrangements are fully disclosed to the Client at the time the referral is made. Clients do not typically pay a higher fee as a result of such payment arrangement.

### **Conflicts of Interest:**

Independent Portfolio Consultants, Inc.'s policy is to not engage in any principal or agency cross transactions. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction (SEC Rule 206(3)-2(b)). Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

If a Client is in need of certain types of products and/or services that are not offered by BSC, BSC, through IPC, may refer the Client to various third party entities that provide such products and/or services, and may receive direct or indirect compensation through referral fees, commissions or fee sharing, to the extent permitted by law, paid by the applicable third party. Examples of these types of products and/or services may include, without limitation, risk management, hedging and diversification strategies.

Additionally, MAS may have recommended securities to Clients prior to, or contemporaneously with, trades of wrap-fee Clients. IPC's employees and officers may maintain positions in, or buy or sell the same securities or related options as Clients buy or sell. In cases such as this, IPC and MAS would have an interest in the success of a security that may be recommended to, owned by, sold for or purchased for a Client.

Many IPC employees who offer advisory services are also registered securities representatives of MAS and may execute trades for Clients who participate in IPC's wrap-fee programs or other

advisory programs, including BSC. These individuals may receive compensation from advisory or non-advisory Clients resulting in a potential conflict of interest. IPC anticipates, however, that most trades will be placed through MAS and/or its clearing entity, First Clearing, LLC (“MAS Trading”), for execution because of MAS Trading’s execution capabilities and because the wrap-fee paid by Clients covers trade charges only when trades are executed through MAS Trading or their agents.

IPC, and its various relationships, provide a broad range of financial services to Clients. In offering such services, IPC, its employees, officers, and affiliates may give advice and take action in the performance of their duties to their Clients, which may differ from advice given, or the timing and nature of action taken, with respect to advisory Clients’ accounts.

IPC has adopted a Code of Ethics, in compliance with Rule 204 A-1 of the Investment Advisers Act of 1940. The Code of Ethics, among other things, sets ethical standards and requires compliance with the securities laws, safeguards material nonpublic information about Clients’ transactions and portfolio holdings, and requires initial and annual reports of securities holdings for access persons. The Code of Ethics sets forth the rules for business conduct and personal investing activities of IPC employees.

The provisions of the Code of Ethics apply to all IPC employees. A copy of the Policy may be obtained by writing to: Independent Portfolio Consultants, Inc., Attention: Advisory Compliance, 5002 T-Rex Avenue, Suite 225, Boca Raton, FL 33431.

### **Proxy Voting Policy Summary:**

Independent Portfolio Consultants Inc., as a matter of policy, and as a fiduciary to our Clients, has responsibility for voting proxies for BSC securities consistent with the best economic interests of the Clients. IPC’s policy and practice includes utilizing Institutional Shareholders Services proxy research and recommendations, when available, for corporate actions and Client proxies and makes the information available to Clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. A copy of the Policy may be obtained by writing to: Independent Portfolio Consultants, Inc., Attention: Advisory Compliance, 5002 T-Rex Avenue, Suite 225, Boca Raton, FL 33431.

## **BROKERAGE AND CUSTODY**

### **Best Execution:**

As an investment advisory firm, IPC has a fiduciary and fundamental duty to seek best execution for Client transactions. While best execution is difficult to define, and even more challenging to measure, it is generally accepted that it does not only mean achieving the best price, but also includes many factors such as the characteristics of specific trades, the stock being traded, specific needs of IPC Clients, conditions in the market at the time the order is placed and the overall efficiency of market structure. In addition, IPC takes into account the fact that the Client’s fee covers trades executed by MAS Trading.

Independent Portfolio Consultants Inc., as a matter of policy seeks to obtain best execution for Client transactions, *i.e.*, seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

### **IPC Trade Aggregation:**

The aggregation or blocking of Client transactions allows BSC to execute transactions in a more timely, equitable, and efficient manner, in an attempt to achieve a better overall price execution for the Client. IPC's policy is to aggregate Client transactions, where possible, and when advantageous to Clients. In these instances, Clients participating in any aggregated transactions will receive an average share price on a pro-rata basis.

All employee trades may be reviewed so that no employee's trade execution receives a better execution price than a Client for the same security traded in a BSC account. Additionally, IPC employees are not permitted to buy or sell any securities that are included on the IPC Restricted Security List for a 24 hour period. However, employee accounts managed by a professional investment manager are exempt.

BSC will distribute an "IPC Restricted Security List" via an office wide e-mail prior to trading securities for a BSC managed investment account. The time stamp and date on the e-mail begins the 24 hour restriction. Employee trades will be reviewed and, if an employee traded a security on the "IPC Restricted Security List," the employee trade may be busted to the error account, on a case-by-case basis, based upon the review of the previous day's trades. The intent is to avoid potential conflicts of interest that may arise in the trading activities on behalf of Clients.

### **Allocation:**

As a matter of policy, IPC's allocation procedures must be fair and equitable to all Clients, with no particular group or Client(s) being favored or disfavored over any other Clients. IPC's policy prohibits any allocation of trades in a manner that favors IPC's proprietary accounts or any particular Client(s) or group of Clients.

Additionally, IPC has adopted a policy for the fair and equitable allocation of transactions. The policy is as follows: for Client accounts managed by the Portfolio Manager on a discretionary basis, IPC may aggregate, block, or bunch Client trades, provided that the following conditions are met: (1) IPC will not aggregate transactions, unless it believes that aggregation is consistent with its duty to seek best execution for its Clients; (2) no advisory Client will be favored over any other Client; (3) each Client that participates in an aggregated order will participate at the average share price for a given order, in a given security, on a given business day; and (4) if the aggregated order is filled in its entirety, it will be allocated proportionately to receive the same allocation as the proportion of the total pre-trade allocation at the average price. For remaining portions that are filled on the following business day, Clients will receive the same allocation as the proportion of the total pre-trade allocation at the average price of the business day.

## **Brokerage Transactions:**

Independent Portfolio Consultants Inc.'s policy is to not accept an advisory Client's instructions for directing a Client's brokerage transactions to a particular broker-dealer.

Also, as a matter of policy IPC does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

IPC sponsors wrap-fee programs, in which transactions executed through MAS Trading would be free of commission charges to Clients. Additionally, BSC is generally free to consider MAS Trading's trading capability with other brokers. However, IPC anticipates that most trades will be placed through MAS Trading for execution because of MAS Trading's execution capabilities and because the wrap-fee paid by Clients covers trade charges only when trades are executed through MAS Trading or their agents. Wrap-fees do not cover charges resulting from trades effected with or through broker-dealers other than MAS Trading or their agents nor mark-ups nor mark-downs by such other broker-dealers. Further, it would be expected that BSC would typically decide that the cost of trading for equity securities with a separate broker, would generally result in a decision to execute most trades through MAS Trading.

BSC has full discretion in the management of Clients' accounts. Clients direct BSC to use the brokerage services offered by MAS Trading to effect transactions for the Client's account. BSC may use another broker or dealer to effect transactions for the Client's account when it reasonably believes it can achieve best execution by using such other broker or dealer. However, because commissions for transactions executed by MAS Trading are included in the wrap-fee the Client pays, BSC will not seek to negotiate commission rates with MAS Trading and will use MAS Trading to execute most, if not all, transactions for the account. However, if BSC believes that it would not be able to achieve best execution on a securities transaction by placing trades for the Client's account through MAS Trading, BSC may execute securities transactions through another broker-dealer, and the account will pay separate transaction costs.

## **Error Correction Practices:**

As a fiduciary, Independent Portfolio Consultants Inc. has the responsibility to effect orders correctly, promptly and in the best interests of our Clients. In the event an error occurs in IPC's handling of any BSC Client transactions, due to IPC's actions, or inaction, or actions of others, IPC's policy is to seek to identify and correct any errors as promptly as possible, without disadvantaging the Client.

Profits and losses that result from the correction of erroneous trades made via MAS Trading are absorbed by MAS' error accounts. Losses that are incurred as a result of an error made by BSC are passed on to IPC. If the resulting balance in MAS' error accounts at the end of the year is a profit, the amount might be considered additional compensation to MAS.

Exceptions to the general rule of moving errors to the error account can be made for ERISA accounts in which case gains, resulting from the error correction, may be awarded to the Client. This is only permitted to the extent that the trade does not violate legal or Client guidelines.

## **Custody:**

MAS utilizes First Clearing, LLC (“First Clearing”) member NYSE/SIPC, on a fully-disclosed basis for clearing and custody services. First Clearing, LLC, a non-bank affiliate of Wells Fargo & Company, produces account statements and trade confirms, and provides our firm with other recordkeeping, operational, clearing and custodial services. First Clearing, LLC is a member of FINRA, the Securities Investor Protection Corporation (“SIPC”), the New York Stock Exchange, the NASDAQ Stock Market and other major regional stock exchanges. Clients who maintain securities accounts with MAS, through First Clearing, are protected by SIPC up to \$500,000 for cash and securities, with a limit of \$100,000 for cash awaiting reinvestment. For additional security, First Clearing also provide coverage in excess of the \$500,000 SIPC limits through its policy with Lloyds of London Syndicate, the underwriter of this additional protection. This additional protection covers missing securities and cash in Client brokerage accounts up to a firm aggregate limit of \$1 billion, of which \$1.9 million may cover cash awaiting reinvestment at the individual account level. However, this protection does not cover market losses. Assets held at outside custodians are not protected by First Clearing’s SIPC coverage or the additional insurance. Additionally, custody fees may be incurred if a custodian other than MAS is used. IPC does not maintain custody of Clients’ funds or securities.

## **IPC AND ITS AFFILIATES**

### **Other Financial Industry Activities or Affiliations:**

Independent Portfolio Consultants, Inc. is a registered investment adviser with the U.S. Securities and Exchange Commission and is primarily engaged in the managed assets investment advisory business. IPC and its executive officers spend the majority of their time with these business activities. IPC also has a business relationship with MAS and most persons associated with IPC who provide investment advice to Clients are also registered representatives of MAS with which IPC has entered into a Brokerage Services Agreement. MAS is actively engaged in business as a securities broker-dealer and acts as the primary executing broker for most of MAS’ brokerage and advisory activities. In this capacity, MAS performs, among other services, trade executions and clearing support, in addition to related administrative and client services. The proportion of time spent on each of these activities is not determinable.

### **Education and Business Standards:**

Generally, IPC requires a professional to have received a four-year college degree as a minimum education standard. Additionally, a professional associated with IPC generally has prior professional experience or business background that includes the investment advisory industry, securities industry (or similar profession), or they must demonstrate exceptional knowledge of portfolio management. Also, IPC representatives are generally required to obtain Series 7 and Series 65 or Series 66 Registrations or hold in good standing one of the following designations: CFA, CFP®, ChFC, CIC CIMA®, CIMC® or PFS.

## **Education and Business Backgrounds of Key Professionals:**

**Alan D. Bush**, born in 1949, serves as a Director, CEO and President of Independent Portfolio Consultants, Inc. since its inception and a Senior Vice President–Investments of Managed Account Services, LLC. Mr. Bush’s investment career spans 37 years in multiple roles. From 1974 through 1986, Mr. Bush served as the Chairman/CEO of his own NYSE firm, which he founded in 1974. In 1986, he sold his interest in his firm and joined Dominick Management Corporation, a New York based money management firm, as President, serving one year in that capacity. In 1987, Mr. Bush was appointed President of DDPS, the managed account division of Dominick & Dominick, Inc., a position he held until joining Advest, in 1993. From 1993, Mr. Bush served as Senior Vice President–Investments, responsible for correspondent managed account services offered through the Advest Portfolio Services Division. In March, 2006, Mr. Bush joined Jesup & Lamont Securities Corporation as Senior Vice President–Investments through May, 2010 when he became a Registered Representative as Senior Vice President–Investments of Managed Account Services, LLC. Mr. Bush received a B.A. in Finance from the University of Missouri, in 1971, and an M.B.A. in Finance from that same institution, in 1972. He served as a member of the NASD District Committee No. 7 (the Southeast), in 1983 and 1984, and as its Vice Chairman, in 1985.

**Frederick S. Joyce, Jr.**, born in 1953, serves as a Director, Chief Compliance Officer, Secretary and Treasurer of Independent Portfolio Consultants, Inc. since its inception and a Senior Vice President–Investments of Managed Account Services, LLC. Mr. Joyce has been associated with the industry for over 30 years. Prior to becoming a Registered Representative as Senior Vice President–Investments of Managed Account Services, LLC in May, 2010, Mr. Joyce served as a Senior Vice President–Investments, Jesup & Lamont Securities Corporation since 2006. From 1993 to 2006, Mr. Joyce served as Senior Vice President–Investments, responsible for the investment advisory functions of the Advest Portfolio Services Division. Prior to joining Advest in 1993, Mr. Joyce was a Senior Vice President of Portfolio Management Services, Inc. and a Vice President of Dominick & Dominick, Inc. He also served as Vice President of Administration for Dominick Management Corporation from 1987 through 1989. Before 1987, he served in a variety of positions including a Financial Analyst in Investment Banking and a Research Analyst at a NYSE regional brokerage firm. Mr. Joyce received his B.A. Degree from the University of Florida in 1975 and his M.B.A. in Finance and Accounting from the University of Florida, in 1982. Additionally, Mr. Joyce is a Certified Investment Management Consultant, a Certified Investment Management Analyst and a member of the Investment Management Consultants Association.

**David Koburger**, born in 1955, serves as a Director and Vice President of Independent Portfolio Consultants, Inc. since its inception and a Senior Vice President–Investments of Managed Account Services, LLC. Mr. Koburger has been involved in the industry for over 32 years. Prior to becoming a Registered Representative as Senior Vice President–Investments of Managed Account Services, LLC in May, 2010, Mr. Koburger served as Senior Vice President–Investments, Jesup & Lamont Securities Corporation from 2006 to 2010. From 1993 to 2006, Mr. Koburger served as Senior Vice President–Investments of the Advest Portfolio Services Division responsible for the brokerage aspects of the wrap-fee programs. Previously, Mr. Koburger served as a Vice President and Branch Manager of the

NYSE member firm Dominick & Dominick, Inc. branch offices in Boca Raton, FL for seven years. Mr. Koburger received his B.A. Degree in Accounting from the University of South Florida in 1977.

**Bert J. Moerings**, born in 1946, serves as a Vice Chairman and Managing Director of Independent Portfolio Consultants, Inc. He is also a Vice President–Investments of Managed Account Services, LLC. Mr. Moerings has over 36 years of experience with various firms in the financial industry. Prior to becoming a Registered Representative as Vice President–Investments of Managed Account Services, LLC in May, 2010, Mr. Moerings served as Vice President–Investments, Jesup & Lamont Securities Corporation from 2006 to 2010. In 1993, Mr. Moerings joined Advest, Inc. and served as Vice President–Investments through March, 2006. Prior to joining Advest, Mr. Moerings was a Vice President with Dominick & Dominick. Previous to joining Dominick & Dominick in 1987, he served as Branch Office Manager with Alan Bush Brokerage Co. Mr. Moerings was also President of Advantage West Palm Beach, Inc. from 1991 through 1997. He also served in additional positions as a Registered Representative with E. F. Hutton and Merrill Lynch. Mr. Moerings received his B.S. Degree in Economics from Spring Hill College in 1967.

**Irene S. Nigen**, born in 1944, serves as a Managing Director of Independent Portfolio Consultants, Inc. and the Manager of Client Services Operations. Prior to becoming a Registered Representative of Managed Account Services, LLC in May, 2010, Mrs. Nigen served with Jesup & Lamont Securities Corporation from March, 2006 to May, 2010 and with the Advest Portfolio Services Division from 1997 to 2006. Prior to joining the Advest Portfolio Services Division, Mrs. Nigen served as a Sales Assistant and Branch Administrator in the Rosemont Branch Office of Advest. She earned her B.S. in Education from New York University in 1965 and holds the Series 63, 65 and Series 7 registrations.

**Bruce J. Tabatchnick**, born in 1947, serves as a Managing Director and the National Sales Manager of Independent Portfolio Consultants, Inc. He is also a Vice President–Investments of Managed Account Services, LLC. Mr. Tabatchnick has over 32 years in the investment industry. Fifteen of those years were spent in sales and management as a founding partner of A.F. Best Securities, Inc., an investment firm specializing in tax-exempt municipal bonds. After the firm was acquired by Gruntal & Co., LLC, Mr. Tabatchnick became Vice President of Investments. Prior to becoming a Registered Representative as Vice President–Investments of Managed Account Services, LLC in May, 2010, Mr. Tabatchnick served as Vice President–Investments, Jesup & Lamont Securities Corporation from 2006 to 2010. Mr. Tabatchnick joined Advest, Inc., in 2002, and served as Vice President–Investments through March, 2006. He has held a Certified Florida Public Pension Trustee designation and has served as a Pension Trustee for the City of Lauderhill Firefighters Retirement Fund. Mr. Tabatchnick received a B.A. in Finance from the University of Miami in 1969.

**John B. Whitlege**, born in 1945, serves as a Managing Director of Independent Portfolio Consultants, Inc. and a Vice President–Investments of Managed Account Services, LLC. Mr. Whitlege has over 40 years of experience in the financial services industry. In 1972, he began his career with Detroit Bank & Trust Company (now Comerica) serving in a variety of positions in the Trust and Investment Management Divisions. Mr. Whitlege has served as a Trust Officer, a Vice President and First Vice President in the Trust Division in the areas of marketing and planning, outstate trust and investment activities in Michigan and Florida. He formed JKM Financial, Inc., a registered investment advisory firm. In 1999, Mr. Whitlege

joined Advest, Inc. and served as Vice President–Investments through March, 2006. Prior to becoming a Registered Representative as Vice President–Investments of Managed Account Services, LLC in May, 2010, Mr. Whitledge served as Vice President–Investments, Jesup & Lamont Securities Corporation from 2006. Mr. Whitledge received a B.A. in Economics from Michigan State University in 1967 and an M.B.A. in Marketing from Western Michigan University in 1970. Additionally, Mr. Whitledge is also a Certified Investment Management Analyst and a member of the Investment Management Consultants Association.

**Jonathan C. Washam**, born in 1961, serves as a Managing Director of Independent Portfolio Consultants, Inc. and Manager–Information Technology since 1999. Mr. Washam also served as the Manager of Advisory Operations and Information Technology with the Advest Portfolio Services Division from 1999 through March, 2006. Mr. Washam has also worked in higher education, at Texas Tech University, Purdue University and Florida Atlantic University. Mr. Washam received his B.B.A. from West Texas State University in 1984 and his M.S. from Purdue University in 1993.

**Kymberly Clark**, born in 1966, serves as a Managing Director of Independent Portfolio Consultants, Inc. and is the Director of Administration and Human Resources. Ms. Clark has over 20 years of experience. Prior to joining Independent Portfolio Consultants, Inc., Ms. Clark served as the Office Manager of The Agean Group Office located in Boca Raton, Florida. Previous to joining The Agean Group, she served as the Office Manager for A. F. Best Securities, a municipal bond broker-dealer. Prior to this time, Ms. Clark served as a Senior Marketing Coordinator for Dow Jones & Company. Ms. Clark received a B.S. in Commerce/Marketing in 1988 and an M.B.A. in 1991 from Rider University.

**Kevin Bush**, born in 1979, serves as a Managing Director of Independent Portfolio Consultants, Inc., an Overlay Portfolio Manager for IPC’s Multiple Strategy Portfolio Product (MSP) and the Chief Investment Officer of IPC’s proprietary investment division, *Blue Shores Capital*. Mr. Bush was instrumental in designing and formalizing IPC’s process for combining different investment managers’ investment strategies into a comprehensive total client allocation. Prior to becoming a Registered Representative of Managed Account Services, LLC in May, 2010, Mr. Bush served with Jesup & Lamont Securities Corporation from March, 2006 and the Advest Portfolio Services Division from 2002 to 2006. Mr. Bush received his Bachelor of Arts Degree with a double major in Economics and Political Science from Amherst College in 2002. Mr. Bush is a Chartered Financial Analyst® Charterholder.

**Peter R. McMullin**, born in 1943, serves as a Managing Director of Independent Portfolio Consultants, Inc. and as the Chief Equity Strategist for IPC’s proprietary investment division, *Blue Shores Capital*. Since 1970, Mr. Mullin’s career has been devoted to equity research and sales. Prior to becoming a Registered Representative of Managed Account Services, LLC in May, 2010, Mr. McMullin joined IPC in 2008. From 2005 to 2008, Mr. McMullin served with Jesup & Lamont Securities Corporation and with Ryan Beck & Co. from 1999 to 2005. Prior to joining IPC in 2008, he has worked as an analyst and Director of Research 4 times, including Dominion Securities (Canada’s largest broker-dealer), as well as an institutional broker with supervisory capacity. Mr. McMullin also co-founded two broker-dealer organizations in South Florida – Gulf Stream Financial (a subsidiary of Kemper) and Southeast Research Partners. He has served as an inside director and outside director of several private and public firms. Mr. McMullin received his B.S. in Mathematics from the

University of Toronto in 1964 and his M.B.A. from University of Toronto in 1967. Mr. McMullin is a Chartered Financial Analyst® Charterholder.