

OMB APPROVAL	
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Name of Investment Adviser: <b>Wunderlich Securities, Inc.</b>				
Address: (Zip Code)	(Number and Street)	(City)	(State)	Area Code: Telephone Number:
	<b>6000 Poplar Avenue, Suite 150</b>	<b>Memphis, TN</b>	<b>38119</b>	<b>901-251-1330</b>

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

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)
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**Potential persons who are to respond to the collection of information  
contained in this form are not required to respond unless the  
form displays a currently valid OMB control number.**

Applicant: <b>Wunderlich Securities, Inc.</b>	SEC File Number: 801-67275	Date: <b>03/30/2009</b>
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1. **A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

- Applicant:
- |                                     |   |     |
|-------------------------------------|---|-----|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services .....  | 57% |
| <input checked="" type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services .....  | 49% |
| <input checked="" type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above .....  | 1%  |
| <input type="checkbox"/>            | (4) Issues periodicals about securities by subscription .....   | %   |
| <input type="checkbox"/>            | (5) Issues special reports about securities not included in any service described above .....   | %   |
| <input type="checkbox"/>            | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | %   |
| <input type="checkbox"/>            | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | %   |
| <input type="checkbox"/>            | (8) Provides a timing service .....   | %   |
| <input type="checkbox"/>            | (9) Furnishes advice about securities in any manner not described above .....   | %   |

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

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

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

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees  |
| <input checked="" type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions  |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other: <i>Percentage of assets under other Investment Advisor's management</i> |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Applicant: <b>Wunderlich Securities, Inc.</b>	SEC File Number: 801-67275	Date: <b>03/30/2009</b>
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No  
 (If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

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

On Schedule F, give the:

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

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

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

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

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

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

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

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

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

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

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**9. Participation or Interest in Client Transactions.**

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

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

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

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....  Yes  No

(If yes, describe on Schedule F.)

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

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

**See Schedule F.**

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

**See Schedule F.**

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

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**12. Investment or Brokerage Discretion.**

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

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No
- For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4), or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:
- the products, research and services
  - whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
  - whether research is used to service all of applicant's accounts or just those accounts paying for it; and
  - any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

- Does the applicant or a related person have any arrangements, oral or in writing, where it:
- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... Yes  No
- B. directly or indirectly compensates any person for client referrals? ..... Yes  No
- (For each yes, describe the arrangements on Schedule F.)

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

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

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

Schedule F of

Form ADV  
Continuation Sheet for Form ADV Part II

Applicant:  <b>Wunderlich Securities, Inc.</b>	SEC File Number:  801-67275	Date:  <b>03 /30/2009</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in item 1A of Part I of Form ADV: <b>Wunderlich Securities, Inc.</b>	IRS Empl. Ident. No.: 62-1518255
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Item of Form (identify)	Answer
	<p><b>IMPORTANT INFORMATION FOR CLIENTS OF CAPITAL SECURITIES OF AMERICA PROGRAMS</b></p> <p>In March 2007, Wunderlich Investment Company (“WIC”), the parent company of Wunderlich Securities, acquired substantially all of the assets, including contract rights, of Capital Securities of America, Inc., a broker-dealer and registered investment adviser headquartered in Ohio (“CSA, Inc.”). As a result of WIC’s acquisition of CSA, Inc., Wunderlich Securities began providing the investment management services under CSA, Inc.’s existing advisory agreements through our new “CSA Division.”</p> <p>Clients who are former advisory clients of CSA, Inc., should be aware that their advisory agreement with CSA, Inc., required the client’s written consent to assignment of the agreement, which was never obtained from most clients.</p> <p>Because CSA, Inc.’s former clients were not clearly notified that Wunderlich Securities began providing investment management services for them in March 2007, and did not give their written consent to assignment of the CSA advisory contract, these Clients may, if they so choose, terminate their advisory relationship with Wunderlich Securities.</p> <p>Wunderlich Securities will continue providing advisory services for at least 60 days following written notice to the former CSA, Inc., clients of their right (1) to not continue receiving advisory services from Wunderlich Securities, and (2) to terminate the advisory relationship with Wunderlich Securities by sending us written notice. Clients who terminate their advisory relationship with us will receive a refund of the unearned portion, if any, of pre-paid management fees.</p> <p>Wunderlich Securities will assume that any former CSA, Inc., client who does not terminate the advisory relationship with us by the end of the 60-day period has consented to the assignment of their contract and our continued performance of the management services. The separate notice will be mailed to these clients in February 2009.</p> <p><b>Special Issues Regarding CAP Accounts at Charles Schwab &amp; Co.</b> Some CAP Accounts are held at Charles Schwab &amp; Co. (or its affiliate, all referred to as “Schwab”). Wunderlich Securities does not have an agreement with Schwab that would permit us or our CSA Representative to service Accounts at Schwab. Consequently, Wunderlich Securities has terminated its CAP Account agreements, and no longer services accounts at Schwab. The CSA Accounts at Schwab were not charged management fees for the First Quarter 2009.</p> <p>Clients whose accounts are at Charles Schwab &amp; Co., should consult with their Representative to discuss this situation. Our Representative continues to be available to discuss investment ideas or questions, but he is no longer able to actually view your account at Schwab.</p> <p>Wunderlich Securities has thousands of accounts at First Clearing, LLC, an affiliate of Wachovia Corp., the fourth largest bank holding company in the United States. Clients who might benefit from the broad range of investment services available through First Clearing may want to consider an account at First Clearing so our Representative can more effectively assist them. Please refer to the section, <b>Recommendation of Brokers; Conflicts of Interest</b>, in this Brochure for information about conflicts of interest that may affect our recommendation for Clients to open an account through us at First Clearing.</p> <p><b>New Advisory Agreements for Clients of the CSA Division.</b> Beginning in February 2009, CSA Representatives will begin contacting their Clients to update their Account information, and sign a new CAP Account client agreement. The Representatives will be available to answer Clients’ questions regarding Wunderlich Securities, their Account, our CAP Program or other investment services.</p>

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

## INTRODUCTION

Wunderlich Securities, Inc. ("Wunderlich Securities" or the "Firm"), is a full-service broker-dealer and investment adviser that offers a wide variety of securities and financial products and services. This Schedule F (with the attached Form ADV-Part II, all the "Brochure") provides important information about Wunderlich Securities' investment advisory business, products, services, personnel, and conflicts of interest. Please contact our Chief Compliance Officer, Tracy Wiswall, if you have any questions about the Firm or this Brochure.

This Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any State securities authority. Additional information about Wunderlich Securities is available on the Internet at: <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Wunderlich Securities is 2543.

### **Wunderlich Securities Is Registered as Broker-Dealer and Investment Adviser.**

Wunderlich Securities is registered with the SEC as an investment adviser, and the Firm's investment adviser representatives (the "Representatives") are registered under applicable State law to provide investment advisory services on the Firm's behalf.

Wunderlich Securities is also registered with the SEC and many States as a broker-dealer, and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Representatives are also registered with FINRA, and where required by applicable State law, as registered representatives of Wunderlich Securities and are authorized to provide brokerage services on the Firm's behalf.

### **Differences Due to Our Separate Roles as an Investment Adviser and Broker-Dealer.**

The Firm's (and the Representatives') legal, contractual, and regulatory obligations differ in important ways, depending on the type of account(s) the Client has with us (brokerage or investment advisory), and the products or services we provide. Investment advisory accounts and services are governed by laws and regulations which are, in many ways, different from those that govern brokerage accounts and services.

When a person (which may be an individual or a legal entity) establishes multiple accounts or receives multiple services from us, each account or service will be governed by the laws and regulations applicable to that specific type of account or service, which may differ considerably from account to account, or service to service. Therefore, it is important for Clients and prospective Clients to understand which services Wunderlich Securities provides as an investment adviser and which it provides as a broker-dealer.

### **Investment Advisory Services; Broker-Dealer Products and Services.**

When Wunderlich Securities (or its Representative, on its behalf) provides the investment management or financial planning services described in this Brochure, we are providing investment advisory services. By contrast, when we buy, sell, or otherwise effect securities transactions for a customer's account (which may be bought or sold from its own account), we are providing broker-dealer products or services.

When acting as an investment adviser, Wunderlich Securities is a fiduciary for its Clients. As a fiduciary, the Firm must, among other duties, act in the Clients' best interests, place the Clients' interests ahead of its own, and make full and fair disclosure of all material facts, particularly conflicts of interest.

When acting as a broker-dealer, Wunderlich Securities must observe high standards of commercial honor, and just and equitable principles of trade, and must have reasonable grounds for believing its recommendations are suitable for the customers, among other duties. However, our obligation to disclose to brokerage customers information about our business, conflicts of interest, compensation, and other matters is more limited than our corresponding obligations to our advisory Clients.

Clients are encouraged to contact Wunderlich Securities' Chief Compliance Officer at the address and telephone number shown in this Brochure to discuss any questions about which products or services Wunderlich Securities provides in each of these capacities.

## IMPORTANT CONSIDERATIONS FOR CLIENTS AND PROSPECTIVE CLIENTS

As an investment adviser, Wunderlich Securities offers the investment programs described in this Brochure (collectively, the "Programs"). The investment advisory services available through the Programs will be provided on our behalf by the investment adviser representative assigned by us to the Client's Account (the "Representative"). In some Programs, portfolio management may be provided by a third-party investment adviser selected by the Client from a group of advisers Wunderlich Securities has approved (each a "Third-Party Adviser"). For some Clients, it may be appropriate to refer them to a third-party investment program (a "Third-Party Program") sponsored by an investment adviser that offers its own investment advisory services or access to a group of investment managers it has approved.

To participate in a Program, the Client will enter into an "Advisory Agreement" with Wunderlich Securities which describes the investment advisory services to be provided by us, the terms and conditions of our advisory relationship, and the fees Wunderlich Securities will charge the Client for its and the Representative's services (the "Program Fees"). For Third-Party Programs, the Client may or may not have an Advisory Agreement with Wunderlich Securities, but will enter into an agreement with the sponsor of the Third-Party Program which describes the services and fees for that program.

The Client will also establish an account (the "Account") and enter into a separate brokerage account agreement for brokerage services. This separate agreement be with Wunderlich Securities, Inc., First Clearing, LLC ("First Clearing") or Fidelity Brokerage Services LLC (together with its affiliates "Fidelity"), depending upon the particular Program in which the Client elects to participate, as described below. In this Brochure, when we are referring to Wunderlich Securities, Inc., First Clearing, or Fidelity in their capacity as a broker, we refer to these entities as a "Broker" or collectively as the "Brokers." First Clearing previously was a subsidiary of Wachovia Corporation, but became part of the Wells Fargo & Company banking and financial services organization as of December 31, 2008. Another subsidiary of Wells Fargo & Company, Wachovia Securities, LLC, is a registered broker-dealer and a registered investment advisor that sponsors certain wrap fee programs offered by Wunderlich Securities. Wachovia Securities, LLC and its bank and non-bank affiliates (other than First Clearing) are referred to in this Brochure collectively as "Wachovia."

In addition to the brokerage account agreement, the Client may choose to enter into other agreements with First Clearing, Wachovia or Fidelity, such as for margin or other credit services, cash management services (including "sweeps" of idle cash into a bank deposit product or a money market mutual fund), or other financial services. The Client will receive separate disclosure and other documents pertaining to the brokerage account at First Clearing or Fidelity and the other services to be provided by First Clearing Wachovia or Fidelity, including: the "Account Terms and Conditions;" a Margin Disclosure Statement; and a prospectus for the money market mutual funds available through the cash management or "sweep" options provided by First Clearing, Wachovia or Fidelity.

If the Client participates in a Program in which First Clearing serves as the Broker, upon agreement by the Client, the Account's cash balances will be invested through a daily "sweep" into one of the following investments: (1) money market mutual funds managed or administered by Evergreen Investment Management Company, LLC, or money market mutual funds managed or administered by Prudential Investments LLC, and its affiliates (collectively, the "MM Mutual Funds"), or (2) an FDIC-insured depository product ("Depository Product") provided by Wachovia Bank, NA ("WBNA"). The MM Mutual Funds (or their advisor or administrator) are affiliated with First Clearing or Wachovia. Client may be limited to those funds to use the cash management or sweep options. The Fidelity brokerage agreement provides that the Client open a core transaction account to be used to settle transactions, which consists of either a Fidelity taxable interest-bearing cash account or certain types of Fidelity money market mutual funds. For all Programs, cash management and sweep vehicles will be referred to herein as "Money Market Funds."

Client may elect to not participate in a cash sweep program. Clients may pay more in program fees with respect to those securities than the interest earnings that may be generated by these cash and cash equivalent assets. Smaller Accounts may be affected more due to fee structures that favor larger accounts. With respect to First Clearing and Wachovia, there are differing risks and account protection features between the MM Mu-

tual Funds and the Depository Product sweep options. For further information about the cash sweep options available to Client participating in a Program in which First Clearing acts as Broker, including fees associated with the sweep products, Client is directed to the Cash Sweep Program Disclosure Statement, which is provided to Client by First Clearing at the time the brokerage account is established. Additional information about the Money Market Funds is found in their prospectuses.

Because Account balances in the Money Market Funds are included as part of the value of the Account, any asset-based fees owed under the Client's agreements will be based, in part, on the balances in these investments.

In addition, First Clearing, Wachovia or Fidelity may serve as advisor, sub-advisor, distributor, or administrator to the Money Market Funds and receive compensation for those services. The Money Market Funds may also pay shareholder servicing, shareholder communication, sub-accounting, and 12b-1 fees and charges to First Clearing, Wachovia or Fidelity, as well as fees for the execution of purchases of fund shares, or for trade clearance, settlement, custodial or other functions ancillary thereto. These fees and charges are expenses of the Money Market Funds, which Client will bear, indirectly, as a fund shareholder.

First Clearing, Wachovia or Fidelity may share the compensation they receive with Wunderlich Securities, either directly or indirectly, through rebates, credits against amounts owed to First Clearing or Fidelity, or otherwise. Under Wunderlich Securities' agreement with First Clearing, its proportionate share of this compensation will increase as the aggregate balances in the Money Market Funds or the Depository Product increase. Wunderlich Securities may also receive compensation directly from the Money Market Funds, such as through receipt of 12b-1 fees (which are also indirect expenses the Client will bear as a fund shareholder).

Clients should also be aware that in addition to the compensation and other economic benefits Wunderlich Securities receives in connection with its Clients' investments in the Money Market Funds, Wunderlich Securities may also receive direct and indirect compensation based on the balances its Clients maintain in their First Clearing and Fidelity brokerage accounts, and the number of transactions they effect through First Clearing or Fidelity.

First Clearing and Fidelity also provide support or sponsorship of Wunderlich Securities' meetings, Representative training, Firm or Representative marketing efforts, and other forms of non-cash compensation or benefits.

These payments and other economic benefits represent additional compensation to Wunderlich Securities, First Clearing, Wachovia and Fidelity, over and above the amounts the Client will pay through Program Fees. Client should consider the total amount of this additional compensation and the Program Fees in deciding whether to begin or continue a relationship with Wunderlich Securities, First Clearing, Wachovia or Fidelity.

Clients should also consider that these various forms of compensation and economic benefits are strong incentives for Wunderlich Securities to recommend (and to continue recommending) First Clearing, Wachovia and Fidelity, and their investment products and services over other brokers, investment advisers, custodians, or investment products or services which might provide better services, better returns, or better prices but which do not provide equivalent compensation or economic benefits to Wunderlich Securities. Wunderlich Securities is aware of, and intends to fulfill its fiduciary duty to act in the best interests of its Clients. However, these strong economic incentives could, consciously or unconsciously, influence its decision-making. Clients should consider the risk from these influences on Wunderlich Securities' recommendations when deciding to begin or continue a relationship with Wunderlich Securities.

## **OVERVIEW OF ADVISORY PROGRAMS**

Below, we provide a summary of our advisory programs, followed by important factors Clients should consider when evaluating the value and benefits of an advisory relationship with Wunderlich Securities.

Some Clients may notice differences between the information below and in their individual Advisory Agreements. Such differences may arise when, for example, changes to the Advisory Agreement were separately negotiated with the Client or were required by the Client's Representative when offering the Program to his or her Clients. Differences may also arise due to changes in our Programs or our policies, or as a result of intervening events. Where differences may now or later exist, Clients should be aware that the terms of their Advisory Agreement will control (which may also be amended, according to its terms).

## **WACHOVIA WRAP FEE PROGRAMS (“Wachovia Programs”) – OVERVIEW**

Wunderlich Securities makes available to its Clients the following investment advisory programs (the “Wachovia Programs”), sponsored by Wachovia. The Wachovia Programs provide investment advice, brokerage, and custodial services under a “wrap fee” arrangement. Generally, in a wrap fee arrangement, the Account pays a combined fee for investment advice, brokerage services, clearance and settlement services, and custodial services. The Account may also be charged for expenses or services that are not covered by the wrap fee, and these will be described in the Program's separate “Wrap Brochure” provided to the Client or in the Client's separate agreement with First Clearing or Wachovia.

Currently, Wunderlich Securities offers the following Wachovia Programs. Clients should be aware that the available Programs may be changed, canceled, or revised at any time.

### **Wachovia Separate Account Programs:**

Diversified Managed Allocations  
Wachovia Compass Advisory Program  
Masters Investment Consulting Program  
Customized Portfolios from Evergreen

### **Wachovia Mutual Fund Programs:**

FundSource  
Pathways Program  
CustomChoice Program  
Private Advisor Network

### **Wachovia Representative-Directed Program:**

Private Investment Management Program

### **Wachovia Client-Directed Program:**

Asset Advisor

Further information regarding the Wachovia Programs (other than the Private Investment Management Program and Asset Advisor Program) is available in the Programs' separate Disclosure Documents (the “Wachovia Disclosure Documents”). Clients and prospective Clients will be provided a copy of the appropriate Wachovia Disclosure Document at the time the Representative presents the Program to them. Copies of the Wachovia Disclosure Documents may also be obtained by contacting a Wunderlich Securities' Representative, or Wunderlich Securities at the address shown on this Brochure, or by contacting Wachovia at P.O. Box 1357, Richmond, VA 23219 Phone (804) 649-2311.

The Private Investment Management Program (“PIM”) is a discretionary investment advisory wrap fee program and the Asset Advisor Program (“AA”) is a non-discretionary investment advisory wrap fee program. In each of PIM and AA, Wachovia is the program sponsor, Wunderlich Securities is the investment adviser and the introducing broker for all securities transactions, and First Clearing is the clearing broker. Unlike the other Wachovia Programs listed above, Wachovia does not act as a subadvisor for either the PIM or the AA Programs. Additional information regarding the PIM and AA Programs is provided in this Brochure rather than a separate Wachovia Disclosure Document.

## **WUNDERLICH SECURITIES WRAP FEE PROGRAM (“WSI Program”) – OVERVIEW**

Wunderlich Securities sponsors the WSI Program in which Wunderlich Securities will manage the Client's Account on a discretionary basis, consistent with the Account's Suitability Information, to seek to achieve the Account's investment objective. In Wunderlich Securities' discretion, Wunderlich Securities may engage Wunderlich Capital Management, LLC (“WCM”), a registered investment adviser, as its subadvisor to serve as portfolio manager and to manage the Account on behalf of Wunderlich Securities. Clients should be aware that the parent company of Wunderlich Securities, Wunderlich Investment Company, Inc. (“WIC”), also owns a 20% interest in WCM. The majority owner and Chief Investment Officer of Wunderlich Capital Management is Philip Wunderlich, whose brother, Gary Wunderlich, is Chief Executive Officer of Wunderlich Securities.

Through the WSI Program, Wunderlich Securities (or if engaged, WCM on its behalf) will manage the Client's Account on a discretionary basis under a wrap fee arrangement. The Account's assets will be held and maintained by First Clearing. Clients participating in this Program will direct that all investment transactions be effected through Wunderlich Securities, as introducing broker-dealer, and First Clearing, as its clearing broker-dealer.

Wunderlich Securities will pay a portion of the wrap fee to WCM (if engaged) for its portfolio management services, to the Representative for referring the Client and for providing Account support services, and to First Clearing for its brokerage, clearance, settlement, and custodial services. In the case of Accounts that are established by the trustee of an irrevocable "special needs" trust (a "Special Trust"), Wunderlich Securities will also pay an additional portion of the wrap fee to the Representative who serves as the "trust protector" (or similar position) and who provides additional services for the beneficiary of the Special Trust. Wunderlich Securities will retain the balance of the wrap fee.

Currently, WCM sponsors its own wrap fee program (the "WCM Program"). Beginning in February 2009, existing clients of the WCM Program will be given a new Advisory Agreement in order to participate in the WSI Program instead of the WCM Program; however, until further notice, they may continue to receive services under the existing WCM Program. However, new Clients of Representatives (other than Philip Wunderlich) will likely be offered only the new WSI Program.

#### **WIN ADVISORY PROGRAM ("WIN Advisory Program") – OVERVIEW**

Wunderlich Securities offers the WIN Advisory Program in which Wunderlich Securities will manage the Client's Account on a discretionary basis, consistent with the Account's Suitability Information, to seek to achieve the Account's investment objective. Under the WIN Advisory Program, Fidelity will generally act in the capacity of the broker-dealer to effect all transactions in the Account and will also usually serve as custodian, unless a separate broker-dealer or custodian is agreed to by Wunderlich Securities and the Client. The Client will pay an investment management fee, plus separate brokerage commissions or transaction fees, as described in the WIN Advisory Agreement or in the Account's separate brokerage agreement with Fidelity or other broker-dealer.

#### **CSA ADVISOR PROGRAM ("CAP Program") – OVERVIEW**

Through its CSA Division, Wunderlich Securities offers the CAP Program, through which the Representative or a Third-Party Adviser selected by the Client will manage the Account on a discretionary or non-discretionary basis, as provided in the Client's Advisory Agreement. The Client will pay an investment management fee, plus separate brokerage commissions or transaction fees, and other charges (such as, for example, a postage and handling fee), as described in the CAP Advisory Agreement or in the Account's separate agreements with First Clearing. The CAP Accounts will generally be custodied at First Clearing, but may be held at another custodian, if another qualified custodian is approved by Wunderlich Securities.

#### **FINANCIAL PLANNING PROGRAM – OVERVIEW**

Through the Financial Planning Program, the Representative will analyze the Client's financial condition, investment goals and objectives, risk tolerance, and investment time horizon, among other factors, and provide a plan recommending the purchase or sale of securities or insurance products, and other steps to help the Client to achieve their financial objectives.

#### **OTHER ADVISORY SERVICES**

In addition to the services described in this Brochure, Wunderlich Securities may, when appropriate and consistent with its fiduciary duties, provide other advisory services upon request of a Client or prospective Client. The nature and extent of such services, the terms and conditions applicable to such services, and the Program Fees to be charged will be described in an Advisory Agreement with the Client.

## SPECIFIC PROGRAM INFORMATION

### WACHOVIA PROGRAMS

Through the Wachovia Programs, clients of brokerage firms that clear transactions through First Clearing may obtain various investment services from Wachovia affiliates or third-party investment advisers Wachovia has selected. Except for the PIM and AA Programs that are described below, the specific services for each Wachovia Program are described in the appropriate Wachovia Disclosure Document.

Generally, the Representative will review the Client's personal and financial situation, and the Account's investment objectives, tolerance for risk, and investment time horizon, and with that information, will assist the Client to select an appropriate Program, investment manager, and portfolio from Wachovia's approved lists. The Client's portfolio selection is communicated to the third-party manager, who is also provided with appropriate profile information regarding the Client.

In certain Wachovia Programs, the Client may choose to receive investment recommendations on a non-discretionary basis which the Client may accept or reject. Some of the Wachovia Programs also permit the Client to elect to have the Account's assets rebalanced automatically at pre-determined intervals as an aid to ensure the portfolio continues to reflect its intended asset allocations.

The managers available through the Wachovia Programs employ a variety of investment strategies depending on the particular Program, the size of the Account, the needs of the Client, and the Account's objectives. Ordinarily, the managers' strategies include long or short-term purchases of securities and, sometimes, may include supplemental covered option writing, where appropriate, depending on the Account's objectives and the manager's style. Some strategies may also include margin transactions, other option or trading strategies, or short-sale transactions. Investment decisions in some Wachovia Programs are guided by model portfolios intended to reflect the investment objectives and needs of the Client.

Wachovia will pay Wunderlich Securities a portion of the fees from Accounts participating in the Wachovia Programs. Client should consider whether the fees they pay under the Wachovia Program are more or less than they would pay if they obtained investment advisory, brokerage, and custodial services separately (an "unbundled" arrangement).

When making their decision to participate in a Wachovia Program, Clients or prospective Clients should consider the many economic incentives that Wunderlich Securities (including the Representative) has that may influence its decision to recommend these Programs (or not to recommend other programs or investment alternatives). Please refer to the section near the beginning of this Brochure titled, *Important Information about Client Accounts*, as well as the section below titled, *Recommendation of Brokers; Conflicts of Interest*, for additional information regarding Wunderlich Securities' conflicts of interest in recommending products or services offered by First Clearing or Wachovia.

Additionally, Clients should consider that Wunderlich Securities and the Representative may receive more compensation if the Client participates in the Wachovia Programs than if the Client elected to obtain similar services on an unbundled basis, either through Wunderlich Securities or other broker-dealers, investment advisers, or custodians.

Each Wachovia Program has a different Program Fee schedule, which can vary depending on the particular investment strategies or portfolios selected by the Client, the particular manager selected by the Client, and the individual Representative, among other factors. Generally, the Representative may, in his or her discretion, negotiate the portion of the Program Fee that is payable to the Representative or the Firm, but does not negotiate the portion payable to Wachovia or a third-party manager. The Client's Advisory Agreement will state the specific Program Fee applicable to Client's Account. The following Maximum Program Fee schedule is typical for many Wachovia Programs, but can vary widely.

## Wachovia Programs – Maximum Standard Fee Schedule

<u>Total Account Value</u>	<u>Annualized Program Fee</u>
First \$500,000	3.00%
Next \$500,000	2.50%
Next \$500,000	2.00%
Over \$2,000,000	Negotiable

Wachovia will pay Wunderlich Securities a portion of the Program Fee for client referral and investment advisory services, which will be shared with the Representative according to the Firm's separate agreement with the Representative. Please refer to the section below titled, *See the additional information below under Fees, Expenses and Other Amounts Not Covered by the Program Fee – Excluded Items*, for a description of the fees, expenses and other costs that are not included in the Program Fee.

The Wachovia Program Fees are subject to exclusions, calculations, and conditions contained in each Wachovia Program's Disclosure Document and Advisory Agreement. Additionally, most Wachovia Programs have a minimum quarterly Program Fee (which may be \$375 per quarter or more), which may cause the effective Program Fee (expressed as a percentage) to be greater than the fee rates shown above. The Disclosure Document for each Program contains important information regarding conflicts of interest, compensation, risks, potential benefits, and other information that prospective investors should review and consider.

Persons interested in the Wachovia Programs can obtain a copy of the Wachovia Disclosure Document applicable to specific Programs (except the PIM or AA Programs that are described below) upon request of Wunderlich Securities, at the address shown on the front of this Brochure, or by contacting Wachovia at P.O. Box 1357, Richmond, VA 23219, (804) 649-2311.

Clients or prospective Clients considering participation in the Wachovia Programs should consider all of the information in this Brochure, including without limitation, the special consideration regarding wrap accounts, the conflicts of interest, the additional compensation to Wunderlich Securities and the Representative, and other important information disclosed below under *General Terms and Conditions, Investment Discretion & Recommendation of Brokers, and Additional Compensation*.

### PIM Program

Representatives of Wunderlich Securities provide investment advisory and brokerage services to Clients that participate in the PIM Program on a discretionary basis. The Representatives develop portfolios based on certain established guidelines and the Client's investment objectives and individual needs. Representatives use both fundamental and quantitative research as well as other independent research. Representatives may develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element of the Program. Such strategies ordinarily include long and short-term purchases of securities and depending on the Client's objectives and the Representative's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

A minimum initial account value of at least \$50,000 is required to establish a PIM Program Account. Clients in the PIM Program are charged a "wrap fee" that covers advisory, execution, custodial, and reporting services. Unless agreed upon otherwise, Clients authorize Wunderlich Securities to deduct from their Account a quarterly fee, in advance, calculated at the rate indicated in the Fee Schedule for the Program. The following standard fees, which are negotiable and subject to a minimum quarterly fee of \$250, is charged for the PIM Program:

<b>Total Account Value</b>	<b>Annualized Fee for Equity, Fixed Income and Cash</b>	<b>Annualized Fee for Mutual Funds</b>

First \$500,000	3.00%	2.00%
Next \$500,000	2.25%	1.50%
Next \$1,000,000	1.75%	1.00%
Over \$2,000,000	Negotiable	Negotiable

Money Market Funds will include only mutual funds whose shares can be purchased at net asset value within the Program. Some of the Money Market Funds may be advised by or otherwise affiliated with Wachovia. As shareholders in mutual funds, Clients will bear a proportionate share of the funds' expenses, including advisory fees paid to the mutual funds' investment advisors, which may be affiliates of Wachovia.

The Program Fee will not include any of the following (all the "Excluded Expense"):

- Internal fees or expenses which may be associated with the Account's investments (including without limitation, internal operating or investment expenses, or distribution fees [such as 12b-1 fees] of mutual funds, unit investment trusts, or electronically traded funds); fees imposed by mutual funds for short-term trading (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time; any mark-up, mark-down, or dealer spread (whether to Wunderlich Securities, First Clearing, or other brokers or dealers) related to any Account investment; offering discounts and related fees in connection with underwritten public offerings of securities (of which Wunderlich Securities or First Clearing may be underwriters); costs to third parties for transactions not executed through First Clearing; floor brokerage or exchange fees; fees for wire transfers; costs for exchanging currencies; margin interest; taxes; or other expenses incurred with respect to any investments made for the Account. All of the Excluded Expenses will be direct or indirect expenses borne by the Account, and will be in addition to the Program Fee.

Clients should consider all of these fees and expenses to fully understand the total amount of fees and expenses to be paid by the Account and to evaluate the advisory services being provided. The fees and expense related to Money Market Funds or ETFs are disclosed in their respective prospectuses. Client acknowledges that Client may purchase Money Market Funds or ETF's directly without paying the Program Fee, but in that event Client would not receive the benefit of Wunderlich Securities' advice regarding investments which would be suitable for Client.

## AA Program

Representatives of Wunderlich Securities provide investment advisory and brokerage services to Clients that participate in the PIM Program on a non-discretionary basis. Clients have the option of accepting the Representatives recommendations or selecting alternative investments for the Account. All investments shall be at the exclusive risk of the Client. Wunderlich Securities does not guarantee any return on the investments recommended or advised upon and may not be responsible for any losses resulting from such trading or for any transactions that it has not recommended to Client. Wunderlich offers periodic rebalancing of the Money Market Funds in the Client's account, at the Client's request. Rebalancing is available at predetermined intervals (e.g., annually) or upon the Client's direction. Wunderlich Securities also provides monitoring and reporting of portfolio performance to Clients on a periodic basis.

The Representatives may recommend stocks, bonds or other assets of any kind, consistent with the Client's investment objectives and restrictions established by Client. Representatives provide non-discretionary recommendations on the basis of research Wunderlich Securities reasonably deems to be reliable.

Most type of securities are eligible for purchases in an AA Account including, but not limited to, common and preferred stocks, exchange-traded funds, closed-end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, certain mutual funds whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds and managed futures funds (collectively, "Program Assets"). Program Assets do not include commodity futures contracts, options on such contracts, annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value (collectively, "Excluded Assets"). Clients may purchase or sell Excluded Assets in their Account, but will in-

cur commissions or charges on these transactions. Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often engage in the use of leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. Prospective investors must be provided a risk-disclosure statement. This Brochure is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within the AA Program.

A minimum initial account value of at least \$50,000 is required to establish an AA Program Account. Clients in the AA Program are charged a “wrap fee” that covers advisory, execution, custodial, and reporting services. Unless agreed upon otherwise, Clients authorize Wunderlich Securities to deduct from their Account a quarterly fee, in advance, calculated at the rate indicated in the Fee Schedule for the Program. The following standard fees, which are negotiable and subject to a minimum quarterly fee of \$250, is charged for the AA Program. For accounts using two or more asset types, Wunderlich Securities will calculate a pro-rata blended fee rate that factors in the weighting of each asset type in relation to the fee indicated. This blended rate will be used to determine each quarterly fee and will be recalculated each quarter based on the current quarter-end market values attributed to each asset type.

Fee Schedule:

<b>Asset Type</b>	<b>Annualized Fee</b>
Equity Securities	3.00%
Mutual Funds	1.50%
Fixed Income Securities	1.50%
Cash	1.50%

Money Market Funds will include only mutual funds whose shares can be purchased at net asset value within the Program. Some of the Money Market Funds may be advised by or otherwise affiliated with Wachovia. As shareholders in mutual funds, Clients will bear a proportionate share of the funds’ expenses, including advisory fees paid to the mutual funds’ investment advisors, which may be affiliates of Wachovia.

Wunderlich Securities may receive sales compensation, which will not exceed 1% per year of the value of Client assets invested in certain offshore funds and will share any such sales compensation with the Representative. Therefore, Representatives may have a financial incentive to recommend such offshore funds over other investments.

The Program Fee will not include any of the following (all the “Excluded Expense”):

- Internal fees or expenses which may be associated with the Account’s investments (including without limitation, internal operating or investment expenses, or distribution fees [such as 12b-1 fees] of mutual funds, unit investment trusts, or electronically traded funds); fees imposed by mutual funds for short-term trading (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time; any mark-up, mark-down, or dealer spread (whether to Wunderlich Securities, First Clearing, or other brokers or dealers) related to any Account investment; offering discounts and related fees in connection with underwritten public offerings of securities (of which Wunderlich Securities or First Clearing may be underwriters); costs to third parties for transactions not executed through First Clearing; floor brokerage or exchange fees; fees for wire transfers; costs for exchanging currencies; margin interest; taxes; or other expenses incurred with respect to any investments made for the Account. All of the Excluded Expenses will be direct or indirect expenses borne by the Account, and will be in addition to the Program Fee.

Clients should consider all of these fees and expenses to fully understand the total amount of fees and expenses to be paid by the Account and to evaluate the advisory services being provided. The fees and expense related to Money Market Funds or ETFs are disclosed in their respective prospectuses. Client acknowledges that Client may purchase Money Market Funds or ETF’s directly without paying the Program Fee, but in that

event Client would not receive the benefit of Wunderlich Securities' advice regarding investments which would be suitable for Client.

### **Fee Practices**

The Program Fee will be charged on cash and cash equivalents in the Account (or in cash management or short-term sweep accounts, including without limitation, money market funds, or bank deposit products).

The Program Fee is in addition to other compensation that the Representative, First Clearing, Wachovia, or Wunderlich Securities, or any of their affiliates may earn in connection with the Account or its investments. Such other compensation may include, without limitation: compensation based on the assets invested in money market mutual funds or bank deposit products used for Account cash management or sweep purposes; 12b-1 fees or other shareholder service or distribution fees, recordkeeping fees, and administrative fees from money market mutual funds and other mutual funds or investment companies in which the Account invests; and, non-brokerage fees, including without limitation, a share of amounts earned by First Clearing from margin interest, IRA fees, or interest on free credit balances. Further information regarding such compensation is available in below under *Additional Compensation*, and from the Account documents provided by First Clearing. The Program Fee will not be reduced by or as a result of any such additional compensation.

The Program Fee for each Account will be payable quarterly in advance based on the value of the Account, based on the Fee Schedule for the Account then in effect. Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Wunderlich Securities will calculate the Program Fee on the basis of a 365-day year so that the Program Fee payable for each quarter will be based on the actual number of calendar days in that quarter; provided, Wunderlich Securities may calculate fees on the basis of a 360-day year, and 90-day calendar quarter, in its discretion on a consistent basis.

The Custodian will be authorized and directed to deduct the Program Fee directly from the Account upon receipt of Wunderlich Securities' quarterly instructions. The Program Fee will be reflected on a statement provided to the Client at least quarterly by the Custodian. If insufficient cash is available in the Account to pay the Program Fee, the Custodian will be authorized to liquidate securities selected by Custodian or Wunderlich Securities in an amount sufficient to pay such fees, without prior notice to or consent of the Client.

Subject to limitations of the Custodian, if any, and the usual and customary securities settlement procedures, Client may make additions to and withdraw assets from the Account at any time. A prorated Program Fee will be deducted for partial withdrawals within a billing period.

### **WSI PROGRAM**

In the WSI Program, Client will enter into an Advisory Agreement and establish an Account with Wunderlich Securities, the assets of which shall be managed, invested, and reinvested by Wunderlich Securities, and in its discretion, by WCM (described below) as subadviser to Wunderlich Securities, pursuant to the terms and subject to the conditions of the Client's Advisory Agreement.

In the Advisory Agreement, Client will acknowledge receipt of Wunderlich Securities' Wrap Fee Disclosure Document prepared by Wunderlich Securities pursuant to SEC Rule 204-3, as amended from time to time ("WSI Disclosure Document"); and the Form ADV, Part II, or other disclosure document prepared by WCM pursuant to SEC Rule 204-3, as amended from time to time ("WCM's Disclosure Document").

Client will deliver the Account's assets to, and shall maintain the Account's assets with, First Clearing, as custodian. Generally, Client is expected to deliver only cash or cash equivalents to First Clearing. Client may, with Wunderlich Securities' consent, transfer securities to First Clearing for deposit into the Account, but such securities will be liquidated to cash as soon as reasonably practical. Client shall not transfer to First Clearing, or deposit with First Clearing, any securities which are not publicly traded or which cannot be promptly sold. Client will grant Wunderlich Securities and First Clearing, the authority, in their discretion, to sell or otherwise liquidate all securities transferred by Client to First Clearing for the Account.

At the beginning of the relationship, Wunderlich Securities' investment adviser representative (the "Representative") will obtain from the Client information regarding the Client's personal and financial situation, and the investment objective, tolerance for risk, investment time horizon, and any reasonable restrictions the Client wishes to impose on the management of the Account's assets (all referred to as the "Suitability Information"), among other information. Wunderlich Securities will manage, invest, and reinvest the Account's assets on a continuous basis, in Wunderlich Securities' discretion, in a manner consistent with the Suitability Information to seek to achieve the Account's investment objective.

If WCM is engaged as subadviser, Wunderlich Securities will transmit to WCM the Suitability Information and other documents or information requested by WCM, and WCM will manage, invest, and reinvest the Account's assets on a continuous basis, in WCM's discretion in a manner consistent with the Suitability Information to seek to achieve the Account's investment objective. Wunderlich Securities may terminate any engagement of WCM at any time, in Wunderlich Securities' discretion; and WCM may terminate its services as subadviser at any time, in WCM's discretion, according to the terms of the agreement between Wunderlich Securities and WCM.

Client will acknowledge that Wunderlich Securities, WCM, and the Representative will rely on the Suitability Information in servicing and managing the assets of Account. Client will agree to notify Wunderlich Securities, WCM, and the Representative promptly, in writing, of any change in the Suitability Information, including without limitation any change in the investment objective, risk tolerance, investment time horizon, investment policies or guidelines, or reasonable restrictions of the Account. Client will agree to provide Wunderlich Securities, WCM, and the Representative with additional information as Wunderlich Securities, WCM, or the Representative may request from time to time to assist in servicing and managing the Account. Neither Wunderlich Securities, WCM, nor the Representative shall have any liability for Client's failure to provide Wunderlich Securities, WCM, or Representative with accurate or complete information.

Client will authorize and grant full discretion to Wunderlich Securities to select the securities, to designate the strategies, and to buy, sell, or otherwise effect securities transactions for the Account, all without prior notice or consent of the Client. Such securities may include, but are not limited to, listed or over-the-counter common or preferred stock, convertible stocks or bonds, shares of open-end or closed-end investment companies, exchange-traded funds, options, warrants, rights, corporate bonds, municipal securities, or government securities, or such other securities (or rights or contracts on such securities), as Wunderlich Securities shall select.

Client will authorize Wunderlich Securities to delegate to WCM the power to exercise the discretion and authority granted to Wunderlich Securities in the Advisory Agreement to select the securities, to designate the strategies, and to buy, sell, or otherwise effect securities transactions for the Account, all without prior notice or consent of the Client; provided, Wunderlich Securities may terminate such delegation at any time in Wunderlich Securities' discretion.

Clients will work with their Representative to identify the financial situation, investment objectives, tolerance for risk, and investment time horizon for the Account, and any reasonable restrictions Client wishes to impose on investments for the Account. Based on information provided by the Client, the Representative will assist the Client to identify one of WCM's current "Strategies" that is suitable for the Account. Each Strategy is constructed to achieve certain objectives and risk profiles, and WCM will manage the Account's assets to reflect the Strategy selected by the Client. Currently, WCM offers the following Strategies:

**Large Cap Equity:** WCM's Large Cap Equity Strategy is constructed by combining a top-down approach to industry sectors with a bottom-up approach to stock selection. After compiling an approved list of companies in potentially attractive industries, WCM sets price objectives on each security based on historical relative and absolute valuations while considering current revenue and earnings growth prospects. Shares are purchased at prices that will allow a sufficient return relative to its price objective over 12-18 months. Accounts invested in this Strategy seek to achieve long-term growth of capital and are generally not looking for current income. A tolerance for significant fluctuations in the value of the Account is required. Accounts must be willing to accept the volatility associated with an equity portfolio and a time horizon of five years or longer is strongly recommended.

**Balanced:** WCM's Balanced Strategy combines its equity philosophy and process with a 20-40% allocation to income-oriented investments. The target allocation will depend on several factors including individual Client circumstances, the absolute level of interest rates, and the S&P 500 earnings yield relative to yields on long-dated Treasuries and corporate bonds. WCM may use treasury, agency, municipal and corporate bonds as well as straight and convertible preferred stocks, REITs, utility stocks, and publicly traded energy partnerships in its income component. It may also choose to use some mutual funds and bond market exchange traded funds (ETFs) for all or part of its income allocation. After determining a target allocation of stocks to income, the mix of income investments will depend on the relative value among the instruments in terms of spreads and also on the desired duration of the income allocation. Accounts invested in this Strategy seek to achieve long-term growth of capital, with moderate current income. A tolerance for moderate fluctuations in the value of the Account is required. Accounts must be willing to accept the volatility associated with an equity portfolio and a time horizon of five years or longer is strongly recommended.

**Program Fee and Excluded Expenses.**

Client will agree to pay or cause to be paid in quarterly installments the annual fee (the "Program Fee") according to the Fee Schedule attached to the Advisory Agreement, as amended from time to time. Subject to negotiation, and unless otherwise provided in the Client's Advisory Agreement, the Program Fee is as follows:

***WSI WRAP PROGRAM STANDARD FEES***

<b>Account Value</b>	<b>Program Fee</b>
First \$500,000	3.00% per annum
Next \$500,000	2.75% per annum
Next \$500,000	2.50% per annum
Next \$500,000	2.25% per annum
Next \$2,000,000	2.00% per annum

Except as otherwise provided in the Client's Advisory Agreement, the Program Fee will include:

- compensation to WCM for WCM's services as subadviser; WCM's share of the Program Fee will be between 50 and 75 basis points;
- compensation to the Representative for referring the Client and servicing the Account, and if the Account is established for an irrevocable "special needs" trust established for a "Beneficiary," the Program Fee also includes additional compensation to the Representative appointed as "trust protector" (or similar position) for services provided for the benefit of the Beneficiary; and
- compensation to First Clearing for brokerage, clearance, and settlement of Account transactions, and custody of the Account's assets.

The Program Fee will not include any of the following (all the "Excluded Expense"):

- Internal fees or expenses which may be associated with the Account's investments (including without limitation, internal operating or investment expenses, or distribution fees [such as 12b-1 fees] of mutual funds, unit investment trusts, or electronically traded funds); fees imposed by mutual funds for short-term trading (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time; any mark-up, mark-down, or dealer spread (whether to Wunderlich Securities, First Clearing, or other brokers or dealers) related to any Account investment; offering discounts and related fees in connection with underwritten public offerings of securities (of which Wunderlich Securities or First Clearing may be underwriters); costs to third parties for transactions not executed through First Clearing; floor brokerage or exchange fees; fees for wire transfers; costs for exchanging currencies; margin interest; taxes; or other expenses incurred with respect to any investments made for the Account. All of the Excluded Expenses will be direct or indirect expenses borne by the Account, and will be in addition to the Program Fee.

Clients should consider all of these fees and expenses to fully understand the total amount of fees and expenses to be paid by the Account and to evaluate the advisory services being provided. The fees and expense related to mutual funds or ETFs are disclosed in their respective prospectuses. Client acknowledges that Client may purchase mutual funds or ETF's directly without paying the Program Fee, but in that event Client would

not receive the benefit of Wunderlich Securities' or WCM's advice regarding investments which would be suitable for Client.

**Fee Practices.**

The Program Fee will be charged on cash and cash equivalents in the Account (or in cash management or short-term sweep accounts, including without limitation, money market funds, or bank deposit products).

The Program Fee is in addition to other compensation that the Representative, WCM, or Wunderlich Securities, or any of their affiliates may earn in connection with the Account or its investments. Such other compensation may include, without limitation: compensation based on the assets invested in money market mutual funds or bank deposit products used for Account cash management or sweep purposes; 12b-1 fees or other shareholder service or distribution fees, recordkeeping fees, and administrative fees from money market mutual funds and other mutual funds or investment companies in which the Account invests; and, non-brokerage fees, including without limitation, a share of amounts earned by First Clearing from margin interest, IRA fees, or interest on free credit balances. Further information regarding such compensation is available in below under *Additional Compensation*, and from the Account documents provided by First Clearing. The Program Fee will not be reduced by or as a result of any such additional compensation.

Except for the last calendar quarter in which the Account is open, the Program Fee for each Account will be payable quarterly in arrears on the first trading day of the following calendar quarter based on the value of the Account as of the close of the last trading day of the calendar quarter for which the Program Fee is payable, based on the Fee Schedule for the Account then in effect. Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by Wunderlich Securities on a consistent basis. Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Wunderlich Securities will calculate the Program Fee on the basis of a 365-day year so that the Program Fee payable for each quarter will be based on the actual number of calendar days in that quarter; provided, Wunderlich Securities may calculate fees on the basis of a 360-day year, and 90-day calendar quarter, in its discretion on a consistent basis.

For the first calendar quarter that the Account is open, the Program Fee will be pro-rated to cover the period from the date the Advisory Agreement is accepted by all of the parties through the end of the calendar quarter. For the last calendar quarter that the Account is open, the Program Fee will be pro-rated to cover the number of days the Advisory Agreement is in effect and will be debited from the Account prior to closing of the Account, where possible.

The Custodian will be authorized and directed to deduct the Program Fee directly from the Account upon receipt of Wunderlich Securities' or the WCM's quarterly instructions. The Program Fee will be reflected on a statement provided to the Client at least quarterly by the Custodian. If insufficient cash is available in the Account to pay the Program Fee, the Custodian will be authorized to liquidate securities selected by Custodian, Wunderlich Securities, or the WCM, in an amount sufficient to pay such fees, without prior notice to or consent of the Client.

Subject to limitations of the Custodian, if any, and the usual and customary securities settlement procedures, Client may make additions to and withdraw assets from the Account at any time. A prorated Program Fee will be deducted for partial withdrawals within a billing period.

**Specific Conflicts of Interest Regarding the WSI Program.**

In addition to other conflicts of interest and information discussed in this Brochure, Clients or prospective Clients considering the WSI Program are advised that there are additional, specific material conflicts of interest arising from the relationships between Philip Wunderlich, Wunderlich Securities, and First Clearing. In particular, these conflicts arise from the economic and other benefits Philip Wunderlich receives from Wunderlich Securities, the Representatives, and First Clearing, including without limitation:

- continuing referrals of clients and prospective clients,

- free use of office space, telephone and computer equipment, trading equipment and personnel, quotation services, administrative support, use of Wunderlich Securities' other office and conference facilities, and use of computer services to monitor trade execution,
- research, order management, and order execution services and facilities,
- ability to attend educational and training seminars, workshops, meetings or events sponsored or paid for by Wunderlich Securities or First Clearing, and
- electronic download of trades, balances and positions, access to an electronic interface with First Clearing's software, duplicate and batched Client statements, confirmations and year-end summaries, the ability to have Fees directly debited from Client Accounts, availability of third-party research and technology, a quarterly newsletter, and access to First Clearing's institutional mutual funds available at a no-load or load-waived basis.

The presence of these, and other, economic benefits and the prospect for future economic benefits creates a conflict of interest that could affect Wunderlich Securities' (including the Representative's) and Philip Wunderlich's decisions to recommend and to continue recommending Wunderlich Securities and First Clearing for brokerage, custodial or related services for the Account. Clients should consider these conflicts of interest in deciding whether to participate in the Program or to continue participating in the Program.

See the additional information below under *General Terms and Conditions* for a description of other terms and conditions that will apply to Accounts participating in the WSI Program.

Clients or prospective Clients considering participation in the WSI Program should consider all of the information in this Brochure, including without limitation, the special consideration regarding wrap accounts, the conflicts of interest, the additional compensation to Wunderlich Securities and the Representative, and other important information disclosed below under *General Terms and Conditions*, *Investment Discretion & Recommendation of Brokers*, and *Additional Compensation*.

## **WIN ADVISORY PROGRAM**

In the WIN Advisory Program, Client will enter into an Advisory Agreement with Wunderlich Securities and establish an Account, the assets of which shall be managed, invested, and reinvested by Wunderlich Securities pursuant to the terms and subject to the conditions of the Client's Advisory Agreement. Generally, Fidelity will serve as broker-dealer to effect all transactions in the Account and as custodian for the Account, unless a separate broker-dealer or custodian is agreed to between the Client and Wunderlich Securities.

Client will deliver the Account's assets to, and shall maintain the Account's assets with the custodian. Generally, Client is expected to deliver only cash or cash equivalents to Fidelity. Client may, with Wunderlich Securities' consent, transfer securities to Fidelity for deposit into the Account. Client shall not transfer to Fidelity, or deposit with Fidelity, any securities which are not publicly traded or which cannot be promptly sold. Client will grant Wunderlich Securities and Fidelity, the authority, in their discretion, to sell or otherwise liquidate all securities transferred by Client to Fidelity for the Account.

At the beginning of the relationship, Wunderlich Securities' investment adviser representative (the "Representative") will obtain from the Client information regarding the Client's personal and financial situation, and the Client's stated investment objective, tolerance for risk, investment time horizon, and any reasonable restrictions the Client wishes to impose on the management of the Account's assets (all referred to as the "Suitability Information"), among other information. Wunderlich Securities will manage, invest, and reinvest the Account's assets on a continuous basis, in Wunderlich Securities' discretion, in a manner consistent with the Suitability Information to seek to achieve the Account's investment objective.

If a subadviser is engaged, Wunderlich Securities will transmit to the subadvisor the Suitability Information and other documents or information requested by the subadvisor, and the subadvisor will manage, invest, and reinvest the Account's assets on a continuous basis, in the subadvisor's discretion in a manner consistent with the Suitability Information to seek to achieve the Account's stated investment objective. Wunderlich Securities may terminate any engagement of a subadvisor at any time, in Wunderlich Securities' discretion; and a subad-

visor may terminate its services as subadvisor at any time, in its discretion, according to the terms of the agreement between Wunderlich Securities and the subadvisor.

Client will acknowledge that Wunderlich Securities, any subadvisor, and the Representative will rely on the Suitability Information in servicing and managing the assets of Account. Client will agree to notify Wunderlich Securities and the Representative promptly, in writing, of any change in the Suitability Information, including without limitation any change in the investment objective, risk tolerance, investment time horizon, investment policies or guidelines, or reasonable restrictions of the Account. Client will agree to provide Wunderlich Securities and the Representative with additional information as Wunderlich Securities or the Representative may request from time to time to assist in servicing and managing the Account. Neither Wunderlich Securities nor the Representative shall have any liability for Client's failure to provide Wunderlich Securities or Representative with accurate or complete information.

Client will authorize and grant full discretion to Wunderlich Securities to select the securities, to designate the strategies, and to buy, sell, or otherwise effect securities transactions for the Account, all without prior notice or consent of the Client. Such securities may include, but are not limited to, listed or over-the-counter common or preferred stock, convertible stocks or bonds, shares of open-end or closed-end investment companies, exchange-traded funds, options, warrants, rights, corporate bonds, municipal securities, or government securities, or such other securities (or rights or contracts on such securities), as Wunderlich Securities shall select.

Client will authorize Wunderlich Securities to delegate to one or more subadvisors the power to exercise the discretion and authority granted to Wunderlich Securities in the Advisory Agreement to select the securities, to designate the strategies, and to buy, sell, or otherwise effect securities transactions for the Account, all without prior notice or consent of the Client; provided, Wunderlich Securities may terminate such delegation at any time in Wunderlich Securities' discretion.

Clients will work with their Representative to identify the financial situation, stated investment objectives, tolerance for risk, and investment time horizon for the Account, and any reasonable restrictions Client wishes to impose on investments for the Account. Based on information provided by the Client, the Representative will assist the Client to identify a strategy that is suitable for the Account. Each strategy is constructed to achieve certain objectives and risk profiles, and the Representative will manage the Account's assets to reflect the strategy selected by the Client. Currently, the WIN Advisory Program offers the following investment strategies:

The Representatives develop portfolios based on certain established guidelines and the Client's investment objectives and individual needs. Representatives use both fundamental and quantitative research as well as other independent research. Representatives may develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element of the Program. Such strategies ordinarily include long and short-term purchases of securities and depending on the Client's objectives and the Representative's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

**Program Fee and Excluded Expenses.**

Client will agree to pay or cause to be paid in quarterly installments the annual fee (the "Program Fee") according to the Fee Schedule attached to the Advisory Agreement, as amended from time to time. Subject to negotiation, and unless otherwise provided in the Client's Advisory Agreement, the Program Fee is as follows:

***WIN Advisory PROGRAM STANDARD FEES***

<b>Account Value</b>	<b>Program Fee</b>
First \$250,000	3.00% per annum
Next \$750,000	2.50% per annum
Next \$1,000,000	Negotiable

Except as otherwise provided in the Client's Advisory Agreement, the Program Fee will include:

- compensation to Wunderlich Securities for providing investment advice;

- compensation to any subadvisor for its services as subadvisor; and
- compensation to the Representative for referring the Client and servicing the Account.

Fidelity will charge the Account commissions and other fees in connection with the execution of transactions in the Account. Such fees are subject to change without notice. Fidelity's pricing schedule as of the date of this Brochure is as follows:

**Fidelity Pricing Schedule**

**Equities:**

\$12.95 minimum ticket plus \$0.015 per share for every share over 1,000 shares. Accounts with \$1 million or more in assets will qualify for pricing of \$8 for the first 3,000 shares, \$0.01 per share for every share over 3,000.

**Options:**

Commission Per Contract	\$2.50
Minimum Block Trade Commission:	\$25.00
Allocated trades subject to ten-contract minimum	

**Fixed Income:**

Principal Business:	
- Municipal Bonds	Competitive Basis
- Government Notes and Bonds	Competitive Basis
- GNMA's and CMO's	Competitive Basis
- Corporate Bonds	Competitive Basis
Standard Fees (the majority of fixed-income business is executed on a principal basis):	
Government Order of 20 bonds or less	\$50.00
Government Auctions Orders	\$50.00
Government Treasury Bills	\$50.00
Bonds Traded as Agent	\$2.50 with a \$40.00 minimum

**Mutual Funds:**

Fidelity NTF No-load Funds	No Transaction Fee
Fidelity Load Funds (Select Portfolios)	No Transaction Fee
Non-Fidelity NTF No-load Funds	No Transaction Fee
Non-Fidelity Load Funds at NAV/NTF	No Transaction Fee
Non-Fidelity Load Funds	No Transaction Fee

**Transaction Fee Funds**

Individual Trade Size	Commission (percent of principal)
<\$5,000	\$25 Flat ticket on all buys and sells
\$5,000-\$10,000	\$25 Flat ticket on all buys and sells
\$10,001 to \$25,000	\$25 Flat ticket on all buys and sells
\$25,001 to \$95,000	\$25 Flat ticket on all buys and sells
>k\$95,000	\$25 Flat ticket on all buys and sells

No block trading of mutual funds

The Program Fee will not include any of the following (all the "Excluded Expense"):

- Internal fees or expenses which may be associated with the Account's investments (including without limitation, internal operating or investment expenses, or distribution fees [such as 12b-1 fees] of mutual funds, unit investment trusts, or electronically traded funds); fees imposed by mutual funds for short-term trading (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time; any mark-up, mark-down, or dealer spread (whether to Fidelity or other brokers or dealers) related to any Account investment; offering discounts and related fees in connection with underwritten public offerings of securities (of which Fidelity may be an underwriter); costs to third parties for transactions not executed through Fidelity; floor brokerage or exchange fees; fees for wire transfers; costs for exchanging currencies;

margin interest; taxes; or other expenses incurred with respect to any investments made for the Account. Fidelity's fees and all of the Excluded Expenses will be direct or indirect expenses borne by the Account, and will be in addition to the Program Fee.

Clients should consider all of these fees and expenses to fully understand the total amount of fees and expenses to be paid by the Account and to evaluate the advisory services being provided. The fees and expense related to mutual funds or ETFs are disclosed in their respective prospectuses. Client acknowledges that Client may purchase mutual funds or ETF's directly without paying the Program Fee, but in that event Client would not receive the benefit of Wunderlich Securities' advice regarding investments which would be suitable for Client.

### **Fee Practices.**

The Program Fee will be charged on cash and cash equivalents in the Account (or in cash management or short-term sweep accounts, including without limitation, money market funds, or bank deposit products).

The Program Fee is in addition to other compensation that the Representative or Wunderlich Securities, or any of their affiliates may earn in connection with the Account or its investments. Further information regarding such compensation is available in below under *Additional Compensation*, and from the Account documents provided by Fidelity. The Program Fee will not be reduced by or as a result of any such additional compensation.

Except for the last calendar quarter in which the Account is open, the Program Fee for each Account will be payable quarterly in arrears on the first trading day of the following calendar quarter based on the value of the Account as of the close of the last trading day of the calendar quarter for which the Program Fee is payable, based on the Fee Schedule for the Account then in effect. Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by Wunderlich Securities on a consistent basis. Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Wunderlich Securities will calculate the Program Fee on the basis of a 365-day year so that the Program Fee payable for each quarter will be based on the actual number of calendar days in that quarter; provided, Wunderlich Securities may calculate fees on the basis of a 360-day year, and 90-day calendar quarter, in its discretion on a consistent basis.

For the first calendar quarter that the Account is open, the Program Fee will be pro-rated to cover the period from the date the Advisory Agreement is accepted by all of the parties through the end of the calendar quarter. For the last calendar quarter that the Account is open, the Program Fee will be pro-rated to cover the number of days the Advisory Agreement is in effect and will be debited from the Account prior to closing of the Account, where possible.

Fidelity will be authorized and directed to deduct the Program Fee directly from the Account upon receipt of Wunderlich Securities' quarterly instructions. The Program Fee will be reflected on a statement provided to the Client at least quarterly by Fidelity. If insufficient cash is available in the Account to pay the Program Fee, Fidelity will be authorized to liquidate securities selected by Fidelity or Wunderlich Securities in an amount sufficient to pay such fees, without prior notice to or consent of the Client.

Subject to limitations of Fidelity, if any, and the usual and customary securities settlement procedures, Client may make additions to and withdraw assets from the Account at any time. A prorated Program Fee will be deducted for partial withdrawals within a billing period.

See the additional information below under *General Terms and Conditions* for a description of other terms and conditions that will apply to Accounts participating in the WIN Advisory Program.

Clients or prospective Clients considering participation in the WIN Advisory Program should consider all of the information in this Brochure, including without limitation, the special consideration regarding wrap accounts, the conflicts of interest, the additional compensation to Wunderlich Securities and the Representative, and other

important information disclosed below under *General Terms and Conditions, Investment Discretion & Recommendation of Brokers, and Additional Compensation.*

## **CAP PROGRAM**

In the CAP Program, the Representative will obtain information regarding the Client's personal and financial situation, and the Account's investment objectives, financial goals, tolerance for risk, investment time horizon, and any reasonable restrictions the Client wishes to impose on the Account (all referred to as the "Suitability Information"), among other information. If the Representative determines it appropriate based upon the individual needs and circumstances of the Client, the Representative may recommend the CAP Program. To participate in the CAP Program, the Client will sign a CAP Advisory Agreement, and will establish an Account with First Clearing (or an affiliate), to serve as Custodian to hold and maintain the Account's assets; provided, other Custodians may be approved in the future.

The portfolio manager for the CAP Account will be either the Representative or a Third-Party Adviser, as the Client shall designate in the CAP Advisory Agreement. The portfolio manager will monitor, invest, and reinvest the assets in the Account on a continuous basis, in a manner intended to achieve the Account's goals and objectives. The Client will authorize and grant full discretion to the portfolio manager to select the investments, to designate the strategies, and to buy, sell, or place transactions for the Account through the Firm and First Clearing, all without prior notice or consent of the Client. Each Representative or Third-Party Adviser may utilize different strategies or investments to achieve the objectives of their respective Clients.

At or before entering into the Advisory Agreement, Clients will receive a copy of this Brochure. The Representative will be available to discuss this Brochure and answer questions the Client may have regarding the CAP Program and the Account.

Neither Wunderlich Securities nor any Representative guarantees the performance of a CAP Account, any specific level of performance, the success of any investment decision or strategy that an Representative may use, or the success of the Representative's management of a CAP Account. The investment or other decisions made by the Representative for a CAP Account are subject to various market, currency, economic, political and business risks, and there is no guarantee those decisions will be profitable. Although Wunderlich Securities' compliance personnel will generally monitor and supervise activity in CAP Accounts, Wunderlich Securities will not manage or make investment decisions with respect to a Client's CAP Account (except through the services provided by the Representative), and all investment decisions and transactions with respect to CAP Accounts will be made by the Representative without prior consultation with Wunderlich Securities.

### **CAP Program - Maximum Program Fee Schedule.**

Clients with Accounts in the CAP Program will pay a Program Fee according to the CAP Program Fee Schedule set forth in or attached to the Client's Advisory Agreement. Each Representative may adopt one or more CAP Program Fee Schedules, which may be different among the Representative's Clients, and may be different from the CAP Program Fee Schedule of other Representatives; provided, the annual Program Fee Schedule for any Account under the CAP Program will not exceed the following:

### **CAP Program – Maximum Program Fee Schedule**

<b><u>Assets Under Management</u></b>	<b><u>Maximum Annualized Program Fee</u></b>
\$50,000 to \$250,000	3.00%
\$250,001 to \$500,000	2.25%
\$500,001 to \$1 Million	2.00%
\$ 1 Million to \$5 Million	1.25%
Over \$5 Million	1.00%

CAP Account Program Fees will be billed in advance at the beginning of each calendar quarter. As more fully described in the Client's Advisory Agreement, the Account will pay the Program Fee, plus a commission of \$29 per transaction, and a postage and handling charge of \$5 per transaction. The Program Fee, plus the commission and postage and handling fee will include compensation to Wunderlich Securities and the Representative

for investment advisory services, to Wunderlich Securities and First Clearing (or other qualified custodian approved by Wunderlich Securities) for brokerage services, and to First Clearing (or other custodian) for its execution and settlement services in connection with transactions effected through First Clearing (or other custodian). The Program Fee also includes compensation to First Clearing for its custodial services for the Account's assets. See the additional information below under *General Terms and Conditions* for a description of the fees, expenses and other costs that are not included in the Program Fee.

The amount of the commission charge and the amount of the postage and handling fee are each higher than Wunderlich Securities' out-of-pocket expenses related to transactions in the Account or communications with the Client, and each includes a profit for Wunderlich Securities. This profit will not be applied to or reduce the Program Fees.

If the Representative determines that it would be beneficial for a Third-Party Adviser to manage all or part of the assets of the Account, the Representative may recommend a Third-Party Program offered through a Third-Party Adviser. If a Third-Party Adviser is engaged, additional fees and fee arrangements will apply. Please refer to the section below titled *Third-Party Advisers and Third-Party Programs*, for additional information regarding the additional fees and fee arrangements that apply when a Third-Party Adviser is engaged for the Account.

Clients or prospective Clients considering participation in the CAP Program should consider all of the information in this Brochure, including without limitation, the special consideration regarding conflicts of interest, the additional compensation to Wunderlich Securities and the Representative, and other important information disclosed below under *Third-Party Advisers and Third-Party Programs, General Terms and Conditions, Investment Discretion & Recommendation of Brokers, and Additional Compensation*.

## **FINANCIAL PLANNING SERVICES**

Certain Representatives provide financial planning services on Wunderlich Securities' behalf. Clients seeking financial planning services will enter into an Advisory Agreement which describes the services the Representative will provide on Wunderlich Securities' behalf, and the Program Fees for such services.

In providing financial planning services, the Representative will typically ask the Client to provide detailed information with respect to the Client's personal and family situation, financial condition, investment objectives, risk tolerance, investment time horizon, estate and retirement plans, trust agreements, wills, investment, insurance, personal and family obligations, and other pertinent information.

Based on this information, the Representative will prepare a written financial plan which will include recommendations to assist the Client in achieving his or her financial goals and objectives, such as obtaining insurance or revising existing coverage, establishing an individual retirement account, increasing or decreasing funds held in savings accounts, or investing in securities.

Financial planning services will usually address a broad range of financial issues. However, when appropriate, the Representative may agree to provide specific, limited financial planning services, such as the following:

**PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. The Representative will illustrate the impact of various investments on a Client's current income tax and future tax liability.

**DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

**RETIREMENT:** Analysis of current strategies and investment plans to help achieve retirement goals.

**INVESTMENTS:** Analysis of investment alternatives and their effect on a Client's portfolio.

Clients who receive financial planning services may choose to implement their financial plans by purchasing securities or insurance products offered through the Representative. In those circumstances, the Representative will be acting as Wunderlich Securities' representative, and Wunderlich Securities and the Representative will receive commissions or other compensation (including 12b-1 fees, as described below) as a result of those investments. Consequently, Clients should be aware that in those situations, there exists a conflict between the interests of the Client and the interests of the Representative as a result of the potential additional compensation to be earned if the Client chooses to purchase securities or insurance products. Clients are under no obligation to purchase any products or follow any course of action recommended by a Representative.

### **Financial Planning Fees.**

Each Representative establishes the fee schedule for financial planning services he or she provides. The fee schedule will be provided to the Client before entering into an Advisory Agreement. Financial planning services may be charged on an hourly or fixed fee arrangement. Hourly rates vary between \$150 to \$450 per hour. Fees are negotiable and will vary depending upon the particular Representative who provides the services, the complexity of the Client situation and services to be provided, prior or anticipated relationships, as well as the size of the Client's assets, and the possibility for additional business, as determined by the Representative within his or her discretion. All Advisory Agreements must be approved by Wunderlich Securities.

Financial planning services terminate upon completion of the services described in the Advisory Agreement. A Client may terminate the Advisory Agreement at any time, and will receive a prorated refund of the Fee based on the proportion of the total services that the Representative has performed through the date Wunderlich Securities receives written notice of such termination.

### **CONSULTING SERVICES**

Certain Representatives, acting on behalf of Wunderlich Securities, provide investment consulting services for Clients who request such services. Typically, the consulting services will involve the Client contacting the Representative and arranging for one or meetings to discuss specific, limited issues or questions regarding the Client's portfolio or particular investments. The Representative will advise the Client during the meeting(s), but will not prepare a financial plan, and will generally not consider or attempt to provide advice based on all of the factors that would be considered as part of the financial planning process. The Representative will generally recommend that Clients who desire more comprehensive or in-depth advice should engage Wunderlich Securities and the Representative to provide financial planning services.

Wunderlich Securities and the Client will enter into a Consulting Agreement which will set forth the specific consulting services to be provided, the terms and conditions of the arrangement, and the Program Fees to be charged, all of which will be negotiated on a case-by-case basis. The Program Fees may be calculated on an hourly, fixed, or other basis as stated in the Consulting Agreement.

Clients who receive these services are not required to execute any transactions recommended by the Representative through Wunderlich Securities, the Representative, or Wunderlich Securities, and may execute such recommendations through any broker-dealer or other financial institution they choose, but there is no assurance that another institution will be willing or able to do so.

Clients or prospective Clients considering obtaining consulting services should consider all of the information in this Brochure, including without limitation, the special consideration regarding conflicts of interest, the additional compensation to Wunderlich Securities and the Representative, and other important information disclosed below under *General Terms and Conditions*, *Investment Discretion & Recommendation of Brokers*, and *Additional Compensation*.

### **THIRD-PARTY PROGRAMS AND SUBADVISERS**

Wunderlich Securities may from time to time enter into agreements with various Third-Party Advisers pursuant to which the Representatives, on the Firm's behalf, may refer persons to participate in a Third-Party Program (described below) offered by or through the Third-Party Adviser. Additionally, Wunderlich Securities may, when appropriate, engage a Third-Party Adviser as a subadviser to manage all or part of the assets of an Account.

#### **Approval of Third-Party Programs.**

The Representative will make referrals only to Third-Party Programs that Wunderlich Securities has reviewed and approved. Wunderlich Securities will approve only Third-Party Programs in which the Third-Party Adviser has agreed to compensate Wunderlich Securities for making referrals.

Clients are advised that such compensation creates an incentive for Wunderlich Securities (and the Representative) to make referrals to Third-Party Programs which provide the greatest amount of compensation to Wunderlich Securities or the Representative over other investment products or services which provide Wunderlich Securities or the Representative with less favorable or no compensation.

Among the factors Wunderlich Securities may consider when approving a Third-Party Program, and a Representative may consider in recommending a Third-Party Program are the following: (i) the Firm's or the Representative's familiarity or preference for a particular Third-Party Adviser or Third-Party Program; (ii) the nature and quality of the service provided by the Third-Party Adviser, (iii) the potential for future business with the Third-Party Adviser, or with the particular Client, or with persons referred by the Third-Party Adviser or Client, (iv) the Account's goals and objectives, as well as investment experience; (iii) the amount of the assets available for investment; (iii) the compensation arrangements for the Firm and Representative, including any indirect compensation in the form of support of Firm or Representative meetings, conferences, marketing, training, or education.

In "Third-Party Programs," Wunderlich Securities (and the Representatives) will be acting as a solicitor on behalf of a Third-Party Adviser in referring persons to participate in the Third-Party Program. Persons referred to a Third-Party Program will sign an advisory agreement directly with the Third-Party Adviser. Wunderlich Securities will not establish an advisory relationship with the person referred, will not provide investment advice to such person, will not enter into an investment advisory agreement with such person, and will not owe any fiduciary duties to such person (except as otherwise may exist under any separate written agreement for unrelated advisory services).

The Firm's referral agreement with the Third-Party Adviser will meet the requirements of SEC Rule 206(4)-3. Wunderlich Securities will provide the person referred with the Third-Party Adviser's Form ADV – Part II or alternative disclosure document, and a "Solicitor Disclosure Document" disclosing that the program is a Third-Party Program, that Wunderlich Securities has been engaged to refer persons to the Third-Party Program, and that Wunderlich Securities will be compensated by the Third-Party Adviser if the person establishes an advisory relationship with the Third-Party Adviser. When requested by the Third-Party Adviser, Wunderlich Securities will obtain the person's signed acknowledgement of receipt of such disclosures and provide the original to the Third-Party Adviser.

Under Wunderlich Securities' agreement with the Third-Party Adviser, the Representative will provide the person referred with assistance in completing account documentation, answering questions regarding the Third-Party Adviser or Third-Party Program, and provide account service from time to time, but will not manage, provide investment advice, or make recommendations with respect to the account managed by the Third-Party Adviser (a "Third-Party Account"). Assets of the Third-Party Account will be maintained with a qualified custodian designated by the Third-Party Adviser.

In a Third-Party Program, Wunderlich Securities will be compensated by the Third-Party Adviser for its referral and account support services, based on a percentage of the value of the assets transferred to the Third-Party Account. Assets deposited into the Third-Party Account shall not be considered to be assets managed by Wunderlich Securities.

#### **Subadvisers.**

Under the Advisory Agreement for the CAP Program, Wunderlich Securities may, when it deems appropriate, engage a Third-Party Adviser to serve as its subadviser (each a "Subadviser") to manage all or part of the assets of the Account (the "Subadvised Assets"), which will be maintained in a separate account with the Custodian (the "Subadvised Account"). Wunderlich Securities will have full discretion to allocate and reallocate the Subadvised Assets to or from the Subadvised Account, to increase or decrease the portion of the Account allocated to each Subadviser and Subadvised Account, and to hire one or more new Subadvisers and terminate existing Subadvisers. A Subadviser may terminate its services as subadviser at any time, in the Subadviser's discretion. Each Subadviser shall manage, invest, and reinvest the Subadvised Assets allocated to that Subadviser on a continuous basis, in the Subadviser's discretion, in a manner consistent with the Suitability Information to seek to achieve the overall investment objective of the Account, or such other objectives as the Representative shall designate as part of an overall strategy to achieve the objectives of the Account.

Generally, if Wunderlich Securities engages a subadviser, Wunderlich Securities will pay the Subadviser's management fees from the Program Fee; provided, depending on the choice of Subadviser and the fees they charge, Wunderlich Securities may request to the Client's consent to increase the Program Fee if the Subadviser is engaged. The Client is not required to consent to such increase. If the Client elects not to pay such increase, Wunderlich Securities may either engage the Subadviser without increasing the Program Fee or decline to engage the Subadviser. If a Subadviser is engaged, Wunderlich Securities will provide the Client with the Subadviser's Form ADV, Part II (or alternative disclosure document), and if Wunderlich Securities is paid a referral fee by the Subadviser, it will provide the Client with a separate Solicitor Disclosure Document, as required under SEC Rule 206(4)-3.

The Advisory Agreements for certain Wachovia Programs and the WIN Advisory Program also provide for Wunderlich Securities to engage Third-Party Advisers as subadvisers for the Client's Account. The specific terms and conditions are described in the Wachovia or Wunderlich Disclosure Documents and Advisory Agreements.

#### **Additional Information Concerning Third-Party Programs.**

The approved Third-Party Programs are under continuous review and revision and are subject to change without notice. Clients and other persons should consult directly with their Representative to obtain a current description. Not all Third-Party Advisers or Programs are or will be available to all Clients or through all Representatives. At times, Wunderlich Securities will not have any Third-Party Programs approved or available for its Clients.

#### **Difference in Agreements with Wunderlich Securities and a Third-Party Adviser.**

Clients should be aware that the terms and conditions of the Client's Advisory Agreement with Wunderlich Securities will likely not be the same as in any separate agreement between the Client and a Third-Party Adviser. In particular, the provisions for terminating the Client's separate agreement with a Third-Party Adviser may be different than under the Advisory Agreement, and Client will be bound by the terms of Client's separate agreement.

#### **No Guarantees; Possibility of Higher Fees.**

There is no guarantee that the advisory services offered by a Third-Party Adviser or through a Third-Party Program will result in achieving the goals or objectives of the person referred or Client. Nor is there any guarantee of profit or protection from loss. The fees and expenses paid in connection with a Third-Party Program may be higher than the cost of similar services offered through other financial firms or the fees associated with other financial services. No assumption can be made that any particular fee arrangement, including wrap fee arrangements, timing services, or portfolio management services of any nature will provide better returns than other investment strategies. Use of "wrap fee" programs offered by a Third-Party Adviser may result in the payment of total fees and expenses in excess of the combined amount the Client or person would have paid if investment advisory and custodial services had been purchased separately, and brokerage services had been provided on the basis of a commission per transaction.

## **GENERAL TERMS AND CONDITIONS**

The following General Terms and Conditions are applicable to all Programs, except as noted, or unless otherwise provided above under Specific Program Information or in a Client's Advisory Agreement:

### **Special Concerns Regarding Wrap Fee Programs.**

Clients may participate in the Wachovia Programs or the WSI Program, all of which are "wrap fee programs." Wrap fee programs are programs that provide for a single combined fee for investment advice, brokerage services, clearance and settlement services, and custodial services.

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on the Account's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations.
- The benefits under a wrap fee program depend, in part, upon the size of the Account and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for the client, the client should compare the Program Fee and any other costs of the Programs with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Programs.
- Participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties.
- Wunderlich Securities and the Representatives receive compensation as a result of an Account's participation in the Programs. This compensation may be more than the amount Wunderlich Securities or the Representative would receive if the Account paid separately for investment advice, brokerage and other services. Accordingly, a conflict of interest exists because Wunderlich Securities and the Representatives have a financial incentive to recommend the Programs, and may recommend the Programs over other programs or services for which the compensation arrangements are not as beneficial.

A wrap fee arrangement allows the Client to pay an all-inclusive fee for management of their account (advisory services), execution of securities transactions (brokerage services), and administrative services (typically, reporting and custodial services). As an alternative, the Client could engage Wunderlich Securities for investment advice and agree to pay for transactions in the Account through commissions.

In deciding which payment option is most appropriate, the Client should bear in mind that asset-based fee arrangements, when compared with the traditional commission option, generally result in lower costs during periods when trading activity is heavier, such as the year an Account is established. During periods when trading activity is lower, such arrangements may result in a higher annual costs. Some Clients favor the asset-based fee because it fixes their brokerage cost at a predetermined level; whereas other Clients may not find such an arrangement suits their needs because they anticipate their Accounts will have low turnover.

Depending on the amount of the wrap fee, the frequency (or lack of frequency) of Account transactions, and the nature and value of the services that are provided under the Program, among other factors, the wrap fee may or may not exceed the aggregate cost of obtaining these services separately. The fees for a wrap fee program may result in higher costs than a Client might otherwise incur by paying a management fee and negotiating separate arrangements for brokerage and trade execution, custodial services, and performance reporting services.

Depending on the particular Program, Wunderlich Securities will receive all or part of the wrap fee, and will share a portion with the Representative. The Client will receive the Wrap Fee Brochure for the Program at the time it is recommended. Clients may request a copy of the Wrap Fee Brochure for Wunderlich Securities' wrap fee programs, by requesting a copy from the Firm's Chief Compliance Officer, at the address shown on the Form ADV, Part II.

It is possible that the amount of compensation received, directly or indirectly, by Wunderlich Securities or the Representative as a result of recommending a wrap fee program may be more than the amount compensation Wunderlich Securities or the Representative would receive if they recommended another investment program. Consequently, in that situation, Wunderlich Securities and the Representative would have a financial incentive to recommend a wrap fee program over other programs or services that might meet the Client's needs at a lower cost (such as, for example, mutual funds, ETFs, or traditional fee-plus-commission arrangements).

Additionally, Clients should understand that Wunderlich Securities and the Representative have a conflict of interest in recommending Wunderlich Securities and First Clearing as introducing and clearing brokers for Client Accounts over others. An increase in the number of Accounts, amount assets, or number of transactions processed through First Clearing may, in certain circumstances, help Wunderlich Securities to meet its minimum monthly clearing fees. This is an economic benefit to Wunderlich Securities, even if no additional commissions are charged. In addition, Wunderlich Securities receives other fees from First Clearing, such as rebates on money market or margin account balances, which are based on the number and size of the accounts and balances carried with the First Clearing.

In addition to the Program Fee, Wunderlich Securities (including the Representative) will receive material compensation and other economic benefits from a Client participating in any Program through First Clearing. A detailed description of this compensation is contained in the section of this Brochure titled, *Additional Compensation*.

The compensation and economic benefits create a conflict of interest which may have the effect of encouraging Wunderlich Securities and the Representatives to refer additional Clients to Wunderlich Securities and First Clearing and to promote participation in the Programs, even when such recommendations or Programs do not materially benefit the Client, and may be more costly than other investment alternatives available to the Account.

No assumption can be made that any particular fee arrangement, including wrap fee arrangements, timing services, or portfolio management services of any nature will provide better returns than other investment strategies. Use of "wrap fee" programs offered by Wunderlich Securities or a Third-Party Adviser may result in the payment of total fees in excess of the combined amount the Client or person would have paid for the same or similar advisory services, plus the cost of brokerage commissions charged per transaction.

### **Negotiation of Program Fees.**

Subject to any requirements or limitations imposed by Third-Party Advisers or investment programs, and to Wunderlich Securities' internal policies and procedures, each referring Representative: (i) negotiates with his or her Clients the Account values ("breakpoints"), if any, at which the Program Fee will be discounted, subject to the maximum fees adopted by Wunderlich Securities, and (ii) determines on a Client by Client basis the Accounts which will be included in the same "household" for purposes of calculating the Program Fee. The actual Program Fee per Program and the breakpoints, if any, will be shown in the Account's Advisory Agreement. The breakpoints, if any, for each Program will be based on the aggregate value of all Accounts in the same household. The Representative usually does not negotiate the fees payable to Third-Party Advisers or the breakpoints established for third-party investment programs.

Program Fees and terms are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, the requirements of the particular Representative, the Client's relationship with the Firm and the Representative, the size of the Account, the potential for other business or Clients, the amount of work anticipated, and the attention needed to manage the Account. among other factors.

Clients should be aware that Third-Party Advisers may not be willing to negotiate their fees, and Wunderlich Securities is not authorized to negotiate a Third-Party Adviser's Fees. Clients who engage a Third-Party Adviser or Investment Program are directed to the Form ADV-Part II or substitute disclosure document for the Third-Party Adviser or Investment Program and any separate written agreement between the Client and the Third-Party Adviser or Investment Program for more complete information regarding the terms and conditions of the Client's relationship with the Third-Party Adviser or Investment Program.

### **Changes in the Client's Circumstances.**

The Client's account will be managed to achieve the Account's objectives, within a range of volatility, using investment strategies consistent with the Suitability Information that Client has provided. If any material changes occur in an Account's Suitability Information, such as changes in the Client's personal or financial situation, or the Account's investment objectives, tolerance for risk or volatility, liquidity needs, or investment time horizon, the Account's investments or strategies, or any third-party programs or advisers may no longer be suitable.

Clients are advised to contact the Representative or Wunderlich Securities in the event of any such changes, so that we can evaluate the potential impact such changes may have for the Client's Account, and to identify other means to achieve the Client's overall goals.

### **Termination of Advisory Agreement.**

The Advisory Agreement may be terminated by Wunderlich Securities or the Client at the time and on the terms stated in the Advisory Agreement, or if none is stated, then upon notice to the other party. Such termination shall not, however, affect liabilities or obligations incurred or arising from transactions effected for the Account or actions otherwise taken under the Advisory Agreement prior to such termination, and shall not affect agreements intended to survive such termination, including the provision regarding arbitration, which shall survive any expiration or termination of the Advisory Agreement. Upon termination, Client shall have the exclusive responsibility to monitor the securities in the Account, and neither Wunderlich Securities, WCM, nor the Representative shall have any further obligation under the Advisory Agreement to act or advise with respect to the Account or those assets.

### **Information Regarding the Custodians.**

First Clearing and Fidelity are approved to be Custodians for the Programs; however, this is subject to change without prior notice. Clients should be aware that First Clearing or Fidelity (or other approved Custodian, if any) may charge Clients additional fees or expenses over and above the costs covered by the Advisory Agreement. It is Client's responsibility to review the Account documents from their respective Custodian to determine the amount of fees charged by for First Clearing's or Fidelity's (or other Custodian's) services with respect to the Account.

### **General Fee Practices.**

Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by the portfolio manager on a consistent basis. Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory Client.

Unless otherwise provided in the Advisory Agreement, the Program Fee will be calculated on the basis of a 365-day year so that the Program Fee payable for each quarter will be based on the actual number of calendar days in that quarter; provided, the portfolio manager may calculate fees on the basis of a 360-day year, and 90-day calendar quarter, in its discretion on a consistent basis.

### **Additional Services by the Representative.**

Certain Representatives may agree to provide the Client with additional services not included in the Advisory Agreement with Wunderlich Securities (the "Additional Services"). The Additional Services, if any, must be described in a separate agreement between the Client and Wunderlich Securities (if the Additional Services will be provided on behalf of Wunderlich Securities) or between the Client and the Representative or the Representative's separate firm (if the Additional Services are being provided by the Representative (or the Representative's separate firm) in his, her, or its separate capacity. Wunderlich Securities does not supervise and is not responsible for any Additional Services which are provided by the Representative or the Representative's separate firm in his, her, or its separate capacity.

### **Model Portfolios.**

Certain Representatives may use model portfolios that they (or a third-party) construct and adjust from time to time to achieve specific investment objectives. Representatives who use model portfolios will manage each model portfolio to maintain its stated objective. During the initial discussions with a Client, these Representa-

tives will help the Client to select a suitable model based on the Suitability Information; however, it will be up to the Client to select the model portfolio for which the investment objective and other characteristics are suitable for the Client. These Accounts will be managed to reflect the objective of the model the Client selected. If the Client's situation changes, this objective may no longer be appropriate. Clients are advised that if as a result of any change in their personal circumstances, financial situation, investment goals or objectives, or tolerance for risk the objective of the selected model portfolio is no longer suitable for the Client, the Client should contact the Representative or Wunderlich Securities promptly in order to identify another model that meets the Client's needs.

**Possibility of Lower Fees for Comparable Services.**

Clients should be aware that lower fees for comparable services may be available from other brokers, investment advisers, custodians, or other market or trading intermediaries.

**Additions or Withdrawals.**

Unless otherwise limited by First Clearing, Fidelity or an agreement with a Third-Party Adviser or Third-Party Investment Program, and subject to usual and customary securities settlement procedures, Clients may make additions or withdrawals from their Account at any time. No fee adjustment will be made for appreciation or depreciation in the value of any Account during any fee calculation period. Unless expressly provided in the Advisory Agreement, no refund or other adjustment of a Program Fee already paid will be made as a result of a decline in the value of the Account (whether due to market losses or withdrawals); provided, in the event the Advisory Agreement is terminated within 5 days after execution, a full refund will be made, as provided in the Advisory Agreement or this Brochure.

In the event of additions to the Account, a prorated Program Fee will be charged based on the number of days remaining in the calendar quarter in which such addition was made. The Account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the Account during a month.

**Direct Debiting of Program Fees.**

The Advisory Agreement will provide that the Custodian will pay the Program Fees as instructed by Wunderlich Securities' or a Third-Party Adviser, without further inquiry and without prior notice to or consent of the Client. All Account assets, transactions, and Program Fees will be shown on the monthly or quarterly Account statements provided by the Custodian.

**Certain Accounts Pay Lower Program Fees.**

The Program Fees are negotiable by Wunderlich Securities, WCM, or the Representative, in their discretion. Please refer to the section titled, *Negotiation of Program Fees*, for a discussion of factors that may influence the decision to negotiate Program Fees or commissions.

Wunderlich Securities may offer significantly lower commissions or more favorable Program Fee arrangements for personal friends, relatives, or others with whom the Firm or Representative have established personal or family relationships.

**Other Fees and Charges.**

In addition to the Program Fees, the Client will be responsible for any other fees and charges described in the Advisory Agreement, as well as any fees charged pursuant to the Client's agreement with a Third-Party Adviser, if any, and any other applicable fees or charges described in this Brochure or in any agreement between the Client and the Custodian or other third parties.

In the Advisory Agreement, the Client will acknowledge that First Clearing, Fidelity and Wunderlich Securities are permitted to route client orders for over-the-counter and listed equity securities to selected market makers or centers for execution. First Clearing, Fidelity and Wunderlich Securities may receive compensation in the form of a per-share cash payment for directing order flow to these market makers or centers.

**Mutual Funds and Expenses.**

If the Client's Account is invested in mutual funds or exchange-traded funds ("ETFs"), the Program Fees (and the fees of any Third-Party Adviser) will be separate and distinct from the fees and expenses charged by the

mutual funds and ETFs to their shareholders. Additionally, mutual funds may impose a contingent deferred sales charge ("CDSC") or redemption fee if shares are sold within a short time period, usually within 30, 60 or 90 days from the date of purchase. The CDSC or redemption fee is generally one percent. Mutual funds and ETFs will also charge a management fee, transaction costs, and a possible distribution or service fee made pursuant to a plan adopted under SEC Rule 12b-1 (a "12b-1 Fee").

Mutual fund and ETF fees and expenses are described in each fund's and ETF's prospectus. A Client could invest in mutual funds and ETFs directly, without the services of Wunderlich Securities or a Representative (or a Third-Party Adviser, if any). In that case, the Client would not receive the services provided by Wunderlich Securities or the Representative (or any Third-Party Adviser), which are designed, among other things, to identify mutual funds or ETFs which are appropriate in light of the Client's objectives, needs, and circumstances. Accordingly, Clients should review the fees charged by the funds and ETFs in which their Accounts are invested in evaluating the costs of the services being provided. *See the Discussion of Additional Compensation, for further information regarding 12b-1 Fees and other compensation that Wunderlich Securities and the Representative may receive.*

Cash in the Account that is awaiting investment or reinvestment may be invested in cash balances or Money Market Funds, pursuant to an automatic cash "sweep" program. The adviser to these funds may be First Clearing (or its affiliate) or other Custodian (or an affiliate of the Custodian). Wunderlich Securities' agreement with First Clearing provides that it may compensate Wunderlich Securities based on the balances of Client Accounts in such sweep accounts. Consequently, the possibility of this compensation creates an incentive for Wunderlich Securities to make decisions for the Account which would have the effect of increasing this compensation. Wunderlich Securities and First Clearing (or its affiliate) may also receive from the money market fund distribution payments pursuant to Rule 12b-1 under the Investment Company Act of 1940. Such compensation or payments are not credited back to Client in calculating the Program Fees.

#### **Trade Errors.**

On infrequent occasions, an error may be made in a Client Account. For example, a security may be erroneously purchased for a Client Account instead of sold. In these situations, if Wunderlich Securities was responsible for such error, Wunderlich Securities' policy is to restore or return the Account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the Account.

#### **Amendment and Assignment of the Advisory Agreement.**

The Advisory Agreement for each Program provides that it shall not be assigned without the Client's consent. The Advisory Agreement for the WIN Advisory Program, the WSI Program, and the CAP Program provide that Wunderlich Securities has the right to modify or amend any provision upon at least 60 days' written notice to the Client, and that Wunderlich Securities is permitted to use "negative consent" to obtain the Client's consent if it follows the procedures for negative consent contained in no-action letters, releases, or other materials issued by the SEC or its Staff.

#### **Valuation of the Account.**

Except as otherwise provided in an Advisory Agreement, the "value" of an Account (and any asset of the Account) in any of the Programs shall be the sum of the long and short market values of all cash and securities (including without limitation stocks, bonds, mutual funds, money market funds, and ETFs), and the credit balances and cash balances in any Depository Product or similar bank demand deposit account. Margin debit balances do not reduce the value of the Account. In determining such values, Wunderlich Securities will use the prices as of the close of trading on the trade date nearest to the date such valuation is being calculated, as reported by First Clearing or Fidelity (as applicable) through the electronic information system provided to Wunderlich Securities.

If such values are not available from First Clearing or Fidelity, or if the Firm believes a value reported by First Clearing or Fidelity does not accurately reflect the fair value of the Account or any asset of the Account, the Firm will consider the following, among other information, in determining the fair value: the bid prices of the last recorded transaction for listed securities, options and over-the-counter NASDAQ securities; for mutual

funds, fund's most recently reported net asset value, as computed by the fund company. In so doing, we will utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value

**Effects of Margin on Account Value; Conflicts of Interest.**

To the extent margin is used in Client's Account, Client should be aware that the margin debit balance will not reduce the market value of the Account's assets, and will therefore increase the Program Fee charged to the Client. The increased Program Fee may provide an incentive for Wunderlich Securities and the Representative to recommend portfolio strategies or Third-Party Advisers who use margin strategies.

**Risk of Margin.**

The use of margin is not suitable for all investors, since it increases leverage in Client's account and therefore its risk. Please see the Margin Disclosure Statement and the Account Terms and Conditions for more details on the risks of margin use.

**Fees, Expenses and Other Amounts Not Covered by the Program Fee – Excluded Items.**

For Accounts that participate in Programs other than the wrap fee programs, except as specifically provided in the Client's Advisory Agreement, the Program Fee does not cover amounts the Account is charged for any of the following (the "Excluded Items"): commissions or sales charges of Wunderlich Securities, First Clearing, Fidelity or any other broker, dealer, electronic communication network, or other market or trading intermediary; dealer markups or markdowns (including offering discounts, concessions, omissions and related fees for underwritten public offerings of securities); odd lot differentials; custodial or other fees charged by First Clearing or Fidelity; postage and handling fees; wire transfer fees; transfer taxes; exchange fees; non-brokerage fees, such as IRA fees; and account termination fees. Client authorizes First Clearing or Fidelity to pay such amounts from the Account, separate and apart from payment of the Program Fees or other amounts owed to Wunderlich Securities.

For Accounts that participate in the Wachovia Programs or the WSI Program, the Excluded Items are the same as described above, except, the Program Fee does include (and therefore, the Excluded Items for these Programs would not include), the following: the brokerage services of Wunderlich Securities and First Clearing in connection with the purchase or sale of securities for the Account; clearance and settlement services of First Clearing related to such transactions; and custodial services of First Clearing for the Account's assets.

**Wunderlich Securities Will Charge More than Its Costs.**

Clients should be aware that the amounts to be charged to an Account for services, fees, expenses, or costs that Wunderlich Securities has performed, incurred, advanced, or paid on the Account's behalf (whether or not billed to the Client, the Account, or Wunderlich Securities) will include a reasonable profit, unless prohibited under the Client's Advisory Agreement or applicable laws, regulations, or rules.

The existence of this profit creates a conflict of interest which could influence Wunderlich Securities' recommendation of Programs or services which might increase Wunderlich Securities' profits, even though alternatives may be available which might benefit the Client, but which do not provide equivalent economic benefits to Wunderlich Securities.

**TYPES OF CLIENTS**

Wunderlich Securities provides investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

**TYPES OF INVESTMENTS**

The Representative, acting on behalf of Wunderlich Securities, may provide advice regarding the following: domestic or foreign issues of exchange-listed or over-the-counter equity securities, warrants, corporate debt

securities, commercial paper, certificates of deposit, municipal securities, mutual funds, ETFs, US Government securities, options, unit investment trusts, or money market instruments. To the extent in compliance with state insurance agent requirements, a Representative may also provide advice regarding variable annuities and variable life insurance.

Certain Representatives serve as manager or general partner of limited liability companies, limited partnerships, or similar entities which they previously recommended to Clients. These entities are not currently being recommended to new investors who are advisory clients of the Firm.

The Wachovia Programs may encompass: 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 and 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; money market funds, exchange-traded fund shares ("ETFs"); closed-end mutual fund shares; certain wrap class alternative investments, such as hedge funds and managed futures funds; and mutual fund shares from Wachovia'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. Some of the funds may be advised by, or otherwise affiliated with, Wachovia or First Clearing (or their affiliates).

ETFs are a type of investment company that aims to achieve the same return as a particular market index. They can be either open-end companies or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

ETFs offer the ease of stock trading. ETFs can be purchased on margin, sold short, or held for the long term. Representatives may recommend the use of ETFs to achieve market exposure consistent with the index on which the ETF is based, through one security. Investment returns and principal value will fluctuate so that an Account's ETF shares, when sold, may be worth more or less than the original cost.

The WIN Advisory Program may encompass 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 and 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; money market funds, ETFs; closed-end mutual fund shares; certain wrap class alternative investments, such as hedge funds and managed futures funds; and mutual fund shares. Some of the funds may be advised by, or otherwise affiliated with, Fidelity.

## **METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES**

In providing advisory services on Wunderlich Securities' behalf, a Representative may utilize or rely on financial newspapers and magazines, corporate rating services such as Morningstar, annual reports, prospectuses and press releases, research reports and analysis of performance provided by the Custodian, Wunderlich Securities, or other third parties, and publicly available research and reports.

Subject to the terms of the Client's Advisory Agreement or as otherwise provided in this Brochure or in any WSI Disclosure Document or Wachovia Disclosure Document, each Representative may determine the strategies to be used to achieve the objectives of the Account, which may include, among others, long-term purchases, short-term purchases, trading (securities sold within 30 days), short sales, margin transactions, or option transactions or strategies. Each Representatives may choose to use any one or more of these or other strategies. If a Third-Party Adviser or other investment manager is engaged to provide services under a Pro-

gram, that Third-Party Adviser or investment manager will determine the strategies and investments to be used with respect to any Account it manages.

**Wachovia Programs - Methods of Analysis and Investment Strategies.**

The Wachovia Programs employ a variety of investment strategies depending on the manager, the Client, and the Client's Suitability Information. Such strategies ordinarily may (or may not), for any particular Client include long or short-term purchase of securities, trading, short sales, margin transactions, and where suitable for the Account and consistent with the adviser's style, supplemental covered option writing.

In the PIM Program, each Representative may use any of the strategies identified above, or develop others to achieve the objectives of their individual Clients. The strategies of the Third-Party Advisers selected by Clients in the Wachovia DMA, Masters, Network, and Evergreen Customized Portfolios are described in the applicable Wachovia Disclosure Document, and in each such adviser's separate Disclosure Document to be provided to the Client prior to designation of such adviser.

Investment decisions for Wachovia Compass Advisory Clients are derived from disciplined model portfolios based on established guidelines as modified to satisfy the individual investment objectives and needs of each Client. Investment recommendations for Asset Advisor and CustomChoice Clients are based on an analysis of the Client's individual needs, and are drawn from research and analysis the Firm believes reliable. The mutual funds available for Clients in the Asset Advisor and CustomChoice program are from the Wachovia Allowable List of funds.

The investment strategies used by Wachovia and Russell, respectively, in the FundSource and Pathways Programs for the Optimal Blends represent certain mutual funds and target allocations for a number of investment strategies based on the Client's individual needs. Client may customize this portfolio by selecting the Customized Blend option.

To the extent margin is used in an Account, Client should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee charged to the Client. The increased asset-based fee that Clients pay may provide an incentive for their Representative or Wunderlich Securities to recommend portfolio strategies or third-party managers who use margin strategies. The use of margin is not suitable for all investors, since it increases leverage in Client's Account and therefore its risk. Please see the Margin Disclosure Statement and the General Account Agreement from Wachovia and First Clearing for more details on the risks of margin use.

**WIN Advisory Program - Methods of Analysis and Investment Strategies.**

The WIN Advisory Program employs a variety of investment strategies depending on the Client and the Client's Suitability Information. Such strategies ordinarily may (or may not), for any particular Client include long or short-term purchase of securities, trading, short sales, margin transactions, and where suitable for the Account and consistent with the adviser's style, supplemental covered option writing.

**WSI Program – Methods of Analysis and Investment Strategies.**

As portfolio manager for the WSI Program, Wunderlich Capital Management ("WCM") strives to produce investment results that exceed the return of its benchmarks while attempting to control volatility. Their goal is to provide superior long term capital appreciation by investing in relatively large capitalization companies that we believe possess above average growth prospects and trade at attractive valuation levels. They believe that growth at a reasonable price philosophy may lead to more favorable relative returns on a more consistent basis than investment programs that follow traditional "value" and "growth" strategies.

WCM builds equity portfolios by combining a top-down approach to industry sectors with a bottom-up approach to stock selection. First, they identify industries that have shown the ability to deliver stronger financial results on a consistent basis in a variety of economic cycles and in which demand often continues even in difficult periods. The main example is the consumer non-durable sector (food, beverage, household products, personal care) that we find particularly attractive given that they are repeat purchase businesses with no real substitutes, particularly if a strong brand has been developed. Second, is the identification of sectors positioned to

benefit from a cyclical upturn due to strengthening economic conditions and favorable supply/demand dynamics. Industry sectors within the Basic Materials, Energy, Capital Goods, and Transportation groups, among others, may be chosen under this approach. Third, is the identifying of major themes and secular trends in the economy, politics, business, technology, demographics, etc., and determine which industries will benefit most from these trends. Examples of significant themes/trends include the graying of America, financial industry deregulation, telecommunications deregulation, utility deregulation, technological revolution, globalization and outsourcing non-core business functions and the need to substantially upgrade its energy infrastructure.

After WCM determines the industries that may provide superior investment performance, WCM then focuses efforts on the specific companies within each industry and determine which firms are positioned for future growth. Attributes WCM looks for include quality management teams with sound business strategies and histories of building shareholder value, superior products/services, low cost producer status, and strong balance sheets. In addition, WCM strives to determine a company's relationship with both its suppliers and customers to determine if any purchasing or bargaining power exists and to identify potential substitutes. In evaluating management's ability and a company's relative attractiveness, WCM looks for above-average revenue growth, profit margins, EPS growth and return on capital.

Finally, given the market capitalized industry weightings of the S&P 500, WCM strategically weighs its portfolios to emphasize those sectors its research shows may be expected to outperform. Generally, we try to limit its exposure to any one industry group at 2x its S&P weighting and to any one stock at 5% at cost. Note that the weightings of industries and specific stocks in its portfolios are determined not only by favorable growth prospects and financial characteristics but also by a strict valuation discipline. Put simply, we believe great companies make great investments when they are purchased at attractive valuations. The price we are willing to pay for a company is dependent on its growth prospects, its relative valuation within its industry, its valuation compared to the S&P 500 average, the level and direction of interest rates, and the degree of consistency (visibility) in a companies financial results. We may choose to defer investment in particular sectors regardless of near term growth prospects if we believe current valuation levels are unsustainable.

After compiling an approved list of companies, WCM sets price objectives on each security based on historical valuations and revenue and EPS growth forecasts relative to the S&P 500 and comparable companies. WCM then sets buy targets on each stock that will allow a sufficient return relative to its price objective. Our buy targets are used only as general guidelines in determining attractive entry points.

Investments are made with an 18-month to three-year time horizon. Strategies will tend to be weighted towards six to seven industry groups and may have no exposure to certain of the ten S&P industry groups. However, we do feel that a sufficient number of industries will be represented to provide proper diversification.

**Equity Research.** Equity investment ideas originate from a broad number of sources. We receive investment ideas and research from Wunderlich Securities and its clearing broker-dealer, First Clearing, LLC ("First Clearing") and First Clearing's affiliate, Wachovia Securities, Inc ("Wachovia"). WCM also receives research from several other financial services firms. We also utilize contacts within the money management community and subscribe to several financial publications and rating agencies (i.e. newspapers, magazines, Internet services, Standard & Poor's, and the Value Line Investment Survey).

Prior to making an investment in a particular company, we determine the company's competitive position within its industry, contrast its growth prospects and financial performance with that of its main competitors, and determine if it is trading at an attractive relative valuation. We also compare its growth prospects and valuation to the S&P 500 and to existing portfolio companies.

WCM may utilize commercially available software and databases to obtain additional information on securities that may be selected for the Accounts. WCM may rely on third-party services for research and for recommendations regarding asset allocation models or buy and sell indicators to use in managing the Accounts.

The investment vehicles, investment strategies, investment objectives, and the amount of risk of losing principal vary widely among current and future Strategies. For example, certain Strategies may utilize a concentrated investment strategy whereby a high percentage or all of an Account may be invested in the securities of a li-

mitted number of companies or in a limited number of asset classes or market sectors. As a result, these Accounts will not be diversified and will likely be more volatile than other Accounts whose investments are more diversified. It is likely that the performance of these Accounts will differ significantly from that of the broad equity market. Other Strategies may employ other investment vehicles or strategies which also carry a high degree of volatility and risk of loss of principal.

Prior to participating in the Program or any of the Strategies, Clients should ensure that they fully understand these issues, ensure that the Strategy they select meet their goals, objectives, and financial situation, and ensure that they are able to bear the risks of the Strategy they select.

#### **Strategies for CAP Program.**

As described above, for the CAP Program, the Representative will develop particular strategy for a Client, depending on the Client and the Client's Suitability Information. Such strategies ordinarily may (or may not), for any particular Client include long or short-term purchase of securities, trading, short sales, margin transactions, and where suitable for the Account and consistent with the adviser's style, supplemental covered option writing.

#### **Strategies for Financial Planning Services.**

For Clients who receive financial planning services, investment techniques and strategies recommended in a financial plan generally will involve long-term or short-term holdings of securities or other investment products, and insurance and trust strategies, depending on the Client's Suitability Information.

### **EDUCATION AND BUSINESS BACKGROUND**

As a minimum qualification for providing advisory services, Wunderlich Securities requires a college degree or satisfactory past business experience in the area in which the employee is employed, plus the required industry examinations and registrations, if any. The educational and preceding five years business background of key officers of Wunderlich Securities providing guidance to the Programs are as follows:

*Gary K. Wunderlich, Jr., Chairman and Chief Executive Officer. Born: 1970*

Mr. Wunderlich and some partners acquired Crisler Tipton and Company in July of 1996 and subsequently changed the name to Wunderlich Securities, Inc. Prior to his employment at Wunderlich Securities, Mr. Wunderlich formed and ran a broker dealer for Brookfield & Company in Memphis. This broker dealer, called Brookfield Wunderlich, Inc., focused solely on private placements and advisory work for its Clients. Mr. Wunderlich was employed there from 1994 until 1996. Prior to his employment at Brookfield, Mr. Wunderlich was an investment representative at Progressive Capital Securities Corp. His primary responsibility was the placement of limited partnership units with accredited investors. He was employed at Progressive from 1992 until 1994. Prior to joining Progressive, Mr. Wunderlich was a student at the University of Virginia where he earned a Bachelors of Arts degree in Economics. In addition to his degree in Economics Mr. Wunderlich holds an MBA from the University of Memphis in Finance. Civically Mr. Wunderlich serves on the Boards of the Greater Memphis Arts council, The Children's Museum of Memphis and the Memphis Botanic Garden. He is a former Board member of Presbyterian Day School.

*Stephen Bonnema, Chief Operating Officer Born: 1962*

Mr. Bonnema joined Wunderlich Securities in December 2001. Mr. Bonnema has served in various compliance, regulatory and financial positions and has extensive experience in all aspects of broker/dealer accounting and systems. Mr. Bonnema's background includes five years as a regulatory examiner at the Chicago Board Options Exchange (CBOE). After CBOE, he spent 10 years at Howe Barnes Investments, Inc. (NYSE member firm) in various capacities, including Financial Controller, Operations Manager and Interim Chief Financial Officer. Mr. Bonnema held the position of CFO/COO at a smaller broker dealer that Wunderlich acquired in 2001. He received his BA in finance from Governor State University (IL).

*Philip Zanone, President Born: 1967*

Mr. Zanone joined Wunderlich Securities in 1997, after years in the private Client group at Morgan Keegan. Mr. Zanone was named President of the firm in 1999 and is in charge of the Private Client Group of Wunderlich Securities. Mr. Zanone received his B.A. from Vanderbilt University in 1990. Mr. Zanone also serves on the board of Memphis College of Art, The Assisi Foundation, and the Buckman Boys and Girls Club.

*Donald A. Ritcheson, Chief Financial Officer Born: 1968*

Mr. Ritcheson joined Wunderlich Securities in 2006. Previously, Ritcheson was Executive Managing Director and Chief Operating Officer of FTN Midwest Securities Corp., an institutional equity broker dealer owned by First Horizon National Corporation. In addition to being a member of the Board of Directors, he was ultimately responsible for the Finance, Compliance and Operations areas of the firm. Prior to being named Chief Operating Officer of FTN Midwest Securities, Ritcheson was the Chief Financial Officer of FTN Financial Securities Corp., an institutional fixed income broker dealer owned by First Horizon National Corporation. Prior to joining First Horizon, Ritcheson was Chief Financial Officer for Legacy Securities Corp. and Llama Company, two boutique investment banking and retail brokerage firms.

*Tracy L. Wiswall, Chief Compliance Officer Born: 1973*

Mr. Wiswall was formerly a Senior Compliance Examiner in the Routine Investigations section of the District 5 Office of the NASD. He joined Wunderlich Securities in May of 2004 to head the Compliance Department. Since his arrival he has helped to redefine the department by leveraging his knowledge and experience as a securities regulator, along with implementing many new technological tools, in order to redesign the firm's compliance and supervisory systems. Mr. Wiswall and his staff are tasked with continually updating, implementing and enforcing policies and procedures to ensure continued compliance with all applicable federal, state and self-regulatory rules and laws.

*J. Walker Hays, IV, Managing Director Born: 1966*

Mr. Hays joined Wunderlich Securities in 1997. Previously, Mr. Hays worked in the Private Client Group of Morgan Keegan & Company, Memphis, Tennessee, for 5 years and in the Metropolitan Lending division of National Bank of Commerce (now SunTrust Bank) for 4 years. He has been active in the management of the retail and support divisions of Wunderlich Securities, Inc. He is a Managing Director of the company and has been a member of its Board of Directors since 1997. Mr. Hays received his B.A. from Washington and Lee University in 1988. He currently serves on the boards of The James Group, LLC (a commercial insurance agency), The Mid-South Chapter Washington and Lee Alumni Association, and the Junior League of Memphis Community Advisory Board.

*Martin Gaia, Managing Director Born: 1962*

Mr. Gaia joined Wunderlich Securities in 1997. Previously, he spent 7 years in the private Client group at Morgan Keegan & Company, Memphis, Tennessee. Mr. Gaia is the syndicate manager and its brokerage firm's insurance principle. He also manages all mutual fund and fee based wrap programs. Mr. Gaia received a B.B.A. in Finance from the University of Memphis in 1989.

*Jerry Cline, President CSA Division Born: 1955*

President, Capital Securities of America Division of Wunderlich Securities - March, 2007 to present. President, Capital Securities of America, Inc. - April 1994 to March 2007. Mr. Cline attended Denison University. He is registered as a Municipal Securities Principal.

*Brian Mohny, Chief Operating Officer Born: 1971*

Chief Operating Officer, Chief Financial Officer, Capital Securities of America Division of Wunderlich Securities, March 2007 to present. Chief Operating Officer, Chief Financial Officer, Capital Securities of America, Inc., an SEC-registered broker-dealer and investment adviser, March 1997 to March 2007. Mr. Mohny attended Pittsburgh University. He is registered as a Supervisory Registered Options Principal

*Philip Wunderlich, Chief Investment Strategist Born: 1971*

Chief Investment Strategist of Wunderlich Securities, Inc. – June 1998 to Present. President and Chief Investment Officer of Wunderlich Capital Management, October 1999 to present. Mr. Wunderlich has sole responsibility for the day-to-day operations of Wunderlich Capital Management and makes all portfolio invest-

ment decisions. He has broad experience within the securities industry having worked in both investment banking and equity research, bringing a unique insight into the idiosyncrasies of Wall St. given the often-conflicting interests between these departments. Mr. Wunderlich has served as Equity Research Director at Wunderlich Securities since June of 1998. After graduating with a B.S. degree from the McIntire School of Commerce at the University of Virginia in 1994, he joined Smith Barney's corporate finance department in New York as a financial analyst. Prior to joining Wunderlich Securities, Mr. Wunderlich was an analyst in the equity research department at J.C. Bradford & Co. in Nashville. Mr. Wunderlich has been awarded the right to use the Chartered Financial Analyst (CFA) designation by the Association for Investment Management and Research (AIMR).

*David Claibourne, CCO of the CSA Division*      *Born: 1977*  
Bowling Green State University, BBA 2001  
Ashland University, MBA 2008  
Wunderlich Securities, Inc. – June 2008 to Present  
NatCity Investments- October 2002 to June 2008

## **OTHER BUSINESS ACTIVITIES & FINANCIAL INDUSTRY AFFILIATIONS**

Wunderlich Securities' principal executive officers and Representatives are registered representatives of Wunderlich Securities. Clients are under no obligation to engage Wunderlich Securities as an investment adviser or broker-dealer, to effect securities transactions, or to purchase any other products from or through Wunderlich Securities or any of the Representatives acting on its behalf.

Clients should refer to the discussion below under "Investment and Brokerage Discretion; Recommendation of Brokers," and "Additional Compensation" for further information with respect to compensation and conflicts of interest involving Wunderlich Securities and the Representatives. Although Wunderlich Securities and the Representatives will endeavor to place the interests of the Client first, the existence of certain economic benefits and other conflicts or interest, as described in this Brochure, may influence their decisions with respect to recommendations made or actions taken for a Client or an Account.

Wunderlich Securities' personnel will devote as much time to the affairs of Wunderlich Securities and its Clients as they believe is reasonably necessary to assist the Clients in achieving their investment objectives, they will not devote all or any specific portion of their working time to the affairs of Wunderlich Securities or its Clients, and they may devote a portion of their time to other matters. Further, Wunderlich Securities, its personnel, and its affiliates may organize or become involved with other Clients or in other business ventures, including other investment-related investment businesses. Such other businesses and the Clients of such businesses may compete with Wunderlich Securities and its Clients for the time and attention of Wunderlich Securities' principal executive officers and Representatives, and possibly, for limited investment opportunities, all of which may create conflicts of interest.

Representative Gary Kaltbaum is the managing member of Interpres Management, LLC which is the manager of a private fund, Interpres Fund, LLC (the "Fund"). Clients of Wunderlich Securities have been solicited to purchase interests in the Fund. The Fund's investment objective is to seek capital appreciation independent of market cycles through investments in various forms of equity securities by employing investment strategies that will encompass a broad range of investment programs and techniques that include, among other things, hedging and short sales of securities and transactions in other financial instruments such as stock options and index options. The Fund will not invest any of the Fund's assets in commodity pools, commodity futures, currencies or private placements.

Wunderlich Securities' Representative, Scott Rich, is the manager of SMR Holdings, LLC, and Lokoya Investments, LLC. Brokerage or investment adviser clients of Wunderlich Securities may have previously invested in one or more of these entities, but Clients are no longer being referred to these entities.

Certain Wunderlich Securities employees provide accounting services and insurance products to Clients. In these cases, the services are provided through independent accounting firms or insurance agencies that have

been established by the employee and are independent of Wunderlich Securities. Clients are under no obligation to accept any such services.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS; CODE OF ETHICS**

Wunderlich Securities has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Wunderlich Securities' Code of Ethics describes the firm's fiduciary duties and responsibilities to Clients, and sets forth Wunderlich Securities' practice of supervising the personal securities transactions of supervised persons with access to information regarding Client recommendations or transactions.

Wunderlich Securities or any of its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with Wunderlich Securities' Code of Ethics and other written procedures. In doing so, Wunderlich Securities or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular Client.

Individuals associated with Wunderlich Securities may buy or sell securities for their personal accounts identical to or different than those recommended to Clients. It is the expressed policy of Wunderlich Securities that no person employed by Wunderlich Securities shall prefer his or her own interest to that of an advisory Client or make personal investment decisions based on the investment decisions of Clients. Subject to the Code of Ethics, Wunderlich Securities and its employees are permitted to trade for their own accounts side-by-side and in block transactions (see below) with the firm's Clients in the same securities, and at the same time.

Some of the Representatives are licensed to sell insurance products, in some cases through separate insurance businesses. These Representatives may receive commissions, deferred sales charges, on-going servicing fees, and other compensation as a result of a Client's purchase of insurance products. Consequently, these Representatives have a conflict of interest in recommending their Client purchase insurance products. Clients are under no obligation, contractual or otherwise, to purchase any insurance or security product or service from Wunderlich Securities or any Representative.

Clients should be aware that when in any Program Wunderlich Securities charges a commission, transaction charge, postage and handling charge, or other expense, the amount paid by the Client for such expense will be more than Wunderlich Securities' out-of-pocket costs, and will include a profit for Wunderlich Securities. This profit will not be applied to or reduce the Program Fees. The existence of this compensation creates a conflict of interest which could influence Wunderlich Securities to recommend the CAP Program or other Program in which expenses with a "built-in" profit are charged, at the Client's expense.

### **Code of Ethics.**

To supervise compliance with its Code of Ethics, Wunderlich Securities requires that anyone associated with the firm who has access to information regarding Client investment recommendations or transactions must provide an initial and annual securities holdings report and quarterly transaction reports to the firm's Chief Compliance Officer. Wunderlich Securities requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements (limited offerings).

Wunderlich Securities requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Wunderlich Securities' Code of Ethics also includes the firm's policy prohibiting the use of material non-public information. Any individual who fails to abide by the firm's Code of Ethics may be subject to discipline. Wunderlich Securities will provide a copy of its Code of Ethics to any Client or prospective Client upon request to the Chief Compliance Officer at Wunderlich Securities' principal address.

Nothing in this Brochure or otherwise shall impose upon Wunderlich Securities or any Representative any obligation to purchase or sell, or to recommend for purchase or sale, for any Accounts any security which Wunder-

lich Securities or any of its principals, officers, affiliates, employees or Representatives purchase or sell for their own accounts or for the accounts of other Clients, unless not to engage in such activity would violate Wunderlich Securities' fiduciary duty.

## **CONDITIONS FOR MANAGING ACCOUNTS**

Generally, a Client must maintain a minimum of value of assets in an Account ("Account Minimum"), subject to negotiation or waiver by Wunderlich Securities. Wunderlich Securities may waive the Account Minimum or require a higher or lower minimum for each Representative, in its sole discretion. The Account Minimum varies by Program. Each Third-Party Adviser or other investment manager who manages the assets of an Account may set their own Account Minimum.

Subject to the specific terms of each Client's Advisory Agreement, or as otherwise disclosed in a Program's separate Disclosure Document, if the aggregate value of the Client's Account falls below the Account Minimum, Wunderlich Securities or other manager has the right to either require deposit of additional amounts to bring the value of the Account up to the Account Minimum or close and liquidate the Account and send the proceeds to the Client in accordance with the Client's written delivery instructions.

Subject to the specific terms of each Client's Advisory Agreement, the current Account Minimums for the Programs are as follows:

### **Standard Account Minimums**

#### **Wachovia Wrap Fee Programs:**

Diversified Managed Allocations	\$150,000**
Masters Investment Consulting Services	\$100,000**
Network	\$100,000**
Wachovia Compass Advisor	
<u>Individual Strategies</u>	
Blue Chip	\$50,000
Value Investors	\$50,000
Asset Allocation Strategies	
<u>Growth and Income</u>	
Conservative Growth and Income	\$200,000
Moderate Growth and Income	\$100,000
Long-Term Growth and Income	\$100,000
<u>Growth</u>	
Conservative	\$200,000
Moderate	\$200,000
Long-Term	\$150,000
Wachovia Compass ETF Advantage	
Conservative Income	\$50,000
Conservative Growth	\$50,000
Moderate Growth	\$50,000
Long-Term Growth	\$50,000

Customized Portfolios from Evergreen Investments

Equity	\$1,000,000
Taxable Fixed Income	\$2,000,000
Tax Exempt Fixed Income (Municipals)	\$2,000,000
Asset Advisor	\$50,000
Custom Choice	\$25,000
FundSource	\$25,000
Pathways	\$25,000
PIM	\$50,000

\*\* Subject to manager minimums

**Wunderlich Securities Programs:**

WIN Advisory Program	\$50,000
Wunderlich Securities Wrap Fee Program	\$250,000
Capital Securities of America Advisor Program	\$50,000

**REVIEW OF ACCOUNTS & REPORTS**

**Reviews and Reviewers.**

Wunderlich Securities considers account reviews a continuous process, with the frequency and nature of the review dependent on a number of factors and situations, such as: whether the Account is managed on a discretionary basis, the buying or selling of a security, balancing gains/losses for tax planning, raising or lowering cash based on market conditions, investing new capital contributions, and adjusting overall portfolio composition to maximize returns given current market conditions.

At various times, depending the nature and reason for the review, Wunderlich may review the suitability of the Program in which the Account participates, the securities held within the Account, the Account's Suitability Information. The Firm employs branch office managers who are responsible for performing reviews quarterly and the number of Accounts assigned depends upon the size of the branch. In addition, Wunderlich Securities' Compliance Department will periodically review the transactions in the Accounts.

In the WSI Program the Representative will monitor the investments in the Representatives' Accounts on a continuous basis, and will review the Accounts monthly in light of the Accounts' stated investment objectives and any guidelines. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment.

WCM also reviews the WSI Program Accounts continuously for allocation according to WCM's asset management system. Accounts are reviewed regularly by WCM's portfolio manager or administrative staff to ensure that they are correctly allocated according to Client's selected portfolio. At least quarterly, WCM will notify the Client in writing to contact WCM or the Representative if there have been changes in the Account's financial situation or investment objectives, or if Client wishes to impose or modify any reasonable Account restrictions. At least annually, the Client will also be contacted to determine if there have been any changes in the Account's financial situation or investment objectives, or if the Client wishes to impose or modify any reasonable account restrictions. Philip Wunderlich will be responsible for overseeing all reviews.

In addition to the reviews described above, each Account established under the Wachovia Private Investment Management Program ("PIM Program") is reviewed upon the inception of the Account when a Client's investment objective and strategy are reviewed for approval and consistency with PIM Program guidelines. Thereafter, PIM Accounts are reviewed on a transaction, monthly, quarterly or annual basis, as applicable, by the Representative. In addition, Wunderlich Securities' Compliance Department will periodically review the transactions in the Accounts.

All CAP Accounts and WIN Advisory Accounts for Clients are reviewed at least quarterly by the Representative. The reviews include a review of the investments in the Account and the investment performance of the Account during the previous quarter.

### **Reports.**

All Clients (other than financial planning Clients) will receive from the Custodian for the Account (either First Clearing, Fidelity or other Custodian):

- 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; and
- a statement of Account activity, holdings, fees and expenses at least quarterly.

The Advisory Agreement for some Programs may provide for additional reports, such as from Wachovia with respect to the Wachovia Programs. Accounts will receive performance or other reports only as specifically provide in the Advisory Agreement.

Generally, the following Program Accounts will receive performance (or similar) reports, usually quarterly:

- All Wachovia Program Accounts will receive periodic (generally quarterly) portfolio performance reports of the Account which will include a review and evaluation of the Account's portfolio in light of the Account's investment goals and objectives. Each performance report will include a reminder to the Client to contact Wunderlich Securities or the Representative if there are any changes in the Suitability Information, and will also disclose a method by which the Client may make such contact.
- All CAP Accounts and WIN Advisory Accounts receive quarterly performance reports, including information regarding the allocation of the assets in the Account among various asset classes, and the investment performance of the Account during the prior quarter.

### **Financial Planning Clients.**

The Accounts of Clients receiving financial planning services will be reviewed, if at all, as provided in the Advisory Agreement. The review will be conducted by the Representative, unless otherwise stated in the Advisory Agreement. Financial planning Clients will receive only the reports described in their Advisory Agreement.

### **Quarterly and Annual Notices and Contacts.**

With respect to each Account:

- the Representative will obtain sufficient Suitability Information to be able to provide individualized investment advice to the Client, and the Account will be managed by the Representative, Third-Party Adviser, or other investment manager, on the basis of the Client's Suitability Information, including any reasonable investment restrictions the Client may impose;
- at least annually, the Client will be contacted to determine whether there have been changes in the Suitability Information, including whether the Client wishes to impose new investment restrictions or modify existing restrictions;
- at least quarterly, the Client will be notified in writing to notify Wunderlich Securities or the Representative if there have been changes in the Suitability Information, including whether the Client wishes to impose new

investment restrictions or modify existing restrictions, and will be provided the means through which the Client can contact Wunderlich Securities or the Representative;

- the Representative and Wunderlich Securities will be reasonably available to the Client for consultation;
- at least quarterly, the Custodian will provide the Client with a statement reflecting all activity in the Account during the preceding period, including all transactions made on behalf of the Account, all contributions and withdrawals, all fees and expenses, and the value of the Account at the beginning and end of the period; and
- Client will retain, with respect to all securities and funds in the Account, to the same extent as if the Client held the securities and funds outside of the program, the right to:
  - o Withdraw securities or cash;
  - o Vote securities or delegate the authority to vote securities to another person;
  - o Be provided in a timely manner with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders; and
  - o Proceed directly as a security holder against the issuer of any security in the Account and not be obligated to join any person involved in the Program or any other Client, as a condition precedent to initiating such proceeding.

## **INVESTMENT DISCRETION & RECOMMENDATION OF BROKERS**

### **Discretion Over Account Investments.**

Unless otherwise stated in the Advisory Agreement, Wunderlich Securities and the Representative for the WIN Advisory Program and the PIM Program, WCM for the WSI Program, and the designated third-party manager for the other Wachovia Programs (other than Asset Advisor which is a non-discretionary Account), will have authority and discretion, to buy, sell, retain and exchange investments, and exercise such other powers as such manager deems appropriate to manage and execute transactions for the Account in a manner consistent with the Advisory Agreement and the Suitability Information. Any limitations on this discretionary authority and any reasonable restrictions that Client wishes to place on the Account must be included in the Advisory Agreement or other written Account documents reasonably required by the Program sponsor. Clients may change or amend Account limitations or restrictions at any time. Such amendments must be submitted in writing.

For the CAP Accounts, if Wunderlich Securities engages a third-party manager for the Account, Wunderlich Securities will reserve discretion to hire and fire the manager. The only limitations on Wunderlich Securities' discretionary investment authority for CAP Accounts will be those limitations imposed in writing by the Client. For the investment managers that Wunderlich Securities selects to manage Accounts, the Clients should review the manager's disclosure document(s) for more information on their policy with regard to investment or brokerage discretion.

Notwithstanding a Client's grant of discretion to Wunderlich Securities, Clients should be aware that the Representative will be responsible for determining the strategies, selecting the investments, and effecting all transactions for each discretionary Account, except to the extent a third-party manager performs such responsibilities. Wunderlich Securities will not manage a Client's Account on a day-to-day basis, and will not effect transactions for the Account, except as Wunderlich Securities deems necessary in the exercise of its supervisory responsibilities with respect to any Representative and its fiduciary duties to the Client.

### **Aggregation and Allocation of Block Orders.**

Decisions with respect to the aggregation or "block" trading of orders in discretionary accounts are made by the portfolio manager who directs the investment of the Account, which is typically the following: the Representative for the WIN Advisory Program and the PIM Program; WCM for the WCM Program and WSI Program; and the designated third-party manager for the other Wachovia Programs (except Asset Advisor, which is directed

by the Client). Clients should consult the separate Disclosure Documents for the WCM Program, the WSI Program, and the Wachovia Programs for further information regarding the manager's trading authority and practices.

Except as may be provided in a separate agreement with a Third-Party Adviser under a Wachovia Program, the Advisory Agreement authorizes, but does not require, the portfolio manager to aggregate the orders of more than one Client into one order ("Block Orders") for execution purposes and to allocate the proceeds (for sales) or the aggregate securities obtained (for purchases) among the participating Accounts according to Wunderlich Securities trading policies. To the extent any aggregated or block orders are placed, they shall be effected through an "average price" or similar account such that each Account participating in the order shares in the securities purchased or sold, price, and transaction costs pro rata (unless pro rata would be unfair under the circumstances). Proprietary accounts of Wunderlich Securities or its supervised persons may participate in block orders on the same basis as Clients.

Block trading can have the advantage of avoiding an adverse effect on the price of a security which can result from simultaneously placing a number of separate and competing orders. Also, under certain market conditions, block trading may allow trades to be executed in a more timely and equitable manner and may reduce overall commission charges because transaction costs are generally shared among Accounts included in the block. Because it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold in a block transaction, such transactions will generally be effected through an "average price" (or similar) account through which all Accounts participating in the order receive the same price and share the transaction costs pro rata. Wunderlich Securities or the Representative may allocate securities on a different basis so long as no Account is no Client is systematically advantaged or disadvantaged.

Clients should be aware that due to differences in types of investments in Clients' Accounts, and differences in Account objectives, cash positions, and other factors, neither Wunderlich Securities nor the Representative can anticipate the number of transactions, if any, that will be effected each year through block transactions. In some markets, or under certain situations, aggregation may operate to the disadvantage of an Account whose order could have been executed at a more favorable time, or under different instructions, than as part of a block.

Even where a portfolio manager has the authority to aggregate or block orders, it may be unlikely that orders will be aggregated. Each Representative manages his or her Accounts separately from the Accounts of other Representatives. Moreover, the Firm's current technology systems makes it difficult to aggregate orders among Accounts of different Representatives, particularly those in different offices or whose Clients are not in the same Program. Consequently, it is unlikely that orders for Accounts of different Representatives will be aggregated, or that orders for Accounts in different Programs which have the same Representative will be aggregated.

If orders are not aggregated, then the Clients will not receive the benefits of potentially lower costs, more timely or better execution, or volume discounts that might be obtained by Accounts whose orders are aggregated.

#### **Principal Transactions; Agency-Cross Trades.**

Wunderlich Securities may participate in transactions with the Account where Wunderlich Securities (or WCM, acting on Wunderlich Securities' behalf), acting for Wunderlich Securities' account (including without limitation, as an underwriter of new issues of securities or in transactions involving fixed income securities), buys securities from or sells securities to, the Client's Account. Wunderlich Securities may purchase fixed income securities from the issuer or a primary market-maker acting as principal for the securities on a net basis, with no brokerage commission being paid by the Client, although the price usually includes an undisclosed compensation. Transactions placed through dealers serving as primary market-makers reflect the spread between the bid and asked prices. In each principal trade, Wunderlich Securities will 1) disclose its principal capacity to the Client and 2) obtain the Client's consent before settlement of the transaction. Wunderlich Securities will also provide sufficient information regarding the transaction and Wunderlich Securities' conflicts of interest with respect to such transaction to enable Client to make an informed decision whether to consent to the transaction.

An agency-cross transaction is a transaction where Wunderlich Securities (or an affiliate) acts as an investment adviser for one client and acts as a broker for a different client. Wunderlich Securities may participate in agency-cross transactions, but only in accordance with the Advisers and SEC Rules. Wunderlich Securities will send to Client at or before completion of the transaction, such information as is required under the Advisers Act or SEC Rules. Additionally, Wunderlich Securities will send to each client, at least annually, a written disclosure statement identifying the total number of agency cross transactions since the last statement, and the total commissions or other remuneration received. Finally, all written disclosures and confirmations will include a conspicuous statement that: **CLIENT'S CONSENT TO AGENCY CROSS TRANSACTIONS MAY BE REVOKED AT ANY TIME BY WRITTEN NOTICE TO WUNDERLICH SECURITIES.**

Client will authorize Wunderlich Securities, First Clearing, and Fidelity to effect and execute brokerage transactions, including on a national exchange, as permitted by current provisions of Section 11(a) of the Exchange Act and rules promulgated thereunder and any future amendments or changes to such statutes and rules.

#### **Recommendation of Brokers & Conflicts of Interest.**

Generally, for all Programs other than the WIN Advisory Program, Clients or prospective Clients in need of brokerage services will have Wunderlich Securities, as introducing broker, and First Clearing, as its clearing broker, recommended to them. For the WIN Advisory Program, Clients or prospective Clients will have Fidelity recommended to them to effect transactions under the WIN Advisory Program. If Wunderlich Securities approves another Custodian, the Representatives may also recommend that Custodian (or its affiliate) for brokerage services. Wunderlich Securities, First Clearing, Fidelity, and other broker-dealers whose broker-dealer services are utilized in connection with a Program are referred to individually as a "Broker" and collectively as the "Brokers." When recommending a Broker (including itself and its clearing firm), Wunderlich Securities may consider the full range and quality of the Broker's services, including, among other things, execution capability, commission rate, financial responsibility, responsiveness, and the value of research provided. Wunderlich Securities will not recommend a Broker solely on the basis of the lowest possible commission cost, but rather, will determine whether the Broker has the ability to provide the best qualitative execution.

In recommending the use of a Broker, the Firm has evaluated the quality of execution and related services, commissions and transaction costs, experience, professionalism, and factors it believes are important to the Broker's ability to provide execution services consistent with its fiduciary duties and the best interests of its Clients.

In the Advisory Agreement, the Client will acknowledge that Wunderlich Securities has recommended that Client engage a Broker to effect all purchases, sales, exchanges, redemptions, or other transactions for the Account.

Client will further acknowledge that Wunderlich Securities has disclosed that Wunderlich Securities' recommendation of a Broker is subject to material conflicts of interest which could have the effect of influencing Wunderlich Securities' initial and on-going recommendations of a Broker as broker-dealers for the Account, and Wunderlich Securities' duty to evaluate whether a Broker is providing the Account with best execution (generally, the best qualitative execution under the circumstances, considering the full range and quality of services provided by a Broker, but not necessarily at the lowest cost).

#### **WCM's Potential Conflict of Interest.**

Additionally, a conflict of interest may arise because of compensation or economic benefits WCM receives from Wunderlich Securities and First Clearing. As a result, WCM may be reluctant to notify WCM if WCM becomes aware that the Brokers are not providing "best execution." In the Advisory Agreement, the Client will acknowledge that Wunderlich Securities has provided Client with this Brochure and WCM's Disclosure Document which describe conflicts of interest that may influence WCM's recommendation of the Brokers, and that may also influence WCM's continuing evaluation of the Brokers' achievement of best execution, and that may cause WCM to be reluctant to recommend other brokers or to inform Clients of adverse information regarding the Brokers. Clients are advised that these conflicts of interest could influence WCM to recommend that the Client open or maintain Accounts with Wunderlich Securities and First Clearing that may have higher costs or less favorable services than other suitable alternatives which do not provide equivalent compensation to Wunderlich Securities or the Representative.

Clients and prospective Clients should read this Brochure (and WCM's Disclosure Document, and any Disclosure Document from a Third-Party Adviser or Third-Party Investment Program), and discuss the conflicts of interest with the Representative, Wunderlich Securities, and WCM before deciding whether to participate in any Program or to select the Brokers to execute transactions for the Account.

**Disclosures Regarding Conflicts of Interest.**

In the Advisory Agreement, the Client will acknowledge that Wunderlich Securities has provided Client with this Brochure which describe conflicts of interest that may influence Wunderlich Securities' recommendation of the Brokers, and that may also influence Wunderlich Securities' continuing evaluation of the Brokers' achievement of best execution, and that may cause Wunderlich Securities to be reluctant to recommend other brokers or to inform Clients of adverse information regarding the Brokers.

Clients are advised that these conflicts of interest could influence Wunderlich Securities to recommend that the Client open or maintain Accounts with the Firm and First Clearing that may have higher costs or less favorable services than other suitable alternatives which do not provide equivalent compensation to the Firm or the Representative.

Clients and prospective Clients should read this Brochure (and any Disclosure Document from a Third-Party Adviser or Third-Party Investment Program), and discuss the conflicts of interest with the Representative and Wunderlich Securities before deciding whether to participate in any Program or to select the Brokers to execute transactions for the Account.

**Client Consent to Selection of Brokers and Management of the Account.**

In the Advisory Agreement, the Client will acknowledge the conflicts of interest disclosed by Wunderlich Securities, the subadvisors or managers such as WCM, as applicable, and the Brokers in the Disclosure Documents and the Advisory Agreement. Client will also represent that Client has evaluated such conflicts of interest and, notwithstanding, has elected to open accounts with the Brokers, and direct that all transactions for or related to the purchase, sale, exchange, or redemption of securities for the Account shall be directed to the Brokers.

In particular, but without limitation, in the Advisory Agreement, the Client will acknowledge that Client understands and agrees that in directing brokerage to the Brokers, and consenting to any subadviser to manage the Account:

- neither Wunderlich Securities nor any subadviser has negotiated, will negotiate, nor will be responsible for negotiating commission rates, ticket charges, or other expenses to be charged by the Brokers, whether through volume discounts or otherwise, or for identifying other brokers who may provide better execution or impose lower costs, whether on a trade-by-trade basis or otherwise;
- trades for the Account may not participate in block trades (in which orders for several accounts are aggregated for purposes of execution) with accounts, if any, which have not directed brokerage ("free accounts"); and
- under certain market conditions, trades for the Account may be delayed until after execution of trades for free accounts, if any.
- As a result of the foregoing:
  - Client may not necessarily obtain commission rates or execution as favorable as might be obtained if Wunderlich Securities or a subadviser were able to place transactions with other broker-dealers; and
  - if Wunderlich Securities or a subadviser has any free accounts, the prices the Account receives for its trades and the costs of execution will likely be less favorable than the free accounts receive, and a disparity will likely arise in the amount of commissions paid, the prices received, or the net performance of the Account compared to free accounts with similar objectives.

**Disclosure of Compensation for Order Flow.**

In the Advisory Agreement, Client will acknowledge and agree that the Brokers may route orders for the Account for over-the-counter or listed equity securities to selected market makers or centers for execution; and the Brokers may receive compensation in the form of a per-share (or other) cash payment for directing order flow to these market makers or centers.

**Disclosure and Rejection of Lower Cost Alternatives.**

In the Advisory Agreement, Client will acknowledge and agree that lower costs for similar brokerage and custodial services may be available through other broker-dealers and custodians, on a separate cost (non-wrap) basis. Client will also acknowledge that the costs for the Program may be higher than if Client obtained advisory services for a separate fee and then obtained brokerage and custodial services separately, particularly, if Client used lower-cost broker-dealers (such as "discount brokers"). However, Client will represent that Client has considered the use of discount brokers or other lower-cost alternatives, and has rejected those alternatives in order to obtain Wunderlich Securities', any subadviser's (such as WCM's), and the Brokers' services described in the Advisory Agreement.

**Representations if Client is a Plan Under ERISA or Similar Internal Revenue Code Provisions.**

If the Account is maintained on behalf of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or similar government regulation, Client will represent in the Advisory Agreement that:

- The Brokers are capable of providing best execution for the Account's brokerage transactions, the commission rates that Client negotiated are reasonable in relation to the brokerage and other services received by the plan, and Client will monitor the services provided by the Brokers to assure that the plan continues to receive best execution and pay reasonable commissions;
- The use of the Brokers is for the exclusive benefit of the plan, and the brokerage arrangement that Client is directing Wunderlich Securities (and Wunderlich Securities is directing any subadviser) to implement is for the exclusive purpose of defraying reasonable administrative costs of Client and is in recognition that the goods and services that the Brokers provide will inure solely to the benefit of Client and its beneficiaries;
- The sharing of the wrap fee among Wunderlich Securities, a subadviser (such as WCM), and the Brokers does not and will not constitute a "prohibited transaction" under Section 406 of ERISA, or otherwise contravene any other provision of ERISA or other applicable statute or regulation; and
- The direction of brokerage to the Brokers is consistent with the applicable plan or trust documents and will not conflict with any contractual, fiduciary or other obligations of Client, or any fiduciary or other person acting on behalf of Client.

**Other Factors Influencing the Firm's Recommendations and Performance of its Fiduciary Duties.**

In addition to the conflicts of interest described in other sections of this Brochure, Clients should be aware that, depending on the particular Program selected by the Client, Wunderlich Securities (including the Representative) may earn commissions, mark-ups, and mark-downs from agency or principal transactions with the Client's Account, in addition to the Program Fees under each Program. Further, there are other forms of compensation and economic benefits that may be earned by or accrue to the Firm and its Representatives from having additional Accounts and assets with First Clearing and Fidelity. Increasing the number of Accounts and size of the assets on deposit with First Clearing and Fidelity may provide sufficient economic incentives to affect the decision to recommend the Brokers.

Clients and prospective Clients are advised to review the section of this Brochure titled, *Additional Compensation*, for further information regarding specific economic benefits and additional conflicts of interest that may influence Wunderlich Securities' and the Representative's recommendations to the Client and the performance of their fiduciary duties.

Additionally, Wunderlich Securities depends, in part, on business referred to it by its Representatives or the Brokers. As such, it has a strong financial incentive in maintaining or improving its relationships with the Representatives and the Brokers so that they continue to make referrals. As discussed in the section *Additional*

*Compensation*, the Firm and the Representatives receive economic benefits by increasing the number of accounts and size of assets maintained at First Clearing and Fidelity. The Firm's interest in ensuring continuing referrals from the Representatives or First Clearing or Fidelity conflicts with the interests of its Clients in receiving lower transaction costs or fees.

**Other advisers may be able to provide the same or similar services without the presence of these conflicts of interest. Other advisers or custodians may be able to provide the same or similar services for a lower cost or obtain better prices or performance.**

**Clients who do not believe they will benefit from the products and services offered by Wunderlich Securities, any subadviser such as WCM, or the Brokers should consider the benefits of a discount broker or a lower cost adviser.**

#### **Brokerage Discretion and Client-Directed Brokerage.**

Even if the Client has directed brokerage, Wunderlich Securities can affect the selection of brokers through its decisions on the products that are approved for the Representatives to offer. The economic incentives of the Firm and its Representatives to maintain or increase business with the Brokers and Wachovia, or other product sponsor, could affect the Firm's selection and its Representatives' recommendations of Programs, and indirectly, the brokers who are used.

Clients who are considering Programs where the Client directs the particular broker to be used should understand that such an arrangement may, under certain circumstances, result in worse, not better, execution. When a Client directs the use of a particular broker, the portfolio manager (whether Wunderlich Securities, a Representative, or another adviser) will not have the authority to negotiate commissions, ticket charges, or other expenses among various brokers on a trade-by-trade basis or to obtain volume discounts. Unless the Client has previously negotiated a better rate, the Client should expect that the directed brokerage firm will charge commissions based upon its established, non-discounted commission schedule.

Trades for directed Accounts may not participate in block trades. Also, execution of these trades may be delayed until after trades for "free" Accounts (Accounts where the Client has not directed the use of the particular broker) have been executed. During volatile markets or when buying or selling an illiquid or thinly traded security, a delay in execution may result in less favorable prices.

Consequently, there is the risk that Clients who direct brokerage may incur higher transaction costs or greater spreads, or receive less favorable net prices than might otherwise have been the case. A disparity could arise in the commissions paid, the prices received, or the net performance of Accounts in the same Program and with similar objectives, but which did or did not direct brokerage. Not all advisers require their Clients to designate the use of a particular broker.

#### **Considerations Affecting the Evaluation of Best Execution and Selection of Brokers.**

Wunderlich Securities considers itself to be a "full service" broker-dealer and investment adviser, and believes that the commissions it charges are reasonable in view of the full range of services it provides. Clients and prospective Clients considering a brokerage or advisory Account with the Firm should not expect the lowest Program Fees, commissions or other expenses, nor should they expect the best prices or performance. Lower costs for comparable services or better performance are likely available through other broker-dealers or investment advisers.

In considering a new relationship with Wunderlich Securities, or continuing an existing relationship, Clients and prospective Clients must consider whether they will benefit from the products and services we offer. Persons who are seeking a broker that provides "execution only" services (and charges accordingly) should consider using the potential benefits of using a discount broker whose transaction costs are considerably lower than Wunderlich Securities.

Similarly, we believe that a person seeking an adviser who provides a minimal level of advice and service should consider the benefits of using another adviser that offers different services for a lower fee. Except in very limited circumstances (generally for personal friends and family of employees and Representatives),

Wunderlich Securities does not offer Programs which the Firm considers competitive, on the basis of price, with discount firms.

**Continuing Fiduciary Duty to the Client.**

Wunderlich Securities will monitor the Account and the quality of the execution and other services provided by the Brokers to evaluate the quality and costs of the services provided by the Brokers. At least annually, Wunderlich Securities will assess whether it is reasonable for Wunderlich Securities to continue to recommend the Programs and the Brokers for the Account. Wunderlich Securities will notify the Client if Wunderlich Securities determines its recommendation of the Programs or the Brokers is no longer reasonable.

If Wunderlich Securities notifies Client that Wunderlich Securities' recommendation of the Programs or the Brokers is no longer reasonable, Wunderlich Securities may, unless and until Client terminates the Advisory Agreement or directs the use of another program or broker, continue the Account's participation in the Programs through the Brokers, under the fee structure as then provided under the Client's Advisory Agreement.

**ADDITIONAL COMPENSATION**

Wunderlich Securities' broker-dealer business consists primarily of executing customer orders for the purchase and sale of securities. In the Advisory Agreement for all Programs other than the WIN Advisory Program, the Client will direct Wunderlich Securities to place all orders with itself, as introducing broker-dealer, and First Clearing (which may be the Custodian or an affiliate of the Custodian), as the clearing broker-dealer (the "Clearing Broker"). Wunderlich Securities and the Clearing Broker will receive commissions and other economic benefits as a result of effecting such transactions. In the Advisory Agreement for the WIN Advisory Program, the Client will agree to engage Fidelity to execute and settle all transactions as broker-dealer.

When transactions are effected by Wunderlich Securities, the Representative will generally receive a portion of any commissions or other transaction costs, if any, received by Wunderlich Securities with respect to such transactions. Wunderlich Securities and the Representatives will endeavor to act in the best interests of the Client, but the presence of this compensation creates an economic incentive that may influence their decisions.

For its brokerage and related services, the Broker may charge commissions, markups, markdowns, and other transaction-related charges, and may also charge a fee for its services as Custodian. The amount of such fees and expenses will be stated in the Custodian's documentation to open the Account.

Clients should understand that Wunderlich Securities and the Representative have a conflict of interest in recommending the Brokers. As Wunderlich Securities processes more Accounts and transactions through First Clearing, it may be able to use these transactions to meet its minimum monthly clearing fees. In addition, Wunderlich Securities receives other fees or economic benefits from First Clearing (such as rebates on money market or margin account balances, and interest on Account free credit balances), which are based, in whole or in part, on accounts and balances carried with First Clearing or its affiliates. These arrangements provide Wunderlich Securities direct or indirect economic benefits, even if no commissions are charged.

Wunderlich Securities and the Representatives may receive so-called "12b-1 Fees" as a result of a Client's investment in mutual funds which have adopted 12b-1 plans. The Brokers may receive Rule 12b-1 distribution fees, shareholder servicing, or administrative fees with respect to mutual funds or money market funds held in the Account. Thus, Wunderlich Securities and the Representatives may have an incentive to purchase for Accounts mutual funds or money market funds which pay 12b-1 Fees.

Cash awaiting investment or reinvestment at a Broker may be invested in cash management or money market funds at the Broker or another Custodian (or an affiliate), pursuant to an automatic cash sweep program. The adviser to these funds may be an affiliate of the Broker or other Custodian (or its affiliate). Wunderlich Securities and the Representative may receive distribution payments pursuant to Rule 12b-1 from these funds.

The Brokers also receive non-brokerage related fees such as margin interest, IRA fees and money market fund fees, and a money market administrative fee, of which it will credit or pay a portion to Wunderlich Securities based on the value of its Accounts' balances. Wunderlich Securities and the Brokers may also receive compensation from funds available through the Brokers for the execution of purchases of Fund shares or the performance of clearance, settlement, custodial or other functions ancillary thereto (including, without limitation, recordkeeping, sub-accounting, shareholder communications, administrative and similar services provided to such funds).

Wunderlich Securities will retain the amount of these fees it receives as additional compensation and will not credit or rebate these fees against the Program Fees.

#### **Payments and Financial Incentives from Sponsors.**

In certain cases, clearing brokers, custodians, or other firms who participate in the Programs or who hold Program Accounts (each a "Sponsor") may agree to invest a portion of the revenues from Program Accounts through allowances to Wunderlich Securities, a subadviser such as WCM, the Representatives, and other advisers, broker-dealers, or representatives whose Clients participate in the Programs. Under certain circumstances, individual Representatives may receive a quarterly "business development allowance" for reimbursement of qualified marketing/practice development expenses incurred by the Representative. The amounts of these payments vary depending on the institution making the payment and the amount of the Representative's Clients' assets in the Program. Similarly, a Sponsor may grant Wunderlich Securities or a Representative reductions or allowances against fees or expenses charged in connection with the Program or Accounts, which will be based on the amount of Client assets invested through the Program or held by the Sponsor or its affiliate.

Wunderlich Securities may agree to provide the Sponsors with introductions to and information concerning the Firm or the Representatives, and allow the Sponsors to participate in Firm meetings and workshops. In addition to the fee reductions or allowances that Wunderlich Securities or the Representative may receive, the Sponsors may agree to provide Wunderlich Securities or the Representatives with organizational consulting, education, training and marketing support.

A Sponsor may sponsor annual conferences for the Firm or a Representative designed to facilitate and promote the success of the Programs and Representatives. A Sponsor may offer portfolio strategists, investment managers, or investment management firms, who may also be sub-advisors for mutual funds recommended by the Firm or Representatives, the opportunity to contribute to the costs of the Firm's annual conference and be identified as a sponsor of a portion of the conference. A Sponsor may agree to bear the cost of airfare for certain Representatives to attend the Sponsor's annual conference or to conduct due diligence visits to the Sponsor's offices. In addition, a Sponsor may, from time to time, contribute to the costs incurred by the Firm in connection with conferences or other Client events conducted by the Firm or a Representative.

#### **Research and Brokerage Services from the Brokers.**

The Brokers may provide to Wunderlich Securities other products and services that assist Wunderlich Securities or the Representative in managing and administering Accounts, but which may or may not benefit Accounts custodied with custodians other than the Brokers. These products and services may include software and other technology that provide access to Account data (such as trade confirmations and Account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client Accounts); provide research, pricing information and other market data; facilitate payment of Wunderlich Securities' fees from its Accounts; and assist with back-office support, recordkeeping and Client reporting. These products and services may be used to service all or a substantial number of Wunderlich Securities' Accounts, including Accounts not maintained with the particular Broker.

In particular, Wunderlich Securities or a subadviser such as WCM may, in accordance with Section 28(e) of the Securities Exchange Act of 1934, cause the Brokers executing transactions in the Client Account to be paid commissions in excess of those another broker or dealer might charge, after determining in good faith that such amount of commission is reasonable in relation to the value of the brokerage, research and any other services provided to Wunderlich Securities or a subadviser such as WCM by such Broker.

Wunderlich Securities and the Representatives will endeavor to act in the best interests of the Clients, but the presence of such compensation or opportunities for compensation or other benefits creates an economic incentive that may influence their decisions. Clients are under no obligation to purchase any products or follow any course of action recommended by Wunderlich Securities or a Representative.

## **REFERRAL ARRANGEMENTS**

Wunderlich Securities may receive up to 75% (and possibly more) of the annual advisory fee paid by the Client for Wunderlich Securities' and the Representative's solicitation or advisory services. Wunderlich Securities will share this fee with the Representative.

The CSA Division will continue payments to unaffiliated individuals who originally referred Clients to CSA, Inc., and will obtain the Clients' acknowledgement of receipt of an updated solicitor disclosure statement and Wunderlich Securities' Brochure.

Depending on the particular Program, the fees paid by a person who is referred by Wunderlich Securities or a Representative to a Third-Party Adviser may be higher than the fees the person would have paid if they had not been referred by Wunderlich Securities or a Representative.

Wunderlich Securities and the Representatives are aware of the special considerations under Rule 206(4)-3 and comparable state regulations. As and to the extent required by the Rule, a Solicitor's Disclosure Document and the Third-Party Adviser's disclosure document will be provided to individuals referred to a Third-Party Adviser.

Clients should be aware that payment of compensation to the Wunderlich Securities and the Representative for recommending a Third-Party Adviser creates a conflict of interest. Although the Representatives commit to acting in the best interests of the Client, the existence of such compensation could influence their decision to refer the Client or not to recommend an alternative investment option that doesn't provide equivalent compensation.

A Representative may refer Clients to another Representative for investment advisory services. In the event of such referral, both the Representatives will share in the Program Fees paid by the Account, in such proportions as they shall agree. The economic interest of the Representative making the referral could affect the decision to make the referral.

## **PROXY VOTING**

It is the policy of Wunderlich Securities and WCM not to vote or accept any authority to vote proxies on behalf of any Client. However, certain of the Advisory Agreements for the former Clients of CSA, Inc., grant the manager discretion and do not specifically limit or prohibit the manager from voting the Client's proxies. It is the view of the SEC that in that situation, the manager has a fiduciary obligation to vote the Client proxies, and to otherwise comply with SEC Rule 206(4)-6.

Solely with respect to such former CSA Clients for whom Wunderlich Securities is acting as portfolio manager under discretionary management agreements which do not restrict its obligation to vote proxies, Wunderlich Securities maintains written Proxy Policy & Procedures that reflect the firm's duty as a fiduciary to vote proxies in the best interests of each of the Client. To that end, Wunderlich Securities endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Clients' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. Wunderlich Securities believes that voting proxies in accordance with the following guidelines is usually in the best interests of the Client:

Generally, Wunderlich Securities will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.

Generally, Wunderlich Securities will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting. For other proposals, Wunderlich Securities shall determine whether a proposal is in the best interests of Funds and may take into account the following actors, among others:

- whether the proposal was recommended by management and Wunderlich Securities' opinion of management;
- whether the proposal acts to entrench existing management; and
- whether the proposal fairly compensates management for past and future performance.

In the event of any actual or potential conflicts of interests in the voting of any Client proxies, Wunderlich Securities will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the Clients. Wunderlich Securities will also determine whether it is appropriate to disclose the conflict to the affected Clients.

Wunderlich Securities maintains relevant and appropriate proxy records as part of the firm's Proxy Policy & Procedures. Wunderlich Securities' Chief Compliance Officer, or designee, is responsible for voting the proxies in the best interest of the Clients, and submitting the proxies promptly and properly. An investor may obtain a complete copy of Wunderlich Securities' Proxy Policy & Procedures by contacting the Chief Compliance Officer in writing and requesting such information. Investors may also request in writing from the Chief Compliance Officer information concerning the manner in which proxy votes have been cast on behalf of the Client during the prior annual period. Such information will be provided in writing as soon as practicable.

Except as provided above, neither Wunderlich Securities nor any Representative will vote or accept authority to vote proxies on behalf of any Client. Client hereby reserves to itself the right to vote or direct the voting of all proxies by or with respect to issuers of securities held in the Account. With respect to a Client that is an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, ("ERISA") as amended or Section 4975 of the Internal Revenue Code ("ERISA Client"), Wunderlich Securities and WCM are 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 an ERISA Plan's Account. Wunderlich Securities' and WCM's sole obligation with respect to any such proxy solicitation shall be to ensure proxy materials they receive are forwarded to Client, or the person designated by Client, within a reasonable period of time, any materials or other information with respect to any such proxy solicitation received from the issuer or third parties.

## **OTHER MATTERS**

### **Class Actions, Bankruptcies and Other Legal Proceedings.**

Client's should note that neither Wunderlich Securities nor any Representative will advise or act on behalf of the Client in legal proceedings involving companies whose securities are held or previously were held in the Client's Account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, Clients may direct Wunderlich Securities to transmit copies of class action notices to the Client or a third party. Upon such direction, Wunderlich Securities will make commercially reasonable efforts to forward such notices in a timely manner.

### **Use of Term "Registered Investment Adviser".**

Clients should be aware that the term "Registered Investment Adviser" does not imply any certain level of skill or training.

**Tax Considerations.**

Clients are advised that if a Representative or a Third-Party Adviser places short-term transactions on behalf of Client Accounts, such transactions may result in short-term gains or losses for federal and state tax purposes. Clients participating in Programs which provide for periodic “rebalancing” of their portfolio to reflect a target or model allocation should be aware that Client may realize capital gains or losses from each of those transactions, and when occurring in Accounts that are not qualified or otherwise tax-deferred, may give rise to additional taxes or tax reporting. Clients should review these matters with their accountant or tax adviser.