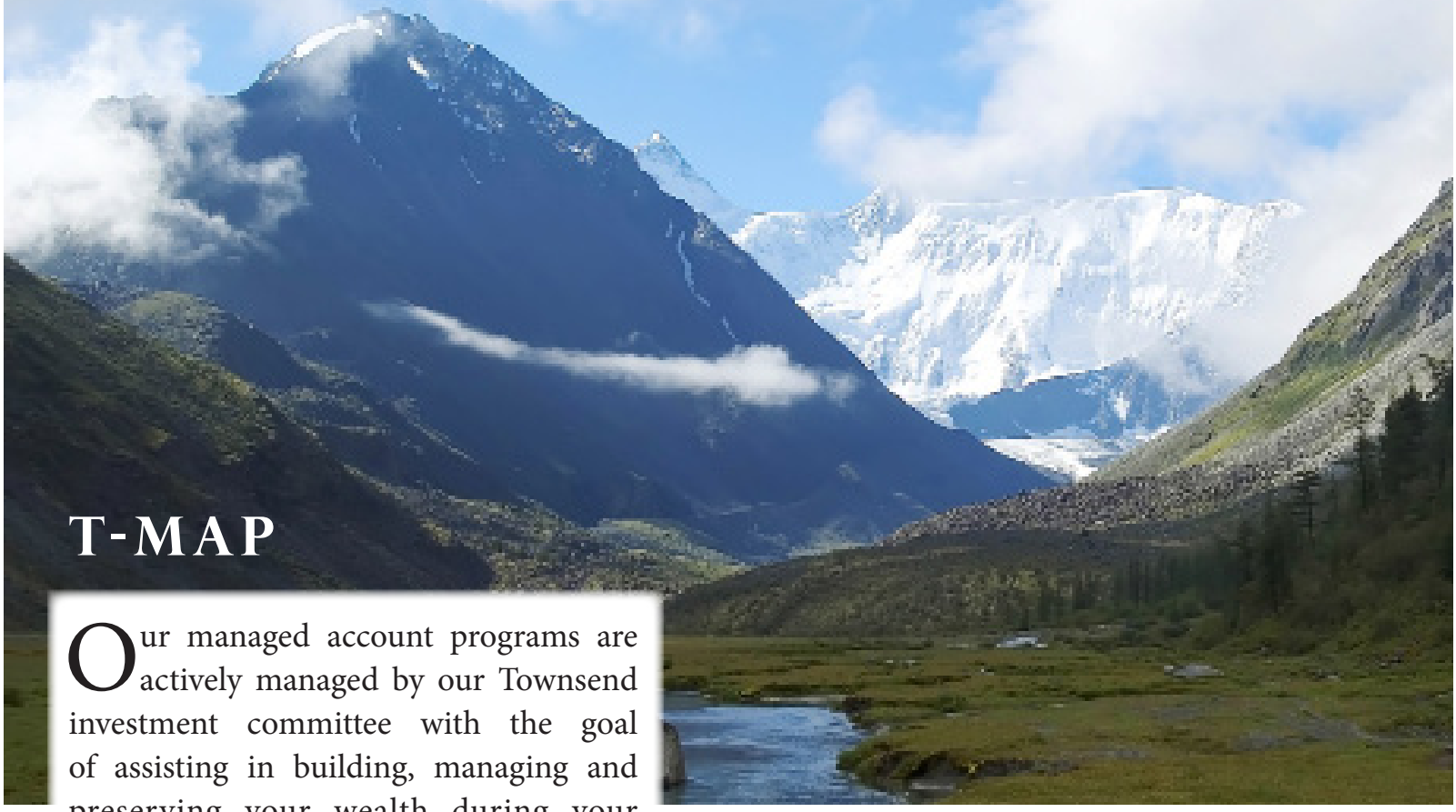
TOWNSEND

Retirement Planning & Wealth Management

Townsend-Managed Account Program (T-MAP)

Why did we choose the eagle to represent Townsend? An eagle symbolizes new beginnings and life changes along with the strength and resilience to endure difficult times, while having the courage to look ahead. An eagle stands for honest and truthful principles while aspiring to reach the highest standards.

- Jeff Townsend
President and Founder



T-MAP

Our managed account programs are actively managed by our Townsend investment committee with the goal of assisting in building, managing and preserving your wealth during your lifetime. We have two distinct investment platforms - **Portfolio Advantage** and our **Dynamic Advantage** - which are designed specifically to help meet the needs of our clients. Advisors of Townsend assist clients in establishing an account at Fidelity Institutional Wealth Services.

Townsend is a Registered Investment Advisory firm. This means that we do not have relationships or reason to sell any of the investments or companies within your account. Our only obligation is to you, the client. When you invest with us, we have a vested interest in your success because our compensation is a percentage of your account value, and is not considered a commission. In other words, the better *you* do, the better *we* do. Should you decide to close your account, our compensation ends. Our management fee is automatically deducted from your account on a monthly basis, and is completely transparent.

PORTFOLIO ADVANTAGE

Portfolio Advantage is a mutual fund and ETF portfolio developed by Townsend using the Modern Portfolio Theory (MPT), which tries to maximize return and minimize risk by carefully choosing different asset classes. MPT is widely used in practice in the financial industry and several of its creators won a Nobel Prize for theory.

MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment asset classes that has a collectively lower risk than any individual asset. This is possible because different types of asset classes often change in value in opposite ways. For example, when stock values decline, bond prices often increase, and vice versa. In other words, a collection of both types of assets can theoretically have lower risk than if held individually.

Our Investments Are Allocated Between:

- **Large capitalized companies :** Market capitalization of 5 billion or more
- **Medium capitalized companies :** Market capitalization of 1 to 5 billion dollars
- **Small capitalized companies :** Market capitalization of 250 million to 1 billion dollars

These Three Areas Are Further Divided Between:

- **Value companies**

  Value companies or stock in these companies are deemed to be undervalued in price and are likely to pay higher-than-average dividends.

- **Growth companies**

  Growth companies or stock in these companies are deemed poised for rapid growth and put emphasis on gaining market share.

- **Blend**

  These are companies or stock in companies that fall between growth and value. Bonds or fixed-income securities are an essential asset group which produces income in addition to lowering volatility.

Our Bonds Are Allocated Between:

- **Government bonds**

  Treasuries, Municipal, Agency, International and Treasury Inflation Protected Securities (TIPS).

- **Corporate bonds**

  Investment grade, high-yield, floating-rate bank loans both domestic and international.

Bonds Can Be Further Divided Between:

- **Short-term maturities :** 1 year or less
- **Intermediate-term maturities :** 1 to 10 years
- **Long-term maturities :** More than 10 years

The percentage we have in each area depends on your risk tolerance, which is determined by our risk assessment and the relative strength of the market. The next step is the investment selection depending on your individual situation. Our investment selection is based not only on competitive advantages they may have, but for investments that we believe will stay competitive. Our investment committee researches, tests and scrutinizes everything from strategies, costs, risk, manager tenure, and Alpha, (a measurement which represents the value a portfolio manager adds to or subtracts from a fund's return). We have access to thousands of ETFs and mutual funds from some of the most recognizable fund companies to construct your portfolio. TRS does not charge a commission to buy or sell these funds, but please note transaction fees charged by Fidelity may apply.

Our Dynamic Advantage is designed with individual stocks, bond ETFs, and bond mutual funds to construct our portfolios. Using state-of-the-art analytics, our investment committee analyzes and researches different companies and sectors that are currently undervalued or provide an ongoing dividend that fit our criteria. Additionally, by using this platform we may be able to lower the overall expense of the account. Ticket charges will apply and are charged by Fidelity. We currently have four different Dynamic Advantage portfolios with descriptions below:

Dynamic Advantage High Dividend:

The goal of this portfolio: to earn an average annual return of 8% to 9% over any five-year time period. This is broken down into two parts; the first is to earn 3% to 4% in annual dividends, the second part is to earn 5% to 6% in share price appreciation. In addition, we hope to grow our dividends by 4% to 5% annually.

Dynamic Advantage Growth and Income:

The goal of this portfolio: to outperform the S&P index on a risk-adjusted basis over a full market cycle. Companies tend to be more mature, relatively slow-growing, have moderate to low risk, and have a competitive advantage. Additionally, bond ETFs and bond mutual funds are added to lower the overall risk of the portfolio.

Dynamic Advantage Growth:

The goal of this portfolio: to outperform the S&P index over a full market cycle using companies that are more mature, provide a good value based on our selection criteria, and have a distinct competitive advantage in their area of expertise.

Dynamic Advantage Aggressive Growth:

The goal of this portfolio: to outperform the S&P index over a full market cycle. Companies in this portfolio tend to be faster-growing companies, with both higher risk and higher return potential compared to our Dynamic Advantage Growth Portfolio.

In a time when many investment professionals pitch products, we at Townsend provide wealth management solutions. The investment marketplace is a complex world of choices which is constantly changing. Sorting through these choices requires both time and expertise. The myriad financial products and services can overwhelm even the savviest investor. Portfolio Advantage and Dynamic Advantage are great alternatives for investors to consider when pursuing their financial goals.

Additionally, Townsend uses a state-of-the-art, comprehensive performance report system to help you track the performance of your account. This can be accessed 24 hours a day through our website.

If you would like us to provide you with a comparative analysis between your investments and our portfolios, or if you have questions, you are welcome to call us at 303.452.5986.

DISCLOSURES

Customer brokerage accounts at Securities America, Inc. are carried by National Financial Services, LLC (NFS), a Fidelity Investment company. Investments carried by NFS are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to $500,000 (including cash claims limited to $250,000 subject to periodic adjustments for inflation in accordance with the terms of the SIPC statute and approval by SIPC's Board of Directors). An explanatory brochure is available at SIPC.org. NFS has arranged for additional protection for cash and covered securities to supplement its SIPC coverage. This additional coverage provided through Lloyd's of London will protect assets up to an overall aggregate level of $1 billion for assets in custody at the clearing firm with a cash limit of $1.9 million per account. Neither coverage protects against a decline in the market value of securities.

Investing involves risk, including loss of principal. An investor's shares, when redeemed, may be worth less or more than the original investment price. This is not a recommendation to buy or sell securities, or of any particular asset allocation strategy. The products discussed may not be appropriate for all investors. Each investor's portfolio must be constructed based on the individual's financial resources, investment goals, risk tolerance, investing time horizon, tax situation and other relevant factors. Please discuss with your financial advisor before implementing an investment plan.

Diversification does not ensure a profit nor protect against loss in a declining market.

Mutual funds, exchange-traded funds (ETFs), and variable annuities are sold by prospectus. An investor should carefully consider the investment objectives, risks, charges and expenses of a mutual fund, ETF, variable annuity and the variable annuities underlying investment options before investing. This and other information is provided in the product and underlying fund prospectuses. Contact your advisor or the investment company to obtain a copy of these prospectuses, which should be read carefully before investing.

Annuities are long-term investments designed for retirement purposes. Withdrawals of taxable amounts are subject to income tax and, if taken prior to age 59 a 10% federal tax penalty may apply. Early withdrawals may be subject to withdrawal charges. Optional riders are available at an additional cost. All guarantees are based on the claims-paying ability of the insurer. An annuity is a tax-deferred investment. Holding an annuity in an IRA or other qualified account offers no additional tax benefit. Therefore, an annuity should be used to fund an IRA or qualified plan for annuity features other than tax deferral.

An exchange-traded fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. ETFs carry a certain level of risk for investors including: market risk, supply and demand, tracking error and excessive trading. Since share price is determined by market supply and demand forces, investors may purchase shares at a premium or discount to their net asset value. Due to investment timing, allocation and holding periods for cash and other fund assets, performance may not completely replicate the performance of the fund's stated benchmark. The ease and frequency of inter-day trading could lead to increased trading or management fees which could reduce or eliminate any tax efficiency.

Stock and bond values fluctuate in price so that the value of an investment can go down depending on market conditions. Stock prices may fluctuate due to stock market volatility and market cycles, as well as circumstances specific to a company. The two main risks related to fixed-income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. Investments in higher-yielding, lower-rated corporate bonds are subject to greater fluctuations in value and risk of loss of income and principal.

A Real Estate Investment Trust (REIT) invests in and owns properties. Investments in REITs are subject to the inherent risks of direct investment in real estate such as price fluctuation, liquidity, and concentration risks. Special risks associated with investing in real estate also include the possibility of declining real estate values, the possible lack of availability of mortgage funds, and changes in interest rates.

Certificates of Deposit (CDs) are FDIC insured. The FDIC protects depositors against the loss of their deposits if an FDIC-insured bank or savings association fails. FDIC deposit insurance covers the balance of each depositor's account, dollar-for-dollar, up to the insurance limit, including principal and any accrued interest through the date of the insured bank's closing. The standard insurance amount of $250,000 per depositor was in effect through December 31, 2013. On January 1, 2014, the standard insurance amount returned to $100,000 per depositor for all account categories except IRAs and other certain retirement accounts, which will remain at $250,000 per depositor. They do not necessarily protect against a rising cost of living. The FDIC insurance on CDs applies in the case of bank insolvency, but does not protect market value. Other investments are not insured and their principal and yield may fluctuate with market conditions.

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