



## Form ADV Part II Appendix 1

March 15, 2011

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Vision Investment Advisors, LLC ("Vision Advisors") that should be considered before becoming a client of Vision Advisors' Wrap Fee Program. If you have any questions about the contents of this Brochure, please contact us by e-mail: [info@advicewithvision.com](mailto:info@advicewithvision.com) or by phone: 203-388-2681. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Vision Advisors also offers the Vision Investment Advisor Representative Wrap Fee Program ("IAR Wrap Fee Program"). For a copy of the IAR Wrap Fee Program Brochure, you may contact Vision Advisors at the contact information above.

Vision Advisors is a SEC registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provides you with information you use in determining whether to hire or retain an advisor.

Additional information about Vision Advisors also is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Services, Fees and Compensation**

### **The Vision Advisors Wrap Fee Program**

Under the Vision Advisors' Wrap Fee Program (the "Program"), Vision Advisors offers clients discretionary investment advisory services based on a client's individual investment objectives and risk tolerances, along with trade execution, brokerage, custodial and administrative services for a single asset-based annual fee, in addition to certain other charges and expenses. Vision may recommend a third-party investment adviser to manage all or a portion of a client's account or an independent commodity trading advisor for management of a portion of a client's account in managed futures. Occasionally, if requested by a client, Vision Advisors may provide investment advice on a non-discretionary basis.

Vision Advisors serves as the portfolio manager for each of the four portfolios (collectively, the "Portfolios") offered in the Vision Advisors' Wrap Fee Program. In addition to the advisory services provided to clients, the Program also provides execution of securities transactions and custodial and administrative services through Vision Brokerage Services, LLC ("VBS") or Vision Financial Markets LLC ("VFM"), affiliates of Vision Advisors. Both VFM and VBS are broker/dealers registered with the SEC and are members of the Financial Industry Regulatory Authority ("FINRA").

Vision Advisors has been in business since September 2000. Its principal owners are Howard Rothman and Boshnack Family LLC, a Delaware limited liability company. The investment methodologies at Vision Advisors have been developed by Howard Rothman, its Chief Investment Officer. Mr. Rothman makes the ultimate investment selections and recommendations, and personally (though not solely) monitors each client account that receives discretionary investment advice.

### **Advisory Services – Investment Portfolios**

Vision Advisors provides discretionary advisory services in the Equity, Dividend, Balanced, and Fixed Income Portfolios to individual and institutional investors. A Vision Advisors' client may establish an account in one or more of its investment portfolios, each of which consists of accounts with similar investment objectives, portfolio construction, market exposure and risk tolerance. These portfolios offer the investor several choices consistent with a fundamental objective of long-term capital appreciation. Each client's portfolio is managed specifically for that client based upon the client's individual goals, objectives, restrictions, time horizon, risk tolerance and current market conditions. A client will have the opportunity to place reasonable restrictions on the specific securities or types of securities that are purchased for the client's account. Vision Advisors also may provide discretionary advisory services not based on any of the Portfolios.

### **The Equity Portfolio (The E-Portfolio)**

Vision Advisors' principal objective in its Equity Portfolio is to seek returns from a diversified group of large-cap U.S. traded equities that we believe have the potential to achieve returns greater than Standard and Poor's 500 Composite Stock Price Index ("S&P 500 Index") over time. The Equity Portfolio will be primarily comprised of a diversified portfolio of large-cap stocks which currently exhibit a high degree of financial strength coupled with a track record of solid growth and which we expect have a high potential for continued growth. The total amount of diversification is, to a large degree, a function of the total amount of the individual client's funds invested in the E-Portfolio. An account with a smaller amount invested generally will incorporate fewer stocks and therefore be less diversified.

Vision Advisors' internal research efforts focus on identifying companies that have sustainable gross revenue (top-line) and earnings or net income (bottom-line) growth, competitive advantages and strong returns on equity. Vision Advisors selects and purchases stocks based upon its research and evaluation of a given company. During this process, we will review a given company's past revenue and earnings

growth, current cash flow status, debt factors, financial ratios such as the price-earning ratio ("PE") and additional ratios and factors we deem to be relevant.

Securities in the Equity Portfolio may represent several sectors of the economy, but generally will not be concentrated in any one sector or constitute more than 15% in any one issuer. Securities are sold when we deem the ownership of that company is no longer attractive, or to replace that security with another security that we believe is more attractive. Considerations to sell a security may include deceleration in sales or earnings growth or expected future growth, a high stock price based upon PE Ratio or key management changes.

Vision Advisors also believes that it makes sound economic sense to employ, from time to time, a strategy of writing covered call positions against some or all of the stocks in the Equity Portfolio.

The primary purpose of option writing is to earn additional income through premiums received from the buyers of the call options. By monitoring the volatility, delta and time to expiration, Vision Advisors works to optimize the trade off between receiving option premium income and the possibility of forgoing future price appreciation on the underlying stock above the written strike price of the option, until the option expires. At the same time, the investor receives a small measure of downside protection, to the extent of the net option premium received, should the price of the stock decline. By adding a covered call position to an existing long stock position, Vision Advisors will attempt to enhance the potential overall return in the portfolio.

The goal of a covered call position is for the short option value to decay over time and allow the account holder to realize a gain, up to the total net option premium received, should the option position expire worthless. In order to calculate the gain or loss on the overall covered call position, one must measure the profit or loss realized during the period the covered call option position was open against the profit and loss of the open securities position during the same time periods.

In addition to covered calls, Vision Advisors may, from time to time, purchase out-of-the-money put options to further add to the level of downside protection. The ratio of purchased put options may be less than the number of long shares of stock owned in the account. Please recognize that employing puts to help protect the stocks in an account is likely to temper total returns (due to the premium paid to purchase the put options), but does provide some downside protection against declines in the underlying stocks.

### **The Dividend Portfolio (The D-Portfolio)**

Vision Advisors' principal objective in its equity-based Dividend Portfolio is to provide returns from a diversified group of companies that have an attractive dividend rate, but still maintain many growth characteristics. Accordingly, the Dividend Portfolio will be comprised of an appropriate number of mid-cap and/or large-cap stocks that maintain a targeted minimum dividend yield of at least 2.00% for each stock and exhibit a high level of financial strength coupled with a historical above average return on equity. Mid-cap stocks represent companies that have a total market capitalization of between \$1 billion and \$5 billion. Mid-cap stocks tend to have a higher risk/reward ratio than large cap stocks. Large-cap stocks represent companies that have a total market capitalization of over \$5 billion. Based upon market conditions, this portfolio may have less diversification at times and may be more exposed to sector trends than a more diversified portfolio.

Vision Advisors employs technical analytical screening methods to predict expected revenue and earnings over the next one to two years. Upon identifying a number of issuers, the selection is further narrowed by applying other investment rules and financial ratios such as the PE ratios to predict and evaluate future price prospects. In addition to financial strength, dividend yield and return on equity, Vision Advisors also examines the dividend payout, the debt equity ratio and forward looking PE ratios. Finally, we look at companies that also have an established history of buying back their stock and raising their dividend payments. Although certain industries tend to offer higher yielding stocks, the additional factors that we employ tend to screen out many less desirable stocks in certain industries.

Vision Advisors also believes that it makes sound economic sense to employ, from time to time, a strategy of writing covered call positions against some or all of the stocks in the Dividend Portfolio.

The primary purpose of option writing is to earn additional income through premiums received from the buyers of the call options. By monitoring the volatility, delta and time to expiration, Vision Advisors works to optimize the trade off between receiving option premium income and the possibility of forgoing future price appreciation on the underlying stock above the written strike price of the option, until the option expires. At the same time, the investor receives a small measure of downside protection, to the extent of the net option premium received, should the price of the stock decline. By adding a covered call position to an existing long stock position, Vision Advisors will attempt to enhance the potential overall return in the portfolio.

The goal of a covered call position is for the short option value to decay over time and allow the account holder to realize a gain, up to the total net option premium received, should the option position expire worthless. In order to calculate the gain or loss on the overall covered call position, one must measure the profit or loss realized during the period the covered call option position was open against the profit and loss of the open securities position during the same time periods.

In addition to covered calls, Vision Advisors may, from time to time, purchase out-of-the-money put options to further add to the level of downside protection. The ratio of purchased put options may be less than the number of long shares of stock owned in the account. Please recognize that employing puts to help protect the stocks in an account is likely to temper total returns (due to the premium paid to purchase the put options), but does provide some downside protection against declines in the underlying stocks.

### **The Balanced Portfolio (The B-Portfolio)**

The principal objective of the Balanced Portfolio is to provide income and capital gains from a combination of stocks (common and preferred), bonds, notes and the use of cash, cash equivalents or option premium income. The equity portion of the Balanced Portfolio is managed using the methods employed to manage the Equity Portfolio accounts. Within the fixed income portion, securities are evaluated and selected based upon Vision Advisors' interest rate assumptions, the U.S. Treasury yield curve, credit risk and a number of macro-economic variables that may affect the relative performance of the specific bonds. Fixed income holdings can include preferred stocks, municipal bonds, corporate bonds, U.S. Government Agency debt securities and other debt instruments.

Vision Advisors also believes that it makes sound economic sense to employ, from time to time, a strategy of writing covered call positions against some or all of the stocks in the Balanced Portfolio.

The primary purpose of option writing is to earn additional income through premiums received from the buyers of the call options. By monitoring the volatility, delta and time to expiration, Vision Advisors works to optimize the trade off between receiving option premium income and the possibility of forgoing future price appreciation on the underlying stock above the written strike price of the option, until the option expires. At the same time, the investor receives a small measure of downside protection, to the extent of the net option premium received, should the price of the stock decline. By adding a covered call position to an existing long stock position, Vision Advisors will attempt to enhance the potential overall return in the portfolio.

The goal of a covered call position is for the short option value to decay over time and allow the account holder to realize a gain, up to the total net option premium received, should the option position expire worthless. In order to calculate the gain or loss on the overall covered call position, one must measure the profit or loss realized during the period the covered call option position was open against the profit and loss of the open securities position during the same time periods.

In addition to covered calls, Vision Advisors may, from time to time, purchase out-of-the-money put options to further add to the level of downside protection. The ratio of purchased put options may be less

than the number of long shares of stock owned in the account. Please recognize that employing puts to help protect the stocks in an account is likely to temper total returns (due to the premium paid to purchase the put options), but does provide some downside protection against declines in the underlying stocks.

### **The Fixed Income Portfolio (The I-Portfolio)**

On the more conservative end of the spectrum is the Fixed Income Portfolio. A client can choose a taxable Fixed Income Portfolio which seeks to provide returns from U.S. government agency securities, corporate debt and/or preferred stocks, or a non-taxable Portfolio which seeks to provide returns from municipal bonds. Fixed income securities are selected using the same methodology as the fixed income segment in the Balanced Portfolio. The fixed income program seeks to produce total returns over complete market circles that exceed returns that may be expected from random trading and passive management strategies. At the discretion of the manager, the taxable and/or non-taxable fixed income portfolios may consist entirely of one type of security, such as, for example, government agency securities.

Additional information about each of the Portfolios is below on page 8 under *“Portfolio Manager Selection and Evaluation.”*

### **Brokerage**

In addition to the advisory services provided to clients, the Program's wrap fee also includes execution of securities transactions through VFM or VBS. Vision Advisors requires that clients establish and maintain their accounts at VBS or VFM. Clients' funds and securities are held at VFM, as custodian, which clears transactions on a fully-disclosed basis for VBS and for itself. Where the account is an IRA, Sterling Trust Company or other qualified custodian will act as custodian.

A client may transfer securities into a wrap fee account on which the client previously has paid a brokerage commission or similar fee for the purchase of those securities. The Program wrap fee will be applied to such securities even though a commission or fee previously has been paid by the client. In some cases, a client may have paid VBS or VFM compensation for the purchase of the securities. Prior to effecting such a transfer, the client should consider whether it is appropriate and cost effective to make such a transfer and should consult Vision Advisors prior to doing so.

The Program wrap fee does not include: (i) annual account fees or other administrative fees, such as wire fees, charged by VFM or VBS (ii) certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and (iii) advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account.

The client should be aware that the Program wrap fee does not cover certain costs associated with securities transactions in the over-the-counter market, for example, in fixed income securities, where VFM or VBS must approach a dealer or market maker to purchase or sell the security. Such costs include a mark-up, mark-down or spread and odd lot differentials or transfer taxes imposed by law. These charges and expenses are in addition to the Program wrap fee payable by client and may be payable to VFM or VBS.

Clients will incur a \$2.50 charge per transaction when trades are placed in their accounts.

Where Vision Advisors decides to purchase mutual funds in client accounts, it will do so through VBS or VFM. Generally, Vision Advisors purchases no-load mutual funds which do not generate sales charges, but VBS or VFM may receive Rule 12b-1 fees from a mutual fund for the period of time the assets are invested. However, if VFM or VBS receives any such compensation from a mutual fund or other issuer related to a security or other asset that is included in calculating the client's Program wrap fee, the

Program wrap fee otherwise payable by the client will be reduced by the amount of that compensation. Such reductions normally appear in the account in the calendar quarter after VFM or VBS actually receives the compensation from the issuer. Shareholder servicing or Rule 12b-1 fees or the equivalent received by VFM or VBS on assets not held in the wrap fee account will be retained by VFM or VBS.

Clients also should be aware that Vision Advisors' use of VFM or VBS may result in the client receiving less favorable execution on some transactions.

In determining whether to establish a Program account, a client should be aware that the overall cost to the client of the Program may be higher or lower than the client might incur by purchasing separately the types of securities available in the Program, as well as advisory and brokerage services. To meaningfully compare the cost of the Program with unbundled services, the client should consider the turnover rate in Vision Advisors' investment strategies (described above), trading activity in the account and standard advisory fees and brokerage commissions that would be charged at VFM or VBS, or at other broker/dealers and investment advisers. Accordingly, the Program may not be suitable for clients whose accounts have less than a certain number of transactions per year or for clients who simply want to purchase individual securities.

### **Program Fees and Compensation**

The specific manner in which fees are charged by Vision Advisors is disclosed in a client's written Investment Management Agreement with Vision Advisors. Fees are deducted from the client's account on a quarterly basis in arrears. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any unpaid fees will be due to Vision Advisors and payable on a prorated basis. The management fee is deducted from the account before distribution of account assets to the client.

Vision Advisors' compensation is based on a combination of a one time asset-based start-up fee, if any, and an asset-based management fee. There is no separate charge for brokerage commissions; however, clients normally will be charged any mark-ups or mark-downs with respect to fixed income securities and other fees described above under "*Brokerage*". Clients will also incur a \$2.50 charge per transaction when trades are placed in their accounts. The start-up fee, if any, is payable on the date the funds are deposited in the client's account pursuant to Vision Advisors' Investment Management Agreement. The management fee is payable (in arrears) at the end of each calendar quarter based on the total value of the account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last trading day of the quarter.

Clients should be aware that Vision Advisors' advisory fees may be higher than those normally charged by other investment advisers for comparable advisory services. There may be other investment advisers who can provide comparable types of advisory services at a lower advisory fee rate.

### **Start-up Fees for All Accounts**

The one time asset-based start-up fee, if any, is listed below but may be negotiated with an individual client prior to the time the account is opened. The fee is deducted from the client's account on the day of the initial deposit. Below is a representative fee schedule, although the actual fee may be higher or lower than what is shown below. Start-up fees may vary based upon factors in Vision Advisors' discretion, including but not limited to, a fee reduction in exchange for a higher management fee, or if the client has additional accounts with Vision Advisors or firms affiliated with Vision Advisors. Clients will be informed of their start-up fee, if any, prior to opening the account. Subsequent deposits in a client's account may, at Vision Advisors' discretion, incur separately charged supplemental start-up fees, which the clients are advised of in advance of depositing additional funds into their account:

**Start-Up Fee (All Portfolios)**

<b>Assets</b>	<b>Fees</b>
Up to \$500,000	2.00%
\$500,001 - \$1,000,000	1.00%
Over \$1,000,000	Negotiable

**Annual Asset-Based Management Fee**

Annual asset-based management fees (paid quarterly) are listed below but may be negotiated with an individual client. Below is a representative fee schedule, although the actual fee may be higher or lower than what is shown below. The amount of the fee may vary based upon factors at Vision Advisor's discretion, including but not limited to, the amount of the original investment, if the client has accounts with an affiliated firm and if the client has additional accounts with Vision Advisors. A client will be advised of the management fee prior to opening an account with Vision Advisors. A client will be advised of the management fee prior to the client opening an account with Vision Advisors.

**Equity: E-Portfolio**

<b>Assets</b>	<b>Fees</b>
Up to \$250,000	2.50%
\$250,001 - \$500,000	2.00%
Over \$500,000	Negotiable

**Balanced: B-Portfolio**

<b>Assets</b>	<b>Fees</b>
Up to \$100,000	2.50%
\$100,001 - \$250,000	2.25%
\$250,001 - \$500,000	2.00%
\$500,001 - \$750,000	1.75%
\$750,001 - \$1,000,000	1.50%
\$1,000,001 - \$3,000,000	1.25%
Over \$3,000,000	Negotiable

**Dividend: D-Portfolio**

<b>Assets</b>	<b>Fees</b>
Up to \$1,000,000	1.00%
Over \$1,000,000	Negotiable

**Fixed Income: I-Portfolio**

<b>Assets</b>	<b>Fees</b>
Up to \$100,000	1.50%
\$100,001 - \$750,000	1.00%
\$750,001 - \$1,000,000	0.90%
\$1,000,001 - \$3,000,000	0.80%
Over \$3,000,000	Negotiable

**Performance-Based Fees**

Vision Advisors will consider reducing its asset-based management fees for qualified clients who choose to pay an incentive fee, which is based solely on the performance in the account. Under Rule 205-3 of the Investment Advisers Act, such clients must place a minimum of \$750,000 under Vision Advisors' management or have a net worth (either individually or together with assets held jointly with a spouse) of more than \$1,500,000 at the time of opening an account.

The incentive fee is typically 20% of "new appreciation" in the account over a year's period, measured initially from the date the account is opened to the end of the calendar year and, in subsequent years, over the entire year. The incentive fee is paid only where the cumulative appreciation in the account exceeds a "High Water Mark" or the highest level of appreciation earned on any prior calculation date in the account. Once earned, the incentive fee is not refundable in the event of subsequent losses, but Vision Advisors must recoup such losses and exceed the High Water Mark before it is entitled to another incentive fee. If the client withdraws funds or closes its account before the performance period ends, Vision Advisors will calculate the incentive fee based on the value of the account on the day of termination and will deduct any incentive fee due from the assets in the account before distribution.

**Fee Negotiation**

All fees may be subject to negotiation. When negotiating fees, Vision Advisors considers the following factors, including but not limited to: (i) clients with multiple accounts; (ii) size of the account; (iii) a prior or existing relationship with a Vision Advisors' affiliate; and (iv) a client's particular needs or financial characteristics. Due to the fact that fees may vary, clients with existing accounts may be charged fees which do not match precisely the foregoing fee schedules or the fees paid by other clients.

**Non-Wrap Fee Option**

Vision Advisors also offers discretionary advisory services in the Equity, Balanced, Stock Put Writing, Stock Put Credit Spread Option Program and Total Portfolios, where clients will pay for advisory services and brokerage services separately. Please refer to Vision Advisors' Form ADV Part II for information regarding the fees for the non-wrap program.

**Conflicts of Interest**

Because Vision Advisors may receive more compensation from a client from the client's participation in the Program than if the client received advisory services and brokerage services separately, Vision Advisors may have a financial incentive to recommend the Program to clients over other types of advisory services.

Because of the single fee charged to a Program account, Vision Advisors may be regarded as having a conflict of interest in that it may realize a greater profit on a Program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

Vision Advisors may give advice to others that may be different from the advice given to Program clients.

### **Account Requirements and Types of Clients**

Vision Advisors caters primarily to affluent individuals and their retirement accounts, family offices and family investment vehicles who seek an approach to capital appreciation by investing in established stocks with demonstrable prospects for growth coupled with a strategic covered call writing program. Vision Advisors' investment programs are also suitable for institutional investors such as corporate pension plans, trusts, endowments and charitable organizations with similar investment objectives. In addition, Vision Advisors currently manages a substantial customer segregated funds account for VFM, also an affiliated futures commission merchant and the collateral accounts of persons who have entered into secured demand notes with VFM.

In order for its investment program to achieve a greater level of diversification, Vision Advisors recommends that clients deposit at least \$100,000 in their account; however, Vision Advisors will accommodate clients who wish to deposit less, but with a potential loss of diversification in their respective accounts.

### **Collateral Accounts**

Vision Advisors currently manages the collateral accounts of persons who have entered into secured demand notes with VFM pursuant to secured demand note agreements between those persons and VFM. VFM has the right to sell the collateral in the collateral accounts under certain circumstances set forth in the secured demand note agreements with VFM. As noted above, Vision Advisors is affiliated through common ownership with VFM. Mr. Rothman, an owner and President of VFM, may have an incentive to establish such accounts for Vision Advisors and/or manage such accounts for VFM's benefit. There is a potential conflict of interest between VFM's interest as the pledgee of the collateral underlying the secured demand notes, including VFM's right to sell the collateral under certain circumstances, and Vision Advisor's interest as adviser to the collateral accounts. However, all secured demand note agreements are executed pursuant to discussions with VFM, and Vision Advisors does not recommend or solicit clients to enter into secured demand note arrangements or related collateral accounts. If a client enters into a secured demand note agreement with VFM after discussions with VFM, Vision Advisors will manage the resulting collateral account. All collateral accounts are managed by Vision Advisors under a standard advisory agreement, implementing the same investment strategies used for other client accounts.

### **Portfolio Manager Selection and Evaluation**

Vision Advisors serves as the portfolio manager for each Portfolio in the Vision Advisors' Wrap Fee Program. Vision Advisors provides discretionary advisory services in the Equity, Balanced, Dividend and Fixed Income Portfolios, as described above under "*Advisory Services*", beginning on page 1. There can be no assurance that the methods described above will be successful or that clients will not suffer losses. Clients should be aware that each investment portfolio involves investing in securities. Investment in securities involves risk of loss that clients should be prepared to bear.

Clients who open margin accounts should be aware that margin involves the use of leverage, and clients may lose more money than they deposit in the margin account. Clients who open margin accounts with VFM or VBS will be provided with the full margin disclosure documents. However, they should be aware of the following:

## **MARGIN DISCLOSURE STATEMENT**

- They may lose more funds than are deposited in the margin account;
- VBS or VFM can force the sale of securities or other assets in a client's account(s);
- VBS or VFM can sell securities or other assets without contacting the client;
- Clients are not entitled to choose which securities or other assets in their account(s) are liquidated or sold to meet a margin call;
- VBS or VFM can increase its "house" maintenance margin requirements at any time and are not required to provide advanced written notice to clients; and
- Clients are not entitled to an extension of time on a margin call.

Vision Advisors' primary investments in the equity portion of its portfolios are concentrated in large-cap stocks with market capitalization generally over \$5 billion. These stocks may be listed on exchanges or on the NASDAQ National Market System and typically are comprised of seasoned companies with a history of earnings displaying particular growth characteristics. Vision Advisors may also purchase mid-cap stocks that exhibit similar characteristics and preferred stocks. If a client's circumstances warrant, Vision Advisors may also recommend an independent CTA or another investment adviser to manage a portion of a client's account in managed futures or securities, as applicable.

Vision Advisors offers advice on equity securities (exchange-listed, over-the-counter and foreign issuers), corporate debt securities, commercial paper, municipal securities, mutual funds, U.S. government securities and option contracts on securities.

Vision Advisors focuses primarily on long-term investing with a growth-oriented approach supported by technical analytical methods to determine target prices in its Equity and Balanced Portfolios. Drawing from traditional and electronic information sources such as financial reports, SEC filings, Bloomberg, various rating services and nationally recognized research services such as Value Line and Standard & Poor's, Vision Advisors conducts primary research. A heavy emphasis is placed on a number of factors such as (i) revenues and income growth, (ii) dominant-industry position, (iii) large-cap status, (iv) return on equity and (v) companies which favor stock repurchase programs. In addition, enhanced yield and a measure of downside protection is sought through closely monitored covered call option writing.

Vision Advisors may use one or more of these investment strategies: (a) long term purchases (securities held at least a year); (b) short term purchases (securities sold within a year); (c) margin transactions; and (d) option writing, including covered options, uncovered options, or spreading strategies.

### **Special Considerations**

Although the stocks selected in the Equity, Dividend and Balanced Portfolios are generally established companies in their industries, there are a number of counterbalancing factors in considering an investment in these portfolios:

- Many of the companies selected for purchase are growth companies or are poised for active growth and tend to exhibit higher price earnings ratios than the market as a whole. Such stocks may be

more vulnerable to market declines from earnings disappointments or adverse factors that inhibit a company's ability to carry out the plan on which the growth prospects were anticipated.

- Because the companies in the Equity Portfolio will typically conduct business globally and have significant operations or product distribution in countries outside the U.S., their earnings can be impacted by fluctuations in foreign currency rates.

### **Risks of Option Writing Strategies**

There are certain risks associated with the option writing strategies employed in the Equity, Dividend and Balanced Portfolios:

In a rising market, a call option written to protect the portfolio, or an individual stock position within the portfolio, may reduce upside potential above the strike price of the option. As options expire or experience increased market volatility, it may be more difficult to manage the covered call positions for maximum economic advantage. Likewise, market volatility may drop around the time of the expiration and result in lower premium income attainable when "rolling over" an options position. Option commissions have a much greater impact on smaller accounts than they do on larger accounts.

All clients engaging in options transactions, regardless of the portfolio they select, will receive a copy of the brochure *Characteristics and Risks of Standardized Options* (and any supplements) at or prior to opening an options account. Clients whose accounts are using options strategies, in addition to covered calls, will also receive the margin and uncovered options disclosure forms.

### **Performance Based Fees and Side-By-Side Management**

As noted above, Vision Advisors will consider reducing its advisory fees for qualified clients who choose to pay an incentive fee. The fact that some client accounts could (but do not currently) pay incentive fees while others do not, could create a conflict for Vision Advisors. Vision Advisors would have an incentive to favor client accounts paying an incentive fee by placing more profitable trades in those accounts. Vision Advisors would address this conflict by allocating its trades equally among all client accounts in a given portfolio without regard to whether such account pays any incentive compensation.

### **Proxy Voting**

For all client accounts which are not subject to the Employees Retirement Income Security Act ("ERISA"), unless a client directs Vision Advisors in writing to vote proxies pertaining to investments in a client's account, the client should understand that Vision Advisors will not vote any proxies for securities or exercise voting rights pertaining to investments in a client's account (including without limitation matters relating to conversions, exchanges, mergers, stock splits, rights offerings, recapitalizations and reorganizations). Vision Advisors also will not act for clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by a client's account. It is the client's responsibility to vote any proxies for securities, exercise voting rights, or take any legal actions pertaining to investments in his or her account. Ordinarily, client's broker/dealer or custodian will forward proxies or other communications pertaining to investments in the client's account directly to the client. Clients should contact their broker/dealer or custodian if they do not receive proxies or other mailings pertaining to the investments in the account.

For those accounts which are subject to ERISA, unless a client directs Vision Advisors in writing to the contrary, or the documents of an employee benefit plan reserve the right to vote proxies to the plan's trustees or named fiduciary, Vision Advisors will vote all proxies for securities and exercise voting rights pertaining to investments in a client's account (including without limitation matters relating to conversions, exchanges, mergers, stock splits, rights offerings, recapitalizations and reorganizations). Clients may obtain a copy of Vision Advisors' complete proxy voting policies and procedures upon request. Clients

may also obtain information from Vision Advisors about how Vision Advisors voted any proxies on behalf of their account(s).

Vision Advisors may retain a third party to advise it in making proxy decisions and to process the return of proxies. Clients also should understand that Vision Advisors will not be responsible or liable for failing to vote any proxies where it has not received such proxies or related communications on a timely basis from the broker/dealer or custodian. The SEC has adopted Rule 206(4)-6 that requires an investment adviser to adopt written policies and procedures governing its exercise of voting authority for client securities.

The rule requires that proxy voting policies be reasonably designed to ensure that the adviser votes proxies in the best interest of clients.

## **Client Information Provided to Portfolio Managers**

Vision Advisors acts as both the sponsor of the Vision Advisors' Wrap Fee Program and the portfolio manager for the Portfolios offered in the Program.

## **Client Contact with Portfolio Managers**

There are no restrictions on client ability to contact Vision Advisors in its capacity as the portfolio manager for the Portfolios offered in the Program.

## **Additional Information**

**Disciplinary Information:** Vision Advisors is required to disclose all material facts regarding any legal or disciplinary events that would be material to client's evaluation of it or the integrity of its management. Vision Advisors has no information applicable to this section.

**Other Financial Industry Activities and Affiliations:** Vision Advisors also is a registered as a Commodity Trading Advisor with the Commodities Futures Trading Commission ("CFTC"). Additionally, Vision Advisors is affiliated, through common ownership, with VBS and VFM. VBS and VFM are broker/dealers registered with the Securities and Exchange Commission and members of Financial Industry Regulatory Authority ("FINRA"). VFM is a member of the Chicago Board Options Exchange, Options Clearing Corporation and Depository Trust & Clearing Corporation. VFM also is a futures commission merchant registered with the CFTC and member firm of the Chicago Mercantile Exchange and Chicago Board of Trade and its other divisions, New York Mercantile Exchange and the Comex Exchange.

All of the management persons of Vision Advisors are engaged in other endeavors and business ventures. Certain management persons are Registered Representatives of VFM and VBS and/or Associated Persons with VFM, also a Futures Commission Merchant, and Vision Advisors, also a CTA. Howard Rothman is the Chief Executive Officer, Managing Member and the Chief Investment Officer for Vision Advisors. Mr. Rothman has functioned as President and Chief Financial Officer of Vision Financial Markets LLC, for many years. From its inception in July 1999, he has been President of Vision Brokerage Services, LLC, of which he acts as a General Securities Principal, Option Principal and Financial Operations Principal. Among his various treasury functions as Chief Financial Officer of Vision Financial Markets LLC, Mr. Rothman has been responsible for the investments of both customer equity and Firm capital. This involves the investment management of approximately \$365 million invested in short-term government securities, U.S. government agency instruments, and short-term investments including money market instruments. Mr. Rothman also sets and monitors all credit, risk and margin policies on behalf of the Firm. He holds the following FINRA qualifications: Registered Commodity Representative (Series 3); Registered Options Principal (Series 4); General Securities Representative (Series 7); Direct Participation Programs Limited Representative (Series 22); General Securities Principal (Series 24); Financial and Operations Principal (Series 27); Direct Participation Programs Limited Principal

(Series 39); Uniform Securities Agent State Law (Series 63); and Uniform Investment Adviser (Series 65). Mr. Rothman is also an officer of other firms engaged in the financial services business. Mr. Rothman expects that he will devote the majority of his time to these activities, but will have sufficient time to conduct the investment activities and manage the affairs of Vision Advisors.

Lloyd King is Senior Vice President, Administration for Vision Advisors. Mr. King has functioned as Senior Vice President, Administration, for Vision Financial Markets LLC (and its predecessor Vision LP) since February 1988. Mr. King is also associated with Vision Brokerage Services LLC as a Senior Vice President, Administration and a general securities principal, registered options principal and municipal securities principal. Mr. King holds the following FINRA qualifications: General Securities Representative (Series 7); Registered Options Principal (Series 4); Municipal Securities Principal (Series 53); General Securities Principal (Series 24); Uniform Investment Adviser (Series 65); and Uniform Securities Agent State Law (Series 63).

Robert Boshnack is a Principal of Vision Advisors, and currently has no administrative responsibilities with Vision Advisors and is not involved in the day-to-day activities of Vision Advisors. He is Chairman, Chief Executive Officer - Futures and registered principal of Vision Financial Markets LLC (and its predecessor Vision LP). In addition, Mr. Boshnack has functioned as President of Whitehall Investment Management Inc., a registered futures Introducing Broker, since November 1984.

Steven Silver is the Chief Operating Officer and the Chief Compliance Officer for Vision Advisors. Mr. Silver has been associated with Vision Advisors since May of 2006 and is also the Chief Operating Officer and Chief Compliance Officer-Securities for Vision Financial Markets LLC and the Chief Operating Officer for Vision Brokerage Services, LLC. He is a General Securities Principal, Registered Options Principal and Municipal Securities Principal. Mr. Silver holds the following FINRA qualifications: Registered Commodity Representative (Series 3); Registered Options Principal (Series 4); General Securities Representative (Series 7); General Sales Supervisor (Series 8); General Registered Principal (Series 24); Branch Manager Futures (Series 30); Municipal Securities Principal (Series 53); Uniform Securities Agent State Law (Series 63); and Uniform Investment Adviser (Series 65).

Vision Advisors requires that clients establish and maintain their brokerage accounts at VBS or VFM. Vision Advisors will buy and sell orders for its advisory accounts through VBS and VFM. VBS conducts brokerage services for Vision Advisors' accounts on a fully-disclosed basis with VFM. Vision Advisors pays VBS 15% of the annual management fees that it receives from its clients on a quarterly basis. This amount is paid out of the fees that the client already pays and is not an additional charge to clients.

Vision Advisors sponsors the Vision Associates Advisory Network (the "Vision Network"). The Vision Network is a network of individuals who solicit advisory clients for Vision Advisors. Through the Vision Network, Vision Advisors solicits prospective clients among accounting and professional firms, correspondent firms and introducing brokers that clear their futures trades through VFM. A percentage of the start-up fees, if any, as well as a percentage of the ongoing annual fees that Vision Advisors receives from a client's account may be paid to the individual who referred the client to Vision Advisors.

Vision Advisors may recommend an independent commodity trading adviser to a client for management of a portion of the client's account in managed futures. VFM, as a Futures Commission Merchant, may act as a clearing firm for such CTA and receive execution charges from the client's futures account. Vision Advisors may receive a fee or generate execution charges on investments that it recommends be placed with CTAs. The costs associated with investing with each CTA are determined on a case-by-case basis and are disclosed to the client in writing prior to the investment being made.

**Code of Ethics, Participation in Client Transactions and Personal Trading:** Vision Advisors has adopted a Code of Ethics that is designed to detect and prevent conflicts of interest. The Code of Ethics contains various trading restrictions. Access persons under the Code also are required to report any violations of the Code to Vision Advisors' Chief Compliance Officer, report on a quarterly and annual basis their personal securities transactions and holdings, and comply with all applicable Federal securities laws. The Chief Compliance Officer or designee is required to review and monitor reports of personal

securities transactions. Clients and prospective clients may obtain a copy of Vision Advisors' Code of Ethics at any time upon request.

Vision Advisors may recommend and purchase in the various portfolios offered to clients, securities of issuers that are also purchased, sold or held by Vision Advisors and its officers, directors, associates, employees and affiliates and their pension or retirement plans. Certain proprietary accounts and VFM's pension and profit sharing plan may pay lower advisory fees and commissions than paid by clients. Because the investment objectives and personal circumstances of those persons may differ from those of their clients, the timing of such transactions may not coincide with the timing of the portfolio transactions for clients. In addition, Vision Advisors and its principals, associates, employees, affiliates and their retirement accounts may purchase or sell securities which they do not recommend to or include in client portfolios because such securities do not meet the investment guidelines established for client portfolios. In such instances, Vision Advisors is not obligated to offer clients the opportunity to invest or purchase such securities.

Vision Advisors is nonetheless mindful of its fiduciary duties and will not deprive clients of, or appropriate to its own advantage, investment opportunities that are suitable for client accounts. Because of the liquidity of the markets for the type of securities purchased in its Equity, Balanced, Dividend and Fixed Income Portfolios, Vision Advisors does not anticipate the potential for conflicts in the personal securities transactions of its principals or employees. As a precaution, however, Vision Advisors will place proprietary orders on the same side of a transaction on the same day for the same security simultaneously with orders placed for client accounts. Where there is a difference in execution prices, Vision Advisors will give its clients the better prices or fill all orders on the average pricing method.

**Review of Accounts:** Accounts are generally reviewed by senior management on at least a weekly basis. When market conditions, economic events or individual issuers prompt immediate review, accounts are reviewed more frequently and may be subject to daily monitoring. This is an ongoing process of analysis to ensure that client objectives are being met and tactical adjustments can be made to respond to changing market conditions.

Clients receive statements directly from the custodian, VFM, an affiliate of Vision Advisors, which carries the accounts as a registered broker/dealer. Program clients receive monthly reports from the custodian whenever there is activity in the account, and quarterly regardless of account activity, reflecting cash and securities positions market value at the end of the month and the change in value from the previous period. In addition, clients receive confirmations directly from the custodian anytime a trade is done in their account. When the account is set up as an IRA account, then a custodian such as Sterling Trust Company or other qualified custodian will be the IRA Custodian, but the statements will still come from VFM.

Vision Advisors has a Web site related to its advisory services, [www.advicewithvision.com](http://www.advicewithvision.com), which is available to its clients. Clients whose accounts are maintained at Vision Brokerage Services, LLC may access their brokerage accounts and obtain market information at [www.visionbrokerageservices.com](http://www.visionbrokerageservices.com). Clients whose accounts are maintained at Vision Financial Markets LLC may access their brokerage accounts and obtain market information at [www.visionfinancialmarkets.com](http://www.visionfinancialmarkets.com).

**Client Referrals and Other Compensation:** Vision Advisors sponsors the Vision Associates Advisory Network (the "Vision Network"). The Vision Network is a network of individuals who solicit advisory clients for Vision Advisors and act as a liaison between those clients and Vision Advisors. Vision Network participants may be employees of affiliates of Vision Advisors or third-party financial planners, accountants or other professionals, including correspondent brokers who clear transactions through VFM. Vision Network participants are subject to Vision Advisors' control and supervision when conducting these activities as a member of the Vision Network. Referrals will normally be made through written arrangements to compensate the referring party or solicitor for recommending Vision Advisors' investment management services to its clients. In exchange for such referrals and assistance with clients, Vision Advisors will offer to pay the referring party a portion of its advisory fee. Such arrangements will be

entered into in accordance with Rule 206(4)-3 of the Investment Advisors Act and applicable state laws, which generally provide for disclosure of the terms of referral arrangements.

If you become a client through a member or agent in Vision Financial Network you should not view any recommendation of such member as being disinterested, as the member will generally be paid for the introduction out of Vision Advisors' fees. Also, you should regard such a member as having an incentive to recommend that you remain a client of Vision Advisors, since the agent will generally be paid a portion of Vision Advisors' fees for all periods during which you remain a client.

**Financial Information:** Vision Advisors is required in this section to provide you with certain financial information or disclosures about its financial condition. Vision Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.