

FORM ADV DISCLOSURE BROCHURE



EGGERT FINANCIAL MANAGEMENT, INC.
Cultivating Wealth, Shaping Legacies

**7200 S. Alton Way, Suite A-210
Centennial, CO 80112
303-414-0400**

JUNE 14, 2011

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF EGGERT FINANCIAL MANAGEMENT INC. IF YOU HAVE QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE TELEPHONE US AT 303-414-0400. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT EGGERT FINANCIAL MANAGEMENT INC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT

WWW.ADVISERINFO.SEC.GOV



MATERIAL CHANGES

**THE ONLY MATERIAL CHANGE
SINCE OUR APRIL 20, 2011
DISCLOSURE IS AS FOLLOWS:**

**AS OF JUNE 14, 2011 WILLIAM EGGERT LEFT MCL FINANCIAL GROUP AND JOINED
COLORADO FINANCIAL SERVICE CORPORATION AN SEC REGISTERED BROKER-DEALER
AND MEMBER OF FINRA.**



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ADVISORY BUSINESS

EGGERT FINANCIAL MANAGEMENT (“EFM”) WAS ORGANIZED IN 1988 TO PROVIDE INVESTMENT MANAGEMENT SERVICES TO A SOPHISTICATED CLIENTELE THAT INCLUDES INDIVIDUALS, PENSIONS AND PROFIT SHARING PLANS, TRUSTS, ESTATES, AND CHARITABLE ORGANIZATIONS AS WELL AS CORPORATIONS AND OTHER BUSINESS ENTITIES.

THE ADVISORY REPRESENTATIVES OF EFM ARE ALSO REGISTERED REPRESENTATIVES OF COLORADO FINANCIAL SERVICE CORPORATION, AN SEC REGISTERED BROKER-DEALER AND MEMBER OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY. IN ADDITION, THE REPRESENTATIVES OF EFM ARE LICENSED INSURANCE AGENTS. IN THESE SEPARATE CAPACITIES (AS A REGISTERED REPRESENTATIVE AND/OR INSURANCE AGENT), THE ADVISORY REPRESENTATIVES ARE ABLE TO EFFECT SECURITIES TRANSACTIONS AND PURCHASE INSURANCE PRODUCTS FOR CLIENTS. SUCH ADVISORY REPRESENTATIVES MAY RECEIVE SEPARATE COMPENSATION IN THE FORM OF COMMISSIONS AS A RESULT OF CLIENTS PURCHASING SECURITIES PRODUCTS OR INSURANCE PRODUCTS THROUGH THEM. SUCH COMPENSATION MAY BE IN ADDITION TO THE ADVISORY FEES RECEIVED BY EFM. WHILE ADVISORY REPRESENTATIVES ENDEAVOR AT ALL TIMES TO PUT THE INTERESTS OF THE CLIENTS FIRST AS PART OF EFM’S FIDUCIARY DUTY, CLIENTS SHOULD BE AWARE THAT THE RECEIPT OF ADDITIONAL COMPENSATION ITSELF CREATES A CONFLICT OF INTEREST AND MAY AFFECT THE JUDGEMENT OF ADVISORY REPRESENTATIVES WHEN MAKING RECOMMENDATIONS.

OUR KEY PERSONNEL

WILLIAM H. EGGERT PRESIDENT, CEO, CIO

BORN IN 1959, MR EGGERT GRADUATED FROM THE UNIVERSITY OF COLORADO AT BOULDER IN 1981 WITH A BACHELOR OF SCIENCE IN FINANCE. HE COMPLETED THE REQUIREMENTS AND WAS DESIGNATED A CERTIFIED FINANCIAL PLANNER™ (CFP®) IN 1986 BY THE COLLEGE FOR FINANCIAL PLANNING. IN ADDITION, MR. EGGERT HAS COMPLETED THE SERIES 6, SERIES 7, SERIES 24, AND SERIES 63 EXAMINATIONS FOR SECURITIES LICENSING. MR. EGGERT HAS BEEN AFFILIATED WITH LPL FINANCIAL SERVICES FROM 1989 THROUGH 2003. FROM 2003 THROUGH 2011 HE HAS BEEN A REGISTERED REPRESENTATIVE OF MCL FINANCIAL GROUP. AND SINCE 2011 MR. EGGERT HAS BEEN AFFILITAED WITH COLORADO FINANCIAL SERVICE CORPORATION. HE HAS BEEN PRESIDENT OF EFM SINCE 1988. SEE ADDITIONAL INFORMATION.



EFM REQUIRES THAT ITS PERSONNEL POSSESS DETAILED AND SPECIFIC KNOWLEDGE OF ANY AREA THAT OFFER CONSULTING SERVICES TO ITS CLIENTS. SUCH KNOWLEDGE MAY BE OBTAINED THROUGH ADDITIONAL EDUCATION OR COURSES OR THROUGH WORK RELATED EXPERIENCES.

TYPES OF ADVISORY SERVICES OFFERED

EFM OFFERS VARIOUS INVESTMENT ADVISORY SERVICES TO CLIENTS DEPENDING ON THE CLIENT'S NEEDS. CLIENTS MAY PARTICIPATE IN ANY COMBINATION OR ANY ONE OF THE FOLLOWING ADVISORY PROGRAMS. THE ADVISORY SERVICES AND PROGRAMS ARE MORE FULLY EXPLAINED BELOW.

FINANCIAL PLANNING SERVICES

EFM OFFERS VARIOUS FINANCIAL PLANNING AND CONSULTING SERVICES FOR A FEE. EFM WILL GATHER FINANCIAL INFORMATION AND HISTORY FROM THE CLIENT INCLUDING, BUT NOT LIMITED TO, CLIENT'S CURRENT FINANCIAL STATUS, FUTURE GOALS AND ATTITUDES TOWARDS RISK, INVESTMENT OBJECTIVES, INVESTMENT HORIZON, FINANCIAL NEEDS, COST OF LIVING NEEDS, EDUCATION NEEDS, SAVINGS TENDENCIES, AND OTHER APPLICABLE FINANCIAL INFORMATION REQUIRED BY EFM IN ORDER TO PROVIDE THE INVESTMENT ADVISORY SERVICES REQUESTED. BASED UPON CLIENT'S NEEDS, EFM WILL PREPARE A WRITTEN FINANCIAL PLAN OR SUMMARY OF RECOMMENDATIONS. GENERALLY, FINANCIAL PLANNING AND CONSULTING SERVICES ARE OFFERED IN THE FOLLOWING AREAS:

- **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. EFM 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 THE CLIENT ACHIEVE HIS OR HER RETIREMENT GOALS.
- **INVESTMENTS:** ANALYSIS OF INVESTMENT ALTERNATIVES AND THEIR EFFECT ON A CLIENT'S PORTFOLIO.

FINANCIAL PLANNING SERVICES ARE BASED ON THE CLIENT'S FINANCIAL SITUATION AT THE TIME AND ARE BASED ON FINANCIAL INFORMATION DISCLOSED BY THE CLIENT TO EFM. CLIENTS ARE ADVISED CERTAIN ASSUMPTIONS MAY BE MADE WITH RESPECT TO INTEREST AND INFLATION RATES AND USE OF PAST TRENDS AND PERFORMANCE OF THE MARKET AND ECONOMY. HOWEVER, PAST PERFORMANCE IS IN NO WAY AN INDICATION OF FUTURE PERFORMANCE. EFM CANNOT OFFER ANY GUARANTEES OR PROMISES THAT CLIENT'S FINANCIAL GOALS AND OBJECTIVES WILL BE MET. FURTHER, CLIENT MUST CONTINUE TO REVIEW ANY PLAN AND UPDATE THE PLAN BASED UPON



CHANGES IN THE CLIENT'S FINANCIAL SITUATION, GOALS, OR OBJECTIVES OR CHANGES IN THE ECONOMY. SHOULD CLIENT'S FINANCIAL SITUATION OR INVESTMENT GOALS OR OBJECTIVES CHANGE, CLIENTS MUST NOTIFY EFM PROMPTLY OF THE CHANGES. SHOULD CLIENT CHOOSE TO IMPLEMENT THE RECOMMENDATIONS AND INVESTMENT ADVICE CONTAINED IN THE PLAN OR REPORT, EFM SUGGESTS CLIENT WORK CLOSELY WITH HIS/HER ATTORNEY, ACCOUNTANT, INSURANCE AGENT, AND/OR STOCKBROKER. IMPLEMENTATION OF RECOMMENDATIONS AND ADVICE IS ENTIRELY AT THE CLIENT'S DISCRETION.

FINANCIAL PLANNING AND CONSULTING SERVICES ARE OFFERED ON A FEE BASIS OF .15% (15BPS) OF NET WORTH. MINIMUM FINANCIAL PLANNING FEE IS \$1500.00. EFM WILL PROVIDE ON-GOING MAINTENANCE OF CLIENT'S FINANCIAL PLAN AT AN ANNUAL RATE OF .10% (10 BPS) PER YEAR AFTER THE FIRST YEAR. FINANCIAL PLANNING FEES ARE PAYABLE ONE-HALF UPON SIGNING OF ENGAGEMENT AND THE BALANCE UPON EFM'S PRESENTATION OF FINANCIAL PLAN DOCUMENT TO CLIENT.

CLIENT MAY TERMINATE ADVISORY SERVICES WITHIN FIVE (5) BUSINESS DAYS AFTER ENTERING INTO THE ADVISORY AGREEMENT WITHOUT PENALTY. AFTER FIVE (5) BUSINESS DAYS OF ENTERING INTO THE ADVISORY AGREEMENT, CLIENT MAY TERMINATE UPON EFM'S RECEIPT OF CLIENT'S WRITTEN NOTICE TO TERMINATE. CLIENT WILL BE RESPONSIBLE FOR ANY TIME SPENT BY EFM IN PROVIDING, RESEARCHING OR PREPARING THE CLIENT'S REQUESTED ADVISORY SERVICES. THE ADVISORY RELATIONSHIP OR AGREEMENT BETWEEN CLIENT AND EFM WILL BE DEEMED COMPLETED AND TERMINATED UPON PRESENTATION OF THE ANALYSIS AND RECOMMENDATIONS AND RECEIPT OF PAYMENT IN FULL.

CLIENT IS ADVISED THAT FEES FOR FINANCIAL PLANNING ARE STRICTLY FOR FINANCIAL PLANNING SERVICES. THEREFORE, CLIENT MAY PAY FEES AND/OR COMMISSIONS FOR ADDITIONAL SERVICES OBTAINED SUCH AS ASSET MANAGEMENT OR PRODUCTS PURCHASED SUCH AS SECURITIES OR INSURANCE.

EFM ASSET MANAGEMENT SERVICES

EFM HAS DEVELOPED A PROPRIETARY PROCESS FOR DESIGNING AND BUILDING CLIENT PORTFOLIOS UTILIZING INDIVIDUAL STOCKS, BONDS, MUTUAL FUNDS, EXCHANGE TRADED FUNDS AND MONEY MARKET INSTRUMENTS TO ACCOMMODATE A CLIENT'S INVESTMENT OBJECTIVES, RISK TOLERANCE AND TIME HORIZON. IN ADDITION, EFM UTILIZES INDEPENDENT THIRD PARTY ADVISORS AND SPECIALISTS TO ASSIST WITH BOTH TACTICAL AND QUANTITATIVE RESARCH AND TRADING MODEL SIGNALS.

THIS MULTI-ASSET CLASS STRATEGY DYNAMICALLY BALANCES EQUITY AND CASH BASED ON CALCULATED RISK CHARACTERISTICS OF THE MARKET. ALTHOUGH THE STRATEGY ITSELF SEEKS TO CONTROL RISK, CERTAIN CLIENTS, BASED ON THEIR OBJECTIVES AND TOLERANCE FOR RISK, MAY WISH TO CONSTRAIN POTENTIAL MAXIMUM EQUITY EXPOSURE. EFM OFFERS THREE MAXIMUM TARGET EQUITY ALLOCATION LEVELS,



DESIGNATED 100, 80 AND 60. LEVEL 100 MAY ALLOCATE 100% OF ACCOUNT ASSETS TO EQUITIES; LEVEL 80 IS LIMITED TO A MAXIMUM 80% TARGET EQUITY ALLOCATION, WITH THE REMAINDER ALLOCATED TO CASH OR CASH EQUIVALENTS; LEVEL 60 IS LIMITED TO A MAXIMUM 60% TARGET EQUITY ALLOCATION, WITH THE REMAINDER ALLOCATED TO CASH OR CASH EQUIVALENTS. EFM WILL PERIODICALLY REVIEW ACCOUNTS TO ASSESS THE IMPACT OF MARKET MOVEMENT, ACCOUNT DISTRIBUTIONS AND ACCOUNT ADDITIONS ON TARGET ALLOCATIONS, AND WILL TAKE ACTION AS NEEDED TO RESTORE ACCOUNTS TO TARGET ALLOCATION RANGES.

EFM ASSET MANAGEMENT ACCOUNTS ARE ASSESSED AN ANNUAL FEE OF 1.75% (175 BPS) ON THE FIRST \$1,000,000 OF ASSET VALUE AND 1.6% (160 BPS) ON THE ADDITIONAL ASSET VALUE OVER \$1,000,001. FEE ASSESSMENTS ARE COLLECTED BY EFM ON A QUARTERLY BASIS IN ADVANCE AND ARE BASED ON ACCOUNT ASSET VALUE ON THE LAST BUSINESS DAY OF THE ENDING QUARTER. FEES ARE PRORATED UPON OPENING OR CLOSING AN ACCOUNT WITH A PRORATED REFUND MADE ON ACCOUNT CLOSINGS. QUARTERLY FEES ARE AUTOMATICALLY DEDUCTED FROM THE CLIENT'S ACCOUNT BY THE FIRM'S CUSTODIAN. CLIENTS RECEIVE AN INVOICE FROM EFM SHOWING THE FEE CALCULATION CONCURRENT WITH THE CUSTODIAN DEDUCTING FEES. CLIENTS RECEIVE A STATEMENT FROM CUSTODIAN SHOWING FEE DEDUCTION. IN ORDER TO RECEIVE A LOWER FEE, CLIENTS MAY AGGREGATE ACCOUNTS BY HOUSEHOLD FOR FEE CALCULATION.

MANAGEMENT FEES INCLUDE TRANSACTION COSTS FOR ACCOUNTS \$100,000 AND OVER. FOR ACCOUNTS UNDER \$100,000, EFM UTILIZES NO-TRANSACTION / LOW-TRANSACTION FEE INVESTMENT VEHICLES WHENEVER POSSIBLE, BUT THE CLIENT IS RESPONSIBLE FOR ANY TRANSACTION OR ACCOUNT FEES INCURRED IN THE COURSE OF EXECUTING TRANSACTIONS. EFM DOES NOT RECEIVE ANY PORTION OF TRANSACTION OR ACCOUNT FEES.

CLIENT MAY TERMINATE ADVISORY SERVICES WITHIN FIVE (5) BUSINESS DAYS AFTER ENTERING INTO THE ADVISORY AGREEMENT WITHOUT PENALTY. AFTER FIVE (5) BUSINESS DAYS OF ENTERING INTO THE ADVISORY AGREEMENT, CLIENT MAY TERMINATE UPON EFM'S RECEIPT OF CLIENT'S WRITTEN NOTICE TO TERMINATE.

THIRD PARTY ASSET MANAGEMENT SERVICES

EFM MAINTAINS AGREEMENTS WITH A NUMBER OF THIRD PARTY ASSET MANAGERS WHO MAY POSSESS SPECIFIC MANAGEMENT SKILLS THAT MAY BENEFIT A CLIENT'S INVESTMENT OBJECTIVE. IN SUCH CASES, EFM WILL ASSIST THE CLIENT IN SELECTING A THIRD PARTY MONEY MANAGER THAT FITS THE SPECIFIC CLIENTS NEEDS, SELECTING APPROPRIATE PORTFOLIO ASSET ALLOCATIONS, AND MONITORING THAT MANAGERS PERFORMANCE ON BEHALF OF THE CLIENT AND OTHERWISE OVERSEEING THE CLIENT'S INVESTMENTS WITH THE THIRD PARTY MANAGER.



CLIENTS WILL PAY AN ADVISORY FEE TO THE THIRD PARTY MANAGER FOR MANAGEMENT SERVICES. SUCH ADVISORY FEES MAY BE HIGHER OR LOWER THAN THOSE FEES CHARGED BY OTHER THIRD PARTY MANAGERS NOT MADE AVAILABLE THROUGH EFM AND OFFERING SIMILAR SERVICES. SUCH FEES ARE DISCLOSED TO CLIENT IN THE THIRD PARTY MANAGER'S DISCLOSURE BROCHURE. CLIENTS WILL ENTER INTO AN AGREEMENT DIRECTLY WITH THE THIRD PARTY MANAGER SELECTED BY THE CLIENT. CLIENTS SHOULD READ THE THIRD PARTY MANAGER'S DISCLOSURE BROCHURE THOROUGHLY PRIOR TO ENTERING INTO ANY ADVISORY AGREEMENT.

EFM'S COMPENSATION WILL DEPEND ON THE THIRD PARTY MANAGER PROGRAM SELECTED BY THE CLIENT. EFM WILL RECEIVE A PORTION OF THE ADVISORY FEE CHARGED BY THE THIRD PARTY MANAGER. EFM PROVIDES NOTICE OF INVOICE FOR FEES VIA EMAIL ON THE FIRST BUSINESS DAY OF EACH QUARTER. INVOICE DETAILS ARE POSTED TO THE CLIENT'S EFM CLIENT ACCESS PORTAL WITHIN TEN BUSINESS DAYS OF QUARTER-END. IN ADDITION, THE CLIENT RECEIVES AN ACCOUNT STATEMENT FROM CUSTODIAN, NO LESS THAN QUARTERLY, INDICATING THE WITHDRAWAL OF FEES.

HOURLY ADVICE

EFM PROVIDES ADVICE ON A VARIETY OF TOPICS NOT NECESSARILY RELATED TO THE MANAGEMENT OF A CLIENTS INVESTMENT ACCOUNT AND MAY INCLUDE ADVICE ON EQUIPMENT LEASING, RESEARCH AND DEVELOPMENT, VENTURE CAPITAL, TELECOMMUNICATIONS, AND REAL ESTATE MORTGAGES. IN SUCH INSTANCES, EFM CHARGES AN HOURLY RATE \$400 BILLED IN FIFTEEN MINUTE INCREMENTS. SUCH HOURLY BILLINGS ARE PAYABLE AT TIME OF SERVICE.

GENERAL DISCLOSURES

ADVICE OFFERED BY ADVISORY REPRESENTATIVES MAY INVOLVE INVESTMENT IN MUTUAL FUNDS. MUTUAL FUNDS MAY CARRY LOADS (I.E. SALES CHARGES) THAT MAY BE UP-FRONT OR ON A CONTINGENT DEFERRED BASIS OR BE NO-LOADS WITH NO INITIAL OR CONTINGENT DEFERRED SALES CHARGES. CLIENTS ARE ADVISED THAT ADVISORY REPRESENTATIVES ARE REGISTERED REPRESENTATIVES OF COLORADO FINANCIAL SERVICE CORPORATION, A REGISTERED BROKER/DEALER, MEMBER OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA") AND SIPC. THEREFORE, ADVISORY REPRESENTATIVES HAVE A CONFLICT OF INTEREST IN RECOMMENDING MUTUAL FUNDS THAT CARRY A LOAD SINCE SUCH MUTUAL FUNDS WILL PAY ADVISORY REPRESENTATIVES A COMMISSION SHOULD THE PURCHASE BE MADE THROUGH ADVISORY REPRESENTATIVES.

A CONFLICT OF INTEREST MAY EXIST BETWEEN THE INTERESTS OF EFM AND/OR ITS ADVISORY REPRESENTATIVES AND THE INTERESTS OF THE CLIENT IN THAT EFM AND ADVISORY REPRESENTATIVES OFFER FINANCIAL PLANNING AND INVESTMENT ADVISORY SERVICES FOR A FEE AND ALSO OFFER VARIOUS SECURITIES PRODUCTS FOR



WHICH THEY MAY BE PAID A COMMISSION. THE SECURITIES PRODUCTS AVAILABLE THROUGH COLORADO FINANCIAL SERVICE CORPORATION MAY BE LIMITED TO CERTAIN PRODUCTS THAT HAVE BEEN REVIEWED AND MADE AVAILABLE FOR OFFERING THROUGH THE BROKER/DEALER WITH WHICH ADVISORY REPRESENTATIVES MAY BE REGISTERED REPRESENTATIVES.

CLIENTS CAN INVEST IN A MUTUAL FUND DIRECTLY WITHOUT THE SERVICES OF EFM. HOWEVER, CLIENT WOULD NOT RECEIVE THE ADVISORY SERVICES DESCRIBED HEREIN WHICH ARE DESIGNED, AMONG OTHER THINGS, TO ASSIST THE CLIENT IN DETERMINING WHICH MUTUAL FUND OR FUNDS ARE MORE APPROPRIATE TO EACH CLIENT'S FINANCIAL SITUATION. CLIENTS SHOULD REVIEW BOTH THE FEES CHARGED BY THE FUNDS AND FEES CHARGED BY EFM TO FULLY UNDERSTAND THE TOTAL AMOUNT OF FEES TO BE PAID BY THE CLIENT AND THE ADVISORY SERVICES TO BE OR ARE BEING PROVIDED.

LOWER FEES FOR COMPARABLE SERVICES MAY BE AVAILABLE FROM OTHER SOURCES. MATERIAL CONFLICTS OF INTEREST HAVE BEEN DISCLOSED TO THE CLIENT IN WRITING THAT COULD CAUSE EFM OR THE ADVISORY REPRESENTATIVES TO NOT RENDER UNBIASED AND OBJECTIVE ADVICE. EFM DOES NOT MAINTAIN CUSTODY OF CLIENT FUNDS OR SECURITIES WITH THE EXCEPTION OF DEDUCTION OF EFM'S ADVISORY FEE FROM CLIENT'S ACCOUNT.

CLIENT IS ADVISED THE INVESTMENT RECOMMENDATIONS AND ADVICE OFFERED BY EFM ARE NOT LEGAL ADVICE OR ACCOUNTING ADVICE. CLIENT SHOULD COORDINATE AND DISCUSS THE IMPACT OF FINANCIAL ADVICE WITH THEIR ATTORNEY AND/OR ACCOUNTANT. CLIENT IS ADVISED THAT IT IS NECESSARY TO INFORM EFM PROMPTLY WITH RESPECT TO ANY CHANGES IN THE CLIENT'S FINANCIAL SITUATION AND INVESTMENT GOALS AND OBJECTIVES. FAILURE TO NOTIFY EFM OF ANY SUCH CHANGES COULD RESULT IN INVESTMENT RECOMMENDATIONS NOT MEETING THE NEEDS OF THE CLIENT.

CLIENTS ARE ADVISED THAT ADVISORY REPRESENTATIVES ARE GENERALLY INDEPENDENT CONTRACTORS. AS SUCH, ADVISORY REPRESENTATIVES RECEIVE A PORTION OF THE ADVISORY FEES CHARGED TO CLIENTS THROUGH EFM. THE PORTION OF THE ADVISORY FEES RECEIVED BY AN ADVISORY REPRESENTATIVE MAY VARY FROM ADVISORY REPRESENTATIVE TO ADVISORY REPRESENTATIVE DEPENDING ON FACTORS INCLUDING, BUT NOT LIMITED TO, THE ADVISORY REPRESENTATIVE'S PRODUCTION THROUGH EFM AND OTHER BUSINESS ARRANGEMENTS WITH EFM. THE BALANCE OF THE ADVISORY FEE IS RETAINED BY EFM AS COMPENSATION FOR DIRECTING THE DAY TO DAY OPERATIONS OF ITS BUSINESS. FURTHER, CLIENTS ARE ADVISED FEES CHARGED TO CLIENTS BY ADVISORY REPRESENTATIVES MAY VARY AND ARE NEGOTIABLE BUT WILL NOT EXCEED THE FEE SCHEDULES STATED HEREIN.



WARRANTIES/REPRESENTATIONS

EFM DOES NOT REPRESENT, WARRANTEE OR IMPLY THAT THE SERVICES OR METHODS OF ANALYSIS USED BY EFM CAN OR WILL PREDICT FUTURE RESULTS, SUCCESSFULLY IDENTIFY MARKET TOPS OR BOTTOMS, OR INSULATE CLIENTS FROM LOSSES DUE TO MAJOR MARKET CORRECTIONS OR CRASHES. NO GUARANTEES CAN BE OFFERED THAT CLIENT'S GOALS OR OBJECTIVES WILL BE ACHIEVED. FURTHER, NO PROMISES OR ASSUMPTIONS CAN BE MADE THAT THE ADVISORY SERVICES OFFERED BY EFM WILL PROVIDE A BETTER RETURN THAN OTHER INVESTMENT STRATEGIES. THE LEVEL OF EXPERIENCE OF ADVISORY REPRESENTATIVES WILL VARY.

PRIVACY NOTICE

EFM GATHERS VARIOUS NONPUBLIC INFORMATION FROM CLIENTS IN ORDER TO PROVIDE ADVISORY PRODUCTS AND SERVICES. EFM DOES NOT SHARE NONPUBLIC INFORMATION WITH NONAFFILIATED THIRD PARTIES EXCEPT AS PERMITTED BY LAW. CLIENTS WILL BE PROVIDED WITH A COPY OF EFM'S PRIVACY POLICY UPON ESTABLISHMENT OF A CLIENT RELATIONSHIP WITH EFM AND ANNUALLY THEREAFTER AS LONG AS CLIENT REMAINS AN ACTIVE CLIENT.

ASSETS UNDER MANAGEMENT

FOR THE PERIOD ENDING DECEMBER 31, 2010, EFM MANAGED CLIENT ASSETS VALUED AT 24,614,963 ON A DISCRETIONARY BASIS AND EFM PROVIDED INVESTMENT SERVICES TO 134 CLIENTS. ALL ASSETS WERE MANAGED ON A DISCRETIONARY BASIS.

FEES AND COMPENSATION

AS PREVIOUSLY STATED, EFM PROVIDES ADVISORY SERVICES TO CLIENTS IN A NUMBER OF DIFFERENT WAYS AND CALCULATION OF FEES MAY VARY BY SERVICES PROVIDED.

FINANCIAL PLANNING SERVICE FEES

FEES ARE CHARGED BASED ON .15% (15 BPS) OF CLIENT'S NET WORTH FOR PLAN AND FIRST YEAR. MINIMUM FINANCIAL PLANNING FEE IS \$1500.00 ON-GOING MAINTENANCE IS BASED ON A FEE OF .10% (10BPS) OF CLIENT'S NET WORTH ANNUALLY AFTER FIRST YEAR.

EFM ASSET MANAGEMENT FEES

ASSET MANAGEMENT FEES ARE BASED ON THE FOLLOWING SCHEDULE:

\$1 TO \$1,000,000	1.75% ANNUALLY
OVER \$1,000,001	1.60% ANNUALLY



THIRD PARTY MANAGERS

CLIENTS WILL PAY AN ADVISORY FEE TO THE THIRD PARTY MANAGER FOR MANAGEMENT SERVICES. SUCH ADVISORY FEES MAY BE HIGHER OR LOWER THAN THOSE FEES CHARGED BY OTHER THIRD PARTY MANAGERS NOT MADE AVAILABLE THROUGH EFM AND OFFERING SIMILAR SERVICES. SUCH FEES ARE DISCLOSED TO CLIENT IN THE THIRD PARTY MANAGER'S DISCLOSURE BROCHURE. CLIENTS WILL ENTER INTO AN AGREEMENT DIRECTLY WITH THE THIRD PARTY MANAGER SELECTED BY THE CLIENT. CLIENTS SHOULD READ THE THIRD PARTY MANAGER'S DISCLOSURE BROCHURE THOROUGHLY PRIOR TO ENTERING INTO ANY ADVISORY AGREEMENT. EFM WILL RECEIVE A PORTION OF THIRD PARTY MANAGERS FEE FROM THIRD PARTY MANAGER.

HOURLY ADVICE

HOURLY CONSULTING ADVICE IS BASED ON A RATE OF \$400 PER HOUR BILLED IN 15 MINUTE INCREMENTS.

PERFORMANCE BASED FEES

EFM DOES NOT ACCEPT PERFORMANCE BASED FEES.

TYPES OF CLIENTS

EFM PROVIDES INVESTMENT ADVISORY SERVICES TO INDIVIDUALS, PENSIONS AND PROFIT SHARING PLANS, TRUSTS, ESTATES, AND CHARITABLE ORGANIZATIONS AS WELL AS CORPORATIONS AND OTHER BUSINESS ENTITIES.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

ALL INVESTORS MUST UNDERSTAND THAT INVESTING IN THE SECURITIES MARKETS INVOLVES RISK OF LOSS. THERE CAN BE NO ASSURANCE THAT AN INVESTOR MAY EXPERIENCE A LOSS OR MAKE A PROFIT. EFM HAS DEVISED VARIOUS STRATEGIES IN ITS ATTEMPT TO MINIMIZE THE OPPORTUNITY FOR LOSS. THERE CAN BE NO ASSURANCE THAN ANY INVESTMENT STRATEGY SHALL RESULT IN NO LOSS.

METHODS OF ANALYSIS

EFM AND ITS PORTFOLIO ADVISORY AFFILIATES UTILIZE FUNDAMENTAL TECHNICAL AND CYCLICAL ANALYSIS METHODS TO MANAGE CLIENT PORTFOLIOS.



FUNDAMENTAL ANALYSIS INVOLVES EVALUATING SECURITIES IN AN ATTEMPT TO MEASURE THEIR INTRINSIC VALUE BY EXAMINING RELATED ECONOMIC, FINANCIAL, AND OTHER QUALITATIVE AND QUANTITATIVE FACTORS. THIS INCLUDES MACROECONOMIC FACTORS SUCH AS THE OVERALL ECONOMY, INDUSTRY CONDITIONS, AND COMPANY-SPECIFIC FACTORS SUCH AS FINANCIAL CONDITION AND MANAGEMENT.

TECHNICAL ANALYSIS INVOLVES EVALUATING SECURITIES BY ANALYZING STATISTICS GENERATED BY MARKET ACTIVITY SUCH AS PAST PRICES AND VOLUME. TECHNICAL ANALYSTS DO NOT ATTEMPT TO MEASURE A SECURITY'S INTRINSIC VALUE, BUT INSTEAD USE CHARTS AND OTHER TOOLS TO IDENTIFY PATTERNS AND TRENDS THAT CAN SUGGEST FUTURE ACTIVITY.

CYCLICAL ANALYSIS INVOLVES A STUDY OF MARKET MOVEMENTS INCLUDING PRICING AND QUANTITY OVER A STATED PERIOD OF TIME WITH SPECIAL ATTENTION GIVEN TO FREQUENCY AND STRENGTH OF MARKET CYCLE.

INVESTMENT STRATEGIES

EFM MAY UTILIZE A VARIETY OF DIFFERENT STRATEGIES TO ACCOMPLISH ITS CLIENT'S INVESTMENT OBJECTIVE, THESE STRATEGIES INCLUDE:

LONG TERM PURCHASES INVOLVES THE PURCHASE OF SECURITIES THAT ARE INTENDED TO BE HELD FOR AT LEAST TWELVE MONTHS.

SHORT TERM PURCHASES INVOLVES THE PURCHASE AND SALE OF SECURITIES IN LESS THAN A TWELVE MONTH PERIOD.

TRADING SECURITIES INVOLVES THE PURCHASE AND SALE OF SECURITIES IN A PERIOD OF LESS THAN THIRTY DAYS. PORTFOLIO EXPENSES MAY BE INCREASED WITH MORE FREQUENT TRADING.

RISK OF LOSS

WITH EACH INVESTMENT STRATEGY, THERE COMES A CERTAIN LEVEL OF RISK. THE INVESTMENT ADVISOR MUST DETERMINE THE LEVEL OF RISK THAT A PARTICULAR CLIENT IS WILLING TO ACCEPT AND DEVELOP A PORTFOLIO STRATEGY SUITABLE FOR THE CLIENT. IT IS A FAIR RULE OF THUMB THAT THE SHORTER THE HOLDING PERIOD THE GREATER THE RISK. HOWEVER, THERE CAN BE NO ASSURANCE THAT ANY STRATEGY WHETHER LONG TERM OR SHORT TERM WILL RESULT IN A PROFIT AND CANNOT RESULT IN A LOSS.

DISCIPLINARY INFORMATION

NEITHER THE FIRM NOR ITS ADVISORY REPRESENTATIVES HAVE ANY DISCIPLINARY INFORMATION.



OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

THE OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS OF EFM ARE ALSO REGISTERED REPRESENTATIVES OF COLORADO FINANCIAL SERVICE CORPORATION, AN SEC REGISTERED BROKER-DEALER AND MEMBER OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY. THIS PRESENTS A CONFLICT OF INTEREST AS TO WHAT POSITION THE ADVISOR IS TAKING WHEN SERVICING AN ADVISORY CLIENT. SALES OF SECURITIES PRODUCTS ARE ON A COMMISSION BASIS AND ARE IN ADDITION TO ANY FEES CHARGED BY THE ADVISOR TO THE CLIENT. CLIENTS ARE UNDER NO OBLIGATION TO PURCHASE ANY SECURITIES FROM COLORADO FINANCIAL SERVICE CORPORATION.

IN ADDITION, THE ADVISORY REPRESENTATIVES OF EFM ARE ALSO LICENSED INSURANCE AGENTS. THIS REPRESENTS A CONFLICT OF INTEREST IN THAT ADVISORS MAY OFFER CLIENTS INSURANCE PRODUCTS THAT ARE SOLD ON COMMISSION AND ARE IN ADDITION TO ANY FEES CHARGED BY THE ADVISOR TO THE CLIENT. CLIENTS ARE UNDER NO OBLIGATION TO PURCHASE ANY INSURANCE PRODUCTS.

CODE OF ETHICS

EFM HAS A FIDUCIARY DUTY TO CLIENTS TO ACT IN THE BEST INTEREST OF THE CLIENT AND ALWAYS PLACE THE CLIENT'S INTERESTS FIRST AND FOREMOST. EFM TAKES SERIOUSLY ITS COMPLIANCE AND REGULATORY OBLIGATIONS AND REQUIRES ALL STAFF TO COMPLY WITH SUCH RULES AND REGULATIONS AS WELL AS EFM'S POLICIES AND PROCEDURES. FURTHER, EFM STRIVES TO HANDLE CLIENTS' NON-PUBLIC INFORMATION IN SUCH A WAY TO PROTECT INFORMATION FROM FALLING INTO HANDS THAT HAVE NO BUSINESS REASON TO KNOW SUCH INFORMATION AND PROVIDES CLIENTS WITH EFM'S PRIVACY POLICY. AS SUCH, EFM MAINTAINS A CODE OF ETHICS FOR ITS ADVISORY REPRESENTATIVES, SUPERVISED PERSONS AND STAFF. THE CODE OF ETHICS CONTAINS PROVISIONS FOR STANDARDS OF BUSINESS CONDUCT IN ORDER TO COMPLY WITH FEDERAL SECURITIES LAWS, PERSONAL SECURITIES REPORTING REQUIREMENTS, PRE-APPROVAL PROCEDURES FOR CERTAIN TRANSACTIONS, CODE VIOLATIONS REPORTING REQUIREMENTS, AND SAFEGUARDING OF MATERIAL NON-PUBLIC INFORMATION ABOUT CLIENT TRANSACTIONS. FURTHER, EFM'S CODE OF ETHICS ESTABLISHES EFM'S EXPECTATION FOR BUSINESS CONDUCT. A COPY OF OUR CODE OF ETHICS WILL BE PROVIDED TO ANY CLIENT OR PROSPECTIVE CLIENT UPON REQUEST

BROKERAGE PRACTICES

CLIENTS ARE ADVISED THAT EFM DOES NOT BUY SECURITIES FROM OR SELL SECURITIES IT OWNS TO CLIENTS. SUCH TRANSACTIONS ARE REFERRED TO AS PRINCIPAL TRANSACTIONS.



ADVISORY REPRESENTATIVES OF EFM MAY BUY OR SELL SECURITIES IDENTICAL TO THOSE SECURITIES RECOMMENDED TO CLIENTS. THEREFORE, ADVISORY REPRESENTATIVES MAY HAVE AN INTEREST OR POSITION IN CERTAIN SECURITIES THAT ARE ALSO RECOMMENDED AND BOUGHT OR SOLD TO CLIENTS. ADVISORY REPRESENTATIVES WILL NOT PUT THEIR INTERESTS BEFORE A CLIENT'S INTEREST. EFM IS REQUIRED TO MAINTAIN A LIST OF ALL SECURITIES HOLDINGS FOR ITS ASSOCIATED PERSONS. FURTHER, ASSOCIATED PERSONS ARE PROHIBITED FROM TRADING ON NON-PUBLIC INFORMATION OR SHARING SUCH INFORMATION. CLIENTS HAVE THE RIGHT TO DECLINE ANY INVESTMENT RECOMMENDATION. EFM AND ITS ASSOCIATED PERSONS ARE REQUIRED TO CONDUCT THEIR SECURITIES AND INVESTMENT ADVISORY BUSINESS IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES REGULATIONS.

IT IS THE EXPRESSED POLICY OF EFM THAT NO PERSON EMPLOYED BY EFM MAY PURCHASE OR SELL ANY SECURITY PRIOR TO A TRANSACTION(S) BEING IMPLEMENTED FOR AN ADVISORY ACCOUNT, AND THEREFORE, PREVENTING SUCH EMPLOYEES FROM BENEFITING FROM TRANSACTIONS PLACED ON BEHALF OF ADVISORY ACCOUNTS.

AS THESE SITUATIONS REPRESENT A CONFLICT OF INTEREST, EFM HAS ESTABLISHED THE FOLLOWING RESTRICTIONS IN ORDER TO ENSURE ITS FIDUCIARY RESPONSIBILITIES:

- AN OFFICE OR EMPLOYEE OF EFM SHALL NOT BUY OR SELL SECURITIES FOR THEIR PERSONAL PORTFOLIO(S) WHERE THEIR DECISION IS SUBSTANTIALLY DERIVED, IN WHOLE OR IN PART, BY REASON OF HIS OR HER EMPLOYMENT UNLESS THE INFORMATION IS ALSO AVAILABLE TO THE INVESTING PUBLIC ON REASONABLE INQUIRY. NO PERSON OF EFM SHALL PREFER HIS OR HER OWN INTEREST TO THAT OF THE ADVISORY CLIENT.
- EFM MAINTAINS A LIST OF ALL SECURITIES HOLDINGS FOR ITSELF AND FOR ANYONE ASSOCIATED WITH THIS ADVISORY PRACTICE WITH ACCESS TO ADVISORY RECOMMENDATIONS. THESE HOLDINGS ARE REVIEWED ON A REGULAR BASIS BY AN APPROPRIATE OFFICER OR DESIGNATED INDIVIDUAL OF EFM.
- EFM EMPHASIZES THE UNRESTRICTED RIGHT OF THE CLIENT TO DECLINE TO IMPLEMENT ANY ADVICE RENDERED, EXCEPT IN SITUATIONS WHERE EFM IS GRANTED DISCRETIONARY AUTHORITY OF THE CLIENT'S ACCOUNT.
- EFM EMPHASIZES THE UNRESTRICTED RIGHT OF THE CLIENT TO SELECT AND CHOOSE ANY BROKER OR DEALER, AND/OR INSURANCE COMPANY, HOWEVER, EFM'S ACTIVITIES MAY BE LIMITED OR RESTRICTED SHOULD CLIENT SELECT ANOTHER CUSTODIAN BROKER OR DEALER.
- EFM REQUIRES THAT ALL INDIVIDUALS MUST ACT IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE REGULATIONS GOVERNING REGISTERED INVESTMENT ADVISORY PRACTICES. ANY INDIVIDUAL NOT IN OBSERVANCE OF THE ABOVE MAY BE SUBJECT TO TERMINATION



REVIEW OF ACCOUNTS

FINANCIAL PLANNING & CONSULTING SERVICES

REVIEWS WILL BE CONDUCTED WITH CLIENTS NO LESS THAN ANNUALLY OR AS AGREED BY CLIENT AND ADVISORY REPRESENTATIVE. CLIENTS MAY BE CHARGED AN ADVISORY FEE FOR ADDITIONAL REVIEWS.

EFM ASSET MANAGEMENT SERVICES

EFM CONDUCTS REVIEWS ON A QUARTERLY BASIS OF CLIENTS ACCOUNTS AND OF THE SECURITIES UTILIZED IN CLIENT PORTFOLIOS. FURTHER, ALL UNDERLYING SECURITIES MANAGED BY EFM IN MANAGED ACCOUNTS ARE CONTINUOUSLY MONITORED. REVIEWS WILL BE CONDUCTED WITH CLIENTS AT LEAST ANNUALLY OR AS AGREED BY CLIENT AND ADVISORY REPRESENTATIVE.

ADDITIONAL INFORMATION REGARDING REVIEWS OF ACCOUNTS

CLIENTS MAY REQUEST MORE FREQUENT REVIEWS AND MAY SET THRESHOLDS FOR TRIGGERING EVENTS THAT WOULD CAUSE A REVIEW TO TAKE PLACE. GENERALLY, ADVISORY REPRESENTATIVES WILL MONITOR FOR CHANGES OR SHIFTS IN THE ECONOMY, CHANGES TO THE MANAGEMENT AND STRUCTURE OF A MUTUAL FUND OR COMPANY IN WHICH CLIENT ASSETS ARE INVESTED, AND MARKET SHIFTS AND CORRECTIONS. CLIENTS ARE ADVISED THAT THEY SHOULD NOTIFY THEIR ADVISORY REPRESENTATIVE PROMPTLY OF ANY CHANGES TO THE CLIENT'S FINANCIAL GOALS, OBJECTIVES OR FINANCIAL SITUATION AS SUCH CHANGES MAY REQUIRE ADVISORY REPRESENTATIVE TO REVIEW THE CLIENTS PORTFOLIO AND MAKE RECOMMENDATIONS FOR CHANGES.

REVIEWERS

REVIEWS OF CLIENT ACCOUNTS WILL BE CONDUCTED BY THE CLIENT'S ADVISORY REPRESENTATIVE OF RECORD. CLIENTS HAVE THE CHOICE TO SELECT THEIR ADVISORY REPRESENTATIVE.

REGULAR REPORTS PROVIDED TO CLIENTS

EFM SHALL, THROUGH ITS CUSTODIAN, RENDER AT LEAST QUARTERLY, AN ITEMIZED STATEMENT OF THE ACCOUNT, INCLUDING PORTFOLIO HOLDINGS, TRANSACTION ACTIVITY AND INVESTMENT PERFORMANCE. EFM SHALL, THROUGH ITS CUSTODIAN, PREPARE AND DELIVER TO THE CLIENT AN ANNUAL REPORT INCLUDING SCHEDULES OF



REALIZED GAINS AND LOSSES AND RELATED TAX INFORMATION, IN ADDITION TO THE ROUTINE QUARTERLY INFORMATION.

FINANCIAL PLANNING & CONSULTING SERVICES

FINANCIAL PLANNING AND CONSULTING CLIENTS WILL RECEIVE THOSE REPORTS CONTRACTED FOR AT THE INCEPTION OF THE ADVISORY RELATIONSHIP.

CLIENT REFERRALS AND OTHER COMPENSATION

ADVISORY REPRESENTATIVES WHO ARE REGISTERED REPRESENTATIVES OF COLORADO FINANCIAL SERVICE CORPORATION MAY RECEIVE TRAIL COMMISSIONS (I.E. 12B-1 FEES) FOR A PERIOD OF TIME. LOAD AND NO-LOAD MUTUAL FUNDS MAY PAY ANNUAL DISTRIBUTION CHARGES, SOMETIMES REFERRED TO AS 12B-1 FEES. 12B-1 FEES COME FROM FUND ASSETS, THEREFORE, INDIRECTLY FROM CLIENT ASSETS. 12B-1 FEES MAY BE INITIALLY PAID TO EFM AND A PORTION PASSED TO THE ADVISORY REPRESENTATIVES. THE RECEIPT OF SUCH FEES COULD REPRESENT AN INCENTIVE FOR ADVISORY REPRESENTATIVES TO RECOMMEND FUNDS WITH 12B-1 FEES OVER FUNDS THAT HAVE NO FEES OR LOWER FEES. AS A RESULT, THERE IS A CONFLICT OF INTEREST.

TD AMERITRADE MAKES AVAILABLE TO EFM OTHER PRODUCTS AND SERVICES THAT BENEFIT EFM BUT MAY NOT BENEFIT ITS CLIENTS' ACCOUNTS. SOME OF THESE OTHER PRODUCTS AND SERVICES ASSIST EFM IN MANAGING AND ADMINISTERING CLIENTS' ACCOUNTS. THESE INCLUDE SOFTWARE AND OTHER TECHNOLOGY THAT PROVIDE ACCESS TO CLIENT ACCOUNT DATA, SUCH AS TRADE CONFIRMATION AND ACCOUNT STATEMENTS; FACILITATE TRADE EXECUTION AND ALLOCATION OF AGGREGATED TRADE ORDERS FOR MULTIPLE CLIENT ACCOUNTS; PROVIDE RESEARCH, PRICING INFORMATION AND OTHER MARKED DATA; FACILITATE PAYMENT OF EFM'S FEES FROM ITS CLIENTS' ACCOUNTS; AND ASSIST WITH BACK-OFFICE FUNCTIONS, RECORDKEEPING AND CLIENT REPORTING. MANY OF THESE SERVICES GENERALLY MAY BE USED TO SERVICE ALL OR A SUBSTANTIAL NUMBER OF EFM'S ACCOUNTS, INCLUDING ACCOUNTS NOT MAINTAINED AT TD AMERITRADE. TD AMERITRADE ALSO MAKES AVAILABLE TO EFM OTHER SERVICES INTENDED TO HELP EFM MANAGE AND FURTHER DEVELOP ITS BUSINESS ENTERPRISE. THESE SERVICES MAY INCLUDE CONSULTING, PUBLICATIONS AND CONFERENCES ON PRACTICE MANAGEMENT, INFORMATION TECHNOLOGY, BUSINESS SUCCESSION, REGULATORY COMPLIANCE AND MARKETING. IN ADDITION, TD AMERITRADE MAY MAKE AVAILABLE, ARRANGE AND/OR PAY FOR THESE TYPES OF SERVICES RENDERED TO EFM BY INDEPENDENT THIRD PARTIES. TD AMERITRADE MAY DISCOUNT OR WAIVE FEES IT WOULD OTHERWISE CHARGE FOR SOME OF THESE SERVICES OR PAY ALL OR A PART OF THE FEES OF A THIRD PARTY PROVIDING THESE SERVICES TO EFM. WHILE AS A FIDUCIARY, EFM ENDEAVORS TO ACT IN ITS CLIENTS' BEST INTERESTS, AND EFM'S RECOMMENDATION THAT CLIENTS MAINTAIN THEIR ASSETS IN ACCOUNTS AT TD AMERITRADE MAY BE BASED IN PART ON THE BENEFIT TO EFM OF THE AVAILABILITY OF SOME OF THE FOREGOING PRODUCTS AND SERVICES



AND NOT SOLELY ON THE NATURE, COST OR QUALITY OF CUSTODY AND BROKERAGE SERVICES PROVIDED BY TD AMERITRADE WHICH MAY CREATE A CONFLICT OF INTEREST.

REFERRAL FEE PAYMENTS

EFM MAY FROM TIME TO TIME COMPENSATE, EITHER DIRECTLY OR INDIRECTLY, ANY PERSON (DEFINED AS A NATURAL PERSON OR A COMPANY) FOR CLIENT REFERRALS. EFM IS AWARE OF THE SPECIAL CONSIDERATIONS PROMULGATED PURSUANT TO RULE 206(4)-3 UNDER THE INVESTMENT ADVISERS ACT OF 1940 OR SIMILAR STATE REGULATION. AS SUCH, APPROPRIATE DISCLOSURE SHALL BE MADE TO CLIENTS REGARDING THE REFERRAL FEES PAID.

CUSTODY

EFM DOES NOT MAINTAIN CUSTODY OF CLIENT SECURITIES OR FUNDS. TD AMERITRADE IS THE RECOMMENDED CUSTODIAN OF CLIENT ACCOUNTS FOR EFM. CLIENTS RECEIVE ACCOUNT STATEMENTS DIRECTLY FROM THE RESPECTIVE CUSTODIAN, BANK OR BROKER-DEALER. THOUGH CLIENTS MAY RECEIVE STATEMENTS FROM EFM, CLIENTS SHOULD ALWAYS COMPARE THE REPORTS WITH THE STATEMENTS PROVIDED BY THE RESPECTIVE CUSTODIAN. INCLUDED IN THE CLIENT SERVICES AGREEMENT WHICH EACH INVESTMENT ADVISORY CLIENT IS REQUIRED TO EXECUTE IS THE AUTHORIZATION FOR EFM TO WITHDRAW ADVISORY FEES DIRECTLY FROM THE CLIENT ACCOUNT. EFM PROVIDES CLIENTS NOTICE OF INVOICE FOR FEES VIA EMAIL ON THE FIRST BUSINESS DAY OF EACH QUARTER. INVOICE DETAILS ARE POSTED TO THE CLIENT'S EFM CLIENT ACCESS PORTAL WITHIN TEN BUSINESS DAYS OF QUARTER-END. IN ADDITION, THE CLIENT RECEIVES AN ACCOUNT STATEMENT FROM CUSTODIAN, NO LESS THAN QUARTERLY, INDICATING THE WITHDRAWAL OF FEES.

DISCRETION

EFM ACCEPTS DISCRETIONARY AUTHORITY OVER THE ASSETS ITS MANAGES ON BEHALF OF ITS CLIENTS. ALL CLIENTS ARE REQUIRED TO EXECUTE A CLIENT SERVICES AGREEMENT WHICH GRANTS DISCRETION TO EFM. THE CLIENT GRANTS EFM LIMITED DISCRETION AS TO THE SECURITIES TO BE PURCHASED OR SOLD, THE QUANTITY OF SECURITIES TO BE PURCHASED OR SOLD AND THE PRICE TO BE PAID FOR ANY PURCHASE OR SALE. EFM IS NOT AUTHORIZED TO WITHDRAW FUNDS FROM A CLIENT'S ACCOUNT EXCEPT FOR THE WITHDRAWAL OF MANAGEMENT FEES WHICH REQUIRE THAT THE CLIENT AUTHORIZE THE WITHDRAWAL, RECEIVE A STATEMENT FROM EFM CONCURRENT WITH DELIVERY OF AN INVOICE TO THE CUSTODIAN AND THE CUSTODIAN PROVIDES A STATEMENT TO THE CLIENT SHOWING THE AMOUNT OF FEES WITHDRAWN.



PROXY VOTING

EXCEPT AS OTHERWISE INSTRUCTED BY THE CLIENT, EFM IS NOT REQUIRED TO TAKE ANY ACTION OR RENDER ANY ADVICE WITH RESPECT TO THE VOTING OF PROXIES SOLICITED BY, OR WITH RESPECT TO, THE ISSUERS OF SECURITIES IN WHICH THE CLIENT'S ASSETS MAY BE INVESTED FROM TIME TO TIME.

FINANCIAL INFORMATION

EFM DOES NOT COLLECT MORE THAN \$1200 IN FEES PER CLIENT SIX MONTHS OR MORE IN ADVANCE.

ADDITIONAL INFORMATION

THE CERTIFIED FINANCIAL PLANNER[®], CFP[®] AND FEDERALLY REGISTERED CFP (WITH FLAME DESIGN) MARKS (COLLECTIVELY, THE "CFP[®] MARKS") ARE PROFESSIONAL CERTIFICATION MARKS GRANTED IN THE UNITED STATES BY CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC. ("CFP BOARD").

THE CFP[®] CERTIFICATION IS A VOLUNTARY CERTIFICATION; NO FEDERAL OR STATE LAW OR REGULATION REQUIRES FINANCIAL PLANNERS TO HOLD CFP[®] CERTIFICATION. IT IS RECOGNIZED IN THE UNITED STATES AND A NUMBER OF OTHER COUNTRIES FOR ITS (1) HIGH STANDARD OF PROFESSIONAL EDUCATION; (2) STRINGENT CODE OF CONDUCT AND STANDARDS OF PRACTICE; AND (3) ETHICAL REQUIREMENTS THAT GOVERN PROFESSIONAL ENGAGEMENTS WITH CLIENTS. CURRENTLY, MORE THAN 62,000 INDIVIDUALS HAVE OBTAINED CFP[®] CERTIFICATION IN THE UNITED STATES.

TO ATTAIN THE RIGHT TO USE THE CFP[®] MARKS, AN INDIVIDUAL MUST SATISFACTORILY FULFILL THE FOLLOWING REQUIREMENTS:

- **EDUCATION** — COMPLETE AN ADVANCED COLLEGE-LEVEL COURSE OF STUDY ADDRESSING THE FINANCIAL PLANNING SUBJECT AREAS THAT CFP BOARD'S STUDIES HAVE DETERMINED AS NECESSARY FOR THE COMPETENT AND PROFESSIONAL DELIVERY OF FINANCIAL PLANNING SERVICES, AND ATTAIN A BACHELOR'S DEGREE FROM A REGIONALLY ACCREDITED UNITED STATES COLLEGE OR UNIVERSITY (OR ITS EQUIVALENT FROM A FOREIGN UNIVERSITY). CFP BOARD'S FINANCIAL PLANNING SUBJECT AREAS INCLUDE INSURANCE PLANNING AND RISK MANAGEMENT, EMPLOYEE BENEFITS PLANNING, INVESTMENT PLANNING, INCOME TAX PLANNING, RETIREMENT PLANNING, AND ESTATE PLANNING;
- **EXAMINATION** — PASS THE COMPREHENSIVE CFP[®] CERTIFICATION EXAMINATION. THE EXAMINATION, ADMINISTERED IN 10 HOURS OVER A TWO-DAY PERIOD, INCLUDES CASE STUDIES AND CLIENT SCENARIOS DESIGNED TO TEST ONE'S ABILITY TO CORRECTLY DIAGNOSE FINANCIAL PLANNING ISSUES AND APPLY ONE'S KNOWLEDGE OF FINANCIAL PLANNING TO REAL WORLD CIRCUMSTANCES;



- EXPERIENCE — COMPLETE AT LEAST THREE YEARS OF FULL-TIME FINANCIAL PLANNING-RELATED EXPERIENCE (OR THE EQUIVALENT, MEASURED AS 2,000 HOURS PER YEAR); AND
- ETHICS — AGREE TO BE BOUND BY CFP BOARD'S STANDARDS OF PROFESSIONAL CONDUCT, A SET OF DOCUMENTS OUTLINING THE ETHICAL AND PRACTICE STANDARDS FOR CFP® PROFESSIONALS.

INDIVIDUALS WHO BECOME CERTIFIED MUST COMPLETE THE FOLLOWING ONGOING EDUCATION AND ETHICS REQUIREMENTS IN ORDER TO MAINTAIN THE RIGHT TO CONTINUE TO USE THE CFP® MARKS:

- CONTINUING EDUCATION — COMPLETE 30 HOURS OF CONTINUING EDUCATION HOURS EVERY TWO YEARS, INCLUDING TWO HOURS ON THE CODE OF ETHICS AND OTHER PARTS OF THE STANDARDS OF PROFESSIONAL CONDUCT, TO MAINTAIN COMPETENCE AND KEEP UP WITH DEVELOPMENTS IN THE FINANCIAL PLANNING FIELD; AND
- ETHICS — RENEW AN AGREEMENT TO BE BOUND BY THE STANDARDS OF PROFESSIONAL CONDUCT. THE STANDARDS PROMINENTLY REQUIRE THAT CFP® PROFESSIONALS PROVIDE FINANCIAL PLANNING SERVICES AT A FIDUCIARY STANDARD OF CARE. THIS MEANS CFP® PROFESSIONALS MUST PROVIDE FINANCIAL PLANNING SERVICES IN THE BEST INTERESTS OF THEIR CLIENTS.

CFP® PROFESSIONALS WHO FAIL TO COMPLY WITH THE ABOVE STANDARDS AND REQUIREMENTS MAY BE SUBJECT TO CFP BOARD'S ENFORCEMENT PROCESS, WHICH COULD RESULT IN SUSPENSION OR PERMANENT REVOCATION OF THEIR CFP® CERTIFICATION.

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