

FORM ADV PART 2A BROCHURE

June 29, 2017

FORM ADV PART 2A BROCHURE
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This brochure provides information about the qualifications and business practices of Brookstone Capital Management. If you have any questions about the contents of this brochure, please contact us at compliance@brookstonecm.com. 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 Brookstone Capital Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Brookstone Capital Management is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

MATERIAL CHANGES

This ADV Part 2 brochure has been reviewed and is current. SEC Rule 204-3(b)(2) allows a summary page be provided in the event material changes are made to this brochure. If you receive a summary page of material changes and would like to obtain a current copy of the entire brochure, please contact either Brookstone Capital Management or your Investment Advisor Representative for a complete copy.

No material changes have been made since the previous brochure dated January 12, 2017.

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ADVISORY BUSINESS

ABOUT US

Founded in 2006, Brookstone Capital Management, LLC (Brookstone) is an investment advisory firm providing fee based asset management services for clients, as well as comprehensive financial planning services.

Brookstone is a Registered Investment Advisor with the SEC, and owned by Dean Zayed. Mr. Zayed received his Bachelor of Arts Degree in Economics from Northwestern University. He completed the Business Institutions Program, the undergraduate Leadership Program and was a member of Omicron Delta Epsilon Economics Honor Society. He received his Juris Doctor degree from Northwestern University School of Law. He received his Master's Degree in Taxation (LLM) from Chicago-Kent College of Law. Dean is a Certified Financial Planner (CFP®) and holds an Illinois insurance license for life, health and long-term care, in addition to being an Investment Advisor Representative. Mr. Zayed is the President and CEO of Brookstone and provides the firm with principal management.

INVESTMENT ADVISORY FIDUCIARY STANDARD

As investment advisors, Brookstone and its IARs act as fiduciaries for all of our investment management clients. This means that we have an obligation to act in the best interests of our clients and to provide investment advice in the clients' best interests. We avoid engaging in any activity that could create a conflict of interest with any client; however, if a conflict of interest does arise, full disclosure of that conflict will be made to the client. Reasonable care must be employed to avoid misleading clients and full and fair disclosure of all material facts (including fees) to clients and prospective clients will be made.

We fulfil our fiduciary obligations by collecting information about you and your investment goals so that our recommendations are customized to be in your best interests. We disclose all fees, and conflicts, in this brochure and in the client agreement (Investment Policy Statement parts A and B) which are acknowledged by your signature.

ANNUITY RECOMMENDATIONS

Most Brookstone investment advisor representatives also provide insurance or annuities to their clients when appropriate. When acting in the capacity of insurance agents, the Department of Labor (DOL) Fiduciary Rule imposes a fiduciary duty and impartial conduct standard upon any retirement account (IRA, Roth IRA, 401k, etc.), including those invested in Fixed Index Annuities. Using impartial conduct standards means that the recommendation has to be in the client's best interest based on their unique situation including financial situation, investment objective and goals, time horizon, risk tolerance, etc. Additionally, only "reasonable" compensation can be received and no misleading statements can be made to the client. Currently, for any qualified account annuity recommendation, certain disclosures will need to

be made to you. A written disclosure document will be provided to you that;

1. Discloses that the advisor is a fiduciary in this transaction and is using impartial conduct standards in making the recommendation.
2. Describes the advisor relationship with the insurance company.
3. Discloses the fee or commission that is being received as a percentage of the premium.
4. Discloses any material conflicts of interest including any additional compensation that may be received.

SERVICES WE OFFER

Brookstone provides Asset Management and Financial Planning Services for its clients, each of which is more fully described below. Clients collaborate with Investment Advisor Representatives (IARs) to determine which services to employ to best help clients reach their financial goals.

ASSET MANAGEMENT SERVICES

Brookstone's principal service is providing fee-based investment advisory services. Brookstone manages investment portfolios, on a discretionary basis, according to the client's objectives. Brookstone obtains data from potential clients addressing financial objectives, needs, risk tolerance, investment horizon and other pertinent information. This information is gathered and reported on an Investment Policy Statement (IPS) and Risk Profile Questionnaire and is analyzed by Brookstone IARs. Once the analysis is completed, the IAR develops an investment strategy with the potential client that addresses specific investment styles and allocation of the client's assets. Brookstone may use a combination of equities, mutual funds, exchange traded funds, structured products (including certificates of deposit and notes), individual bonds, and options in securities to accomplish these objectives. Brookstone may partner with Sub-Advisory firms to create and manage portfolio strategies. A client's portfolio is allocated according to the client's risk profile and documented on the IPS.

Brookstone may use Unified Managed Accounts (UMA) whenever possible. This allows for multiple strategies to be managed and held within the same account. Accounts holding options cannot participate in UMA.

In addition, Brookstone offers asset management services to clients through customized individual investment accounts. In such accounts, clients may authorize Brookstone IARs to purchase and sell mutual funds, exchange traded funds, equities, fixed income securities and other securities authorized by Brookstone on a discretionary basis pursuant to investment objectives chosen by the client. Clients should refer to the individual mutual fund or ETF prospectus for the risks associated with each specific fund. Some of these available mutual funds may be owned by Kaizen Advisory, LLC (Kaizen), an SEC registered investment advisor. Mr. Zayed has an ownership

interest in Kaizen, which creates a conflict of interest in that Mr. Zayed has a financial incentive to promote Kaizen advised investments and to use them as part of Brookstone portfolios. Clients are under no obligation to invest in Kaizen advised investments and may choose a non-Kaizen advised investment solution.

Another asset management service available, the RAISE 360 Select Portfolios, consists of pre-selected model portfolio allocations created by Brookstone and its investment team to align with specific risk tolerances. These portfolios may contain mutual funds, exchange traded funds, equities, and other securities authorized by Brookstone, and are managed on a discretionary basis by the Brookstone investment team pursuant to investment objectives as chosen by the client via the Risk Tolerance Questionnaire. Within these model portfolios, there may be Kaizen owned mutual funds. Due to the conflict of interest and the fact that Kaizen may receive compensation as the investment advisor of its managed funds, Brookstone waives the annual Brookstone fee for those assets within the pre-selected portfolio invested in these funds. Please see the Fees and Compensation section of this Brochure for more information.

FINANCIAL PLANNING SERVICES

Through its IARs, Brookstone also offers comprehensive financial planning services for individuals, families and businesses. Our Financial Planning services include data gathering and analysis, along with creating a financial plan with specific recommendations and implementation advice tailored to client needs. Specific areas of advice include investment planning, insurance needs assessment and advice, retirement planning, cash flow management, debt consolidation, capital needs assessments, educational planning, estate planning, and business planning.

Fees for financial planning services will be outlined in a Financial Planning Agreement signed by both the client and IAR, and any client participating in this program will receive a copy of the Financial Plan created.

Should a client decide to implement any recommendations contained in their financial plan, the client may, but is under no obligation to, utilize Brookstone or one of its IARs to implement those recommendations. Financial planning clients who wish to engage Brookstone for portfolio management services will be required to enter into a separate written agreement with the firm for such services, for which Brookstone will be paid a separate and additional fee based on assets under management in accordance with the fee schedule set forth under Fees and Compensation, below.

As part of the financial plan, Brookstone may also make estate planning recommendations. Clients are made aware both as part of this Brochure, and the client's individual agreement, that Brookstone does not provide tax or legal advice, and that it is the client's sole responsibility to find independent advice in connection with such services. Brookstone does however recommend the services of a third party law firm, Perkins & Zayed, PC, for performance of estate planning services. Should a client elect to

utilize Perkins & Zayed, PC for estate planning services, the client will be required to enter into a separate written agreement for such services, and pay applicable legal fees. Clients should be aware that any applicable legal fees will be in addition to and separate from the financial planning fees incurred for services as outlined in the Financial Planning Agreement. This could create a conflict of interest in that Mr. Zayed, through Brookstone, may have a financial incentive to recommend Perkins & Zayed, PC for estate planning services. For more information, please see the Other Industry Activities and Affiliations section below.

There can be no assurance that Brookstone's financial planning services or any products recommended by a financial plan are at the lowest available cost. Clients are advised that potential conflicts of interest exist if Brookstone recommends its own investment management services, or a third party for which Brookstone will receive a referral fee. Specifically, clients should be aware that a conflict may exist between Brookstone's interests and the interest of the client if the client implements the financial plan through the firm, or a recommended third party, for Brookstone will receive additional payment from the client in the form of advisory fees and/or referral fees. This may act as an incentive to Brookstone to make certain recommendations in the financial plan or to advise the client to instruct Brookstone to implement the plan. Clients also should be aware that other advisory firms may charge lower fees for providing such services.

RECOMMENDATIONS OF STRATEGIES OUTSIDE THE BROOKSTONE PLATFORM

In addition to the programs managed through Brookstone, other programs offered by Brookstone are sponsored and managed by various outside, unaffiliated Registered Investment Advisors. Each of these programs will provide a copy of their disclosure documents (ADV Part 2A) which will further describe the program, account minimums, fees and risks. These additional disclosure documents are available from your IAR. Clients should be aware that by engaging in these services, they will pay a direct management fee to these program managers in addition to an indirect management fee to Brookstone.

401(K) ACCOUNTS (SERVICES FOR QUALIFIED RETIREMENT PLANS)

Under the Qualified Retirement Plan (QRP) program, the advisor may construct a model portfolio or customize a portfolio for each 401(k) plan account. The 401(k) plan is held at the custodian chosen by the 401(k) plan administrator. The portfolio will be constructed based on the investments or funds available within each individual client's 401(k) plan. The IAR shall provide investment management services by allocating and reallocating assets within the plan consistent with the model or portfolio allocation chosen by the client. Additional 401(k), 403(b), and other retirement plan advisory services are offered. These plans will vary based upon the TPA, plan custodian, and investment selections available under each plan. BCM may use outside advisors to manage the plan. In these instances, clients must receive copies of the outside advisor's Form ADV Part 2A and any other applicable disclosure documents, and must complete the account opening paperwork required by the outside advisor.

VARIABLE ANNUITIES

Brookstone offers a variable annuity model through Jefferson National. The investment selections for the variable annuity may be limited to the choices offered through the specific product. Specifics regarding the annuity are found in the annuity prospectus and application documents.

IMPORTANT INFORMATION RELATING TO THE FIRM'S SERVICES

INFORMATION RECEIVED BY INDIVIDUAL CLIENTS

Brookstone will not assume any responsibility for the accuracy of the information provided by the client. Brookstone is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying Brookstone in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies Brookstone of changes in the client's financial circumstances, the firm will review such changes and recommend any necessary revisions to the client's portfolio.

ADVISORY SERVICES, AGREEMENTS AND DISCLOSURES

Prior to engaging Brookstone to provide Asset Management or Financial Planning services, the client will be required to enter into one or more written agreements with Brookstone setting forth the terms and conditions under which the firm shall render its services (collectively the "Agreement"). In accordance with applicable laws and regulations, Brookstone will provide this brochure, the ADV Part 2B brochure that is specific to the IAR, and the Wrap Brochure (if applicable) to each client or prospective client prior to or contemporaneously with the execution of the Agreement. The Agreement between Brookstone and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. If the form ADV Part 2A is not delivered at least forty eight (48) hours before the client enters into the contract, then the client has the right to terminate the contract within five (5) business days after entering into it without penalty. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to the client.

Neither Brookstone nor the client may assign the Agreement to a third party

without the consent of the other party. Transactions that do not result in a change of actual control or management of Brookstone shall not be considered an assignment.

Brookstone will provide Asset Management services and Financial Planning services, but will not provide custodial or other administrative services. At no time will Brookstone accept or maintain custody of a client's funds or securities. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker/dealer, unless otherwise negotiated. Please refer to the Brokerage Practices section for more information.

SERVING AS A SUB-ADVISOR TO INDEPENDENTLY SPONSORED ADVISORY PROGRAMS

Brookstone may from time to time participate as a sub-advisor under other firms' advisory programs. A client of the other firm selects a registered investment advisor, such as Brookstone, from a list of approved advisors to provide investment management services. Brookstone receives a fee for account management services provided to clients of an outside firm as outlined in a sub-advisory agreement. This agreement may also outline items such as the advisory services to be provided, the responsibilities of Brookstone and the other firm and the terms of engagement including fees and termination. Responsibilities such as collecting the client's investment objectives, determining the strategy best suited for the client, and communication with the client will be the responsibility of the outside firm. Brookstone has no responsibility to assess the value of services provided by the outside firm, therefore the client should evaluate whether such a program is suitable for their needs and objectives, and whether comparable or similar services are available at a lower cost elsewhere.

RESTRICTIONS/GUIDELINES IMPOSED BY CLIENTS

The advisory services described in this item are tailored to each client; if any client requires any restrictions on any types of stocks or market segments, the client needs to inform their IAR of the restrictions in writing. If, for any reason, Brookstone is not able to meet the client restrictions, the firm will notify the client of that fact.

ASSETS UNDER MANAGEMENT

Brookstone has discretionary assets under management of \$1.871 billion. The calculation for determining the assets under management was completed as of May 30, 2017.

DISCLOSED FEES AND COMPENSATION

Brookstone charges fees based on the particular types of advisory services to be provided. The specific fees charged by Brookstone for its advisory services will be in each client's written Agreement with the firm. Although Brookstone believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

DESCRIPTION OF FEES; FEE SCHEDULE

ASSET MANAGEMENT FEES

Brookstone offers its asset management program as a wrap fee program. A wrap fee program is a program where Brookstone "wraps" both the asset

FEE SCHEDULES

(breakpoints are per household)

FEE SCHEDULE 1

- BCM MLCDS
- BCM Municipal Bond Model
- BCM Structured Notes
- BCM Dividend Stock Basket
- BCM Floating Rate Preferred Stock Basket
- Canterbury Portf. Thermostat Fund
- CMG Opprtnstc All Asset Fund
- Donoghue Power Dividend
- Donoghue Power Income Fund
- JP Morgan Hedged Equity Fund
- Newfound Global Sectors Fund
- Newfound MAI Fund
- RAISE 360° Select Portfolios
- BlackRock Strategic ETF Models
- Individually Customized Mutual Fund/ETF Portfolios

	Up to \$500,000	Next \$500,000	\$1-2MM	\$2MM+
Brookstone Annual Fee	0.50%	0.45%	0.40%	0.35%
Advisor Annual Fee	1.00%	0.90%	0.75%	0.50%
Total Annual Fee	1.50%	1.35%	1.15%	0.85%

FEE SCHEDULE 2

- Altrius Income Portfolio
- BCM Energy Sector
- Braver Tactical Income
- Canterbury Portf. Thermostat
- CMG Opprtnstc All Asset ETF
- Donoghue Power Dividend
- MarketGrader 100 Enh Index
- MStar Dividend Select
- MStar Hare Select
- MStar Tortoise Select
- MStar Wide Moat Select
- Newfound Global Sectors
- Newfound Multi-Asset Income
- TwoFish Put Income*

	Up to \$500,000	Next \$500,000	\$1MM+
Brookstone Annual Fee	0.95%	0.85%	0.75%
Advisor Annual Fee	1.00%	0.90%	0.75%
Total Annual Fee	1.95%	1.75%	1.50%

The MarketGrader 100 Enhanced Index Portfolio is managed by Kaizen Advisory, LLC, an affiliated firm.

FEE SCHEDULE 3

- Altrius Enhanced Income Fund
- Kaizen HPS Fund
- MarketGrader 100 EI Fund

	Fee
Advisor Annual Fee	1.00%

The Kaizen Hedged Premium Spreads Fund is an affiliated mutual fund with a separate internal expense ratio no greater than 1.50%.

The Altrius Enhanced Income Fund (managed by Kaizen) is an affiliated mutual fund with a separate gross internal expense ratio no greater than 2.02%; however the fund's advisor has agreed to waive its fees and/or pay for operating expenses to ensure that the total annual fund expense ratio is no greater than 1.50%.

The MarketGrader 100 Enhanced Index Fund (managed by Kaizen) is an affiliated mutual fund with a separate gross internal expense ratio no greater than 1.66%; however the fund's advisor has agreed to waive its fees and/or pay for operating expenses to ensure that the total annual fund expense ratio is no greater than 1.50%.

*The Two Fish Put Income Strategy is an options overlay strategy, which means that it uses existing holdings as margin collateral to purchase uncovered put options. If the strategy is overlaid on an account not otherwise being managed by BCM, the fee follows Schedule 2. However, if the strategy is overlaid on an existing **Brookstone managed strategy**, you will pay according to the fee schedule for the existing strategy plus an additional 0.3% annually. The maximum fee charged would 2.25% annually for both combined strategies.

Two Fish Put Income*

BCM STRATEGIES

Brookstone Annual Fee	0.30%
Advisor Annual Fee	0.00%
Total Annual Fee	0.30%

management fees for advisory services and the transaction fees for execution services into a single fee charged to the client. Under a wrap fee arrangement, a client's costs are the same regardless of the number of transactions in an account. Conversely in a non-wrap fee advisory account, a client would pay an asset management fee and a separate transaction fee for each transaction within the account.

The wrap fee program is mandatory and available for all Brookstone managed models. As such, client accounts in Brookstone managed models do not have a choice between a Wrap and a Non-Wrap account, and all client accounts will be charged on a Wrap Fee basis, as outlined below. Pursuant to the Agreement signed by each client, the client will pay Brookstone a monthly Management/Wrap Program Fee, payable in arrears, prorated based on the amount of the assets to be managed by the advisor as of the opening of business on the first business day of each month. In the event a client should withdraw from a strategy mid month the prorated advisory fee will be charged at that time. The wrap program does not cover anything held outside a Brookstone Model, such as a legacy position or client initiated purchases.

These fees cover (i) an initial analysis and periodic re-evaluation of the client's investment objectives and needs, and discretionary allocation among portfolio managers, (ii) all advisory services, including fees of portfolio managers, (iii) account statements, (iv) execution, and (v) custody.

As you are participating in a wrap fee program, you will not be charged brokerage commissions; however, please note that your brokerage account may be charged a service charge by the clearing firm, as well as potential account opening, closing, or similar servicing fees, in addition to your wrap fees. Certain IRA accounts may be charged custodial or other service fees as well. If your account is invested in mutual funds, the mutual fund company may assess administrative charges against your investment in that fund. These fees are not charged by Brookstone, but rather by the product sponsor, brokerage firm, or custodian firm. In the normal course of effecting transactions, prices for certain trades made on behalf of your account may include mark-ups, mark-downs and spread differentials.

Additionally, all accounts will be charged a monthly \$8 technology fee, subject to change based on the terms, conditions, and fees of providers. These fees will be deducted automatically from client accounts and shall be used by Brookstone to utilize software allowing the firm and its IARs to consolidate all accounts through a portfolio accounting system and create consolidated, on-demand performance reports. Moreover, clients will have the capability to create an online profile allowing them to login to Brookstone's portfolio accounting system and view their own account in "real time" on a consolidated basis.

The IAR who recommends the Asset Management Program receives compensation as a result of a client's participation in the program. The amount of this compensation may be more than what the IAR would receive if the program client paid separately for investment advice, brokerage and

other services. The IAR may therefore have a financial incentive to recommend the program over other programs and services. Brookstone may use both internal and external portfolio managers and they would receive a portion of the Brookstone advisory fee. The use or non-use of a portfolio manager does not affect the fee a client pays.

All Advisory fees are negotiable between Brookstone and clients. The client agrees to pay a fee monthly, in arrears, for the advisory services provided by Brookstone pursuant to the Agreement signed by each client. The fee will be calculated based on the value of the account on the last day of the month, prorated to the number of days the account is funded.

Fees may be negotiated by the IAR at the sole discretion of the advisor. Asset management fees will be automatically deducted from the client account on a monthly basis by the custodian. Clients may request to terminate their advisory contract with Brookstone, in whole or in part, by providing 30 days advance written notice.

FINANCIAL PLANNING SERVICES FEES

As mentioned under Services We Offer, Brookstone also offers comprehensive financial planning services for individuals, families and businesses.

Brookstone charges an hourly fee of up to \$250 per hour, billed in six minute increments, for financial planning services. In certain instances, or for those clients who desire it, Brookstone may charge a fixed fee for financial planning services. Fixed fees can range from \$200 to \$5,000 or more, and are based on the complexity of the work required. All financial planning fees are negotiable and are outlined in the Financial Planning Agreement signed by both the client and the IAR.

VARIABLE ANNUITY FEES

The fee for the variable annuity management program is 1.5% annually with the IAR receiving 1% and Brookstone receiving 0.5%. Other fees charged by Jefferson National are described in the prospectus and account opening documents. The client should review the prospectus carefully before investing.

ADDITIONAL FEE INFORMATION AND DISCLOSURES

All fees paid to Brookstone for investment advisory services are separate and distinct from the fees and expenses charged by Mutual Funds, Exchange Traded Funds (ETFs), Variable Annuities, and other Investment Managers, broker/dealers and custodians retained by clients, if any. Such fees and expenses are described in each Mutual Fund's and Variable Annuity's prospectus, each Manager's Form ADV Part 2A, Wrap Brochure or similar disclosure statement, and by any broker/dealer or custodian retained by a client. Mutual Fund, Variable Annuities, and Manager fees generally include a management fee, fund expenses, and related fees. If a Mutual Fund also imposes sales charges, a client may pay an initial or deferred sales charge as

further described in the Fund's prospectus. Refer to the Mutual Fund or Variable Annuity prospectus for a complete description of fees and services.

Certain ETFs pay advisory fees to their investment advisors, which reduces the net asset value of the fund. Some ETFs are organized as unit investment trusts and do not have an investment advisor. However, all ETFs do incur expenses related to their management and administration that are analogous to an investment advisor's management fee. These expenses affect the value of the investment.

Furthermore, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker/dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account. Please refer to the Brokerage Practices section of this Brochure for additional important information about the brokerage and transactional practices of Brookstone. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Brookstone to fully understand the total fees to be paid.

TRADE ERRORS

It is Brookstone's policy to correct all trading errors immediately upon notification of the error. Trading errors can take many forms, including but not limited to executing trades in the incorrect account, for the incorrect share amount or price, with an incorrect instruction, or in an incorrect

security. In most instances, when an error is detected, the error will be moved to Brookstone's Error Account for correction. If the error results in a gain, Brookstone may use the gain to offset trade error losses, allow the client to keep the gain, or donate the gain to charity. If the error results in a loss, Brookstone will make the client whole by reversing or otherwise as appropriate fixing the error, or by crediting the account for any loss.

OTHER COMPENSATION

In addition from time to time, Brookstone may initiate incentive programs for IARs. These programs may compensate them for attracting new assets and clients promoting investment advisory services. Brookstone may also initiate programs that reward IARs who meet total production criteria, participate in advanced training and/or improve client service. IARs who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, marketing assistance and recognition trips. These incentive programs are paid for by Brookstone and do not affect fees paid by the client.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Brookstone does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, Brookstone does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

TYPES OF CLIENTS

Brookstone generally provides investment advice to individuals, pension and/ or profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Requirements for opening an account could vary depending on the program selected, but typically minimum account size requirements are between \$5,000 and \$300,000.

Brookstone may, at its discretion, accept accounts below the minimum required amount. Prior to engaging Brookstone to provide any of the investment advisory services described in this Brochure, the client will be required to enter into a written agreement setting forth the terms and conditions under which the firm shall render its services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS

Methods of analysis and investment strategies include charting, fundamental, tactical, cyclical and technical analysis, independent research, and asset allocation implementation strategies. Proprietary software programs may be used to identify market points where either "buy" or "sell" signals are recognized. These signals assist the managers in implementing the specified management strategies of the various managed programs.

Quantitative analysis can also be used when analyzing securities. This analysis uses current and historical pricing information to help identify trends in both the domestic and foreign equity and fixed income markets. Technical indicators such as moving averages and trend lines may be further used to identify entry and exit points. Various fundamental data such as overall economic conditions, industry outlook, interest rates and political climate are also considered.

INVESTMENT STRATEGIES AND RISK

All investment strategies involve risk. There is no assurance that a positive return will be obtained in any managed investment account program. Neither Brookstone IARs nor sub-advisors guarantee the performance of the account, or promise any specific level of performance, or promise that investment decisions, strategies or overall management of the account will be successful. Any investment decisions sub-advisors may make for clients are subject to various market, currency, economic, political, interest rate and business risks, will not necessarily be profitable, and are subject to investment risk, including possible loss of principal.

In choosing investment programs utilized by the firm, Brookstone measures and selects strategies based on length and verifiability of track record, the fund manager's tenure and/or overall career performance, the fund management continuity, investment philosophy and process, and other factors believed to effect account performance. Brookstone or the IAR may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The advisor may recommend buying or selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, valuation of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

Please see below for a list of available investment strategies available through Brookstone. The strategies are divided by the type of investment methodology used, either a Tactical or Strategic Investment Approach. Then, they are further categorized as Equity Strategies, Fixed Income Strategies, Correlation Strategies, and Volatility Strategies. Please refer to the Risk Profile Questionnaire to help determine a recommended allocation amongst these categories. For a more complete description of the individual strategies, please refer to the Investment Policy Statement Part A. The minimum investment for each strategy is listed next to it below.

DEFINITIONS OF INVESTMENT APPROACHES

TACTICAL APPROACH

Tactical strategies employ a range of processes to dynamically adjust the securities and/or asset class exposure of a portfolio in an attempt to optimize the portfolio by adapting to changing market conditions. These processes may include methods such as technical analysis, fundamental analysis and quantitative analysis. Managers utilizing tactical strategies seek to build a portfolio that includes the best possible positioning at any given moment, based on the manager's proprietary skills, algorithms, research and overall investment philosophy.

STRATEGIC APPROACH

Strategic strategies typically set target or fixed asset allocations and then periodically rebalance the portfolio back to those targets as investment returns skew the original asset allocation percentages. Strategic strategies

may use an actively-managed approach in which the buy and sell decisions are based primarily upon fundamental analysis or they may use a passively-managed approach to security selection commonly known as indexing.

DEFINITIONS AND RISKS OF INVESTMENT CATEGORIES

EQUITY STRATEGIES

Equity Strategies Definition

Equity Strategies invest primarily in equity securities (stocks) by either directly investing in shares of the stocks or through the use of mutual funds and exchange-traded funds (ETFs). Equity securities can vary based on market capitalization (size), industry, sector, and geographic location. Managers employing equity strategies typically use fundamental or technical analysis or a combination of both and commonly differentiate between growth stocks and value stocks. Equity investments are typically considered to be riskier than fixed-income (bond) investments as they historically have a higher standard deviation but have also typically provided higher returns.

Equity: Tactical Strategies

Donoghue Power Dividend Index (\$25K)
 Donoghue Power Dividend Fund (\$2K)
 JP Morgan Hedged Equity Fund (\$2K)
 MarketGrader 100 Enhanced Index (\$100K)
 MarketGrader 100 Enhanced Index Fund (\$2K)
 Newfound Risk-Managed Global Sectors (\$25K)
 Newfound Risk-Managed Global Sectors Mutual Fund (\$2K)

Equity: Strategic Strategies

BCM Energy Sector (\$25K)
 BCM Dividend Stock Basket (\$25K)
 BCM Floating Rate Preferred Stock Basket (\$25K)
 BlackRock Strategic ETF Models (\$10K)
 Individually Customized Equity Mutual Fund/ETF Portfolios
 Morningstar Dividend Select Stock (\$50K)
 Morningstar Hare Select Stock (\$50K)
 Morningstar Tortoise Select Stock (\$50K)
 Morningstar U.S. Wide Moat Focus Select Stock (\$50K)
 RAISE 360° Select Portfolios (\$25K)
 RAISE 360° Select Small Models (\$5K)

EQUITY STRATEGY RISK

The primary risk of investing in equity securities is that they may decline in value for a variety of reasons, including a broad market downturn, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of equity securities:

- An investment in equity securities should be made with an understanding of the risks involved with owning common stocks (i.e. market risk), such as an economic recession and the possible deterioration of either the financial condition of the issuers of the

equity securities (i.e. financial risk) or the general condition of the stock market.

- An investment in foreign stocks is subject to additional risks, including foreign currency fluctuations (i.e. currency or exchange-rate risk), foreign political risks, foreign withholding, possible lack of adequate financial information, and possible exchange control restrictions impacting foreign issuers. These risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated and more volatile than developed foreign markets.
- An investment in small-capitalization or mid-capitalization companies may be more volatile than investments in larger, more established companies, and securities of small and mid-size companies typically have more limited trading volumes.
- A portfolio may be concentrated in a particular industry or sector which involves more risk than a broadly diversified portfolio (i.e. allocation risk).
- An investment in a particular industry or company within an industry is subject to the risk that the company will go bankrupt or perform below expectations (i.e. business risk). Every company has the business risk that the broader economy will perform poorly and therefore sales will be poor and also the risk that the market simply will not like its products.

PREFERRED STOCK RISK

The following includes some of the risks associated with investments in preferred stocks:

- **Interest Rate Fluctuation** - Preferred stocks typically pay a fixed dividend. This tends to make the market price of preferred stocks interest rate-sensitive, similar to bond prices in the secondary market. If prevailing interest rates drop, the market price of preferred stocks tends to rise. But if prevailing interest rates rise, preferred stock prices tend to fall.
- **No Dividend Guarantees** - Preferred stocks are equity securities, as are common stocks. The dividend on preferred stocks must typically be paid before any dividends can be paid to common stockholders. But the dividends are not guaranteed in the same way that interest payments on the company's bonds are guaranteed. If the company misses an interest payment on its bonds, it is in default of its bond indenture, and bondholders can pursue legal action against company. If the company misses a preferred dividend payment, it's not in default.
- **Call Provision** - Some preferred stocks include a call provision, which allows the company to redeem its preferred shares on demand. A company is most likely to call its preferred stock when prevailing interest rates fall. In that situation the company could lower its expenses by redeeming the stock for its par value, then reissue it to take advantage of the lower prevailing interest rates.
- **Liquidation Risk** - If the company goes bankrupt, preferred

stockholders must wait until all of the company's creditors are made whole before they have any claim on the company's assets. Bondholders get their money before preferred stockholders.

- **Credit quality** - While not all preferred stocks are in the junk category, they seldom are highly rated.

RISKS INVOLVED WITH TRADING ON MARGIN

Margin is the borrowing of money to purchase securities. There are a number of risks that all investors need to consider in deciding to trade securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to deposit additional funds to avoid the forced sale of those securities or other securities in your account.
- The firm can force the sale of securities in your account. If the equity in your account falls below the maintenance margin requirements under regulations the firm can sell the securities in your account to cover the margin deficiency. You will also be responsible for any short fall in the account after such a sale.
- The firm can sell your securities without contacting you.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet initial margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension. In addition, a customer does not have a right to an extension of time to meet a maintenance margin call
- **Margin Interest** - You're responsible for repaying the interest on your margin loan regardless of any changes in interest rates that occurred during the time your loan was outstanding or changes in the market value of the securities you bought on margin.

MUTUAL FUND RISK

- Investing in other investment companies (mutual funds) is subject to risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, such an investment will incur its pro rata share of the expenses of the underlying investment companies' expenses. Information on a specific mutual fund risk and its policies regarding the above topics can be found in its prospectus and Statement of Additional Information. Clients are encouraged to review the prospectus before investing.

ETF (EXCHANGE TRADED FUND) RISK

ETFs are each unique securities in their own right and are subject to additional risks that are discussed below:

- ETFs are subject to the funds' managements' abilities to manage the underlying portfolios to meet the funds' stated investment objectives.
- ETFs also may trade at a discount to their net asset value in the

secondary market. The structure of an ETF is such that most ETFs' market prices tend to track the funds' respective net asset value closely, but this may not always be the case, particularly during periods of extreme market volatility.

- Most ETFs are designed to track a specified market index; however, in some cases an ETFs return may deviate from the specified index. Certain ETFs are actively managed ETFs and are subject to management risk. Furthermore, unlike open-end funds, investors are generally not able to purchase ETF shares directly from the fund sponsor nor redeem ETF shares with the fund sponsor. Rather, only specified large blocks of ETF shares called "creation units" can be purchased from, or redeemed with, the fund.
- Information on a specific ETF risk and its policies regarding the above topics can be found in its prospectus and Statement of Additional Information. Clients are encouraged to review the prospectus before investing.

CONCENTRATION RISK

If the Index concentrates in an industry or group of industries the Fund's investments will be concentrated accordingly. In such event, the value of the Fund's Shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. Any fund that concentrates in a particular industry will generally be more volatile than a fund that invests more broadly.

ENERGY SECTOR RISK

The profitability of companies in the energy sector is related to worldwide energy prices, exploration, and production spending. Such companies also are subject to risks of changes in exchange rates, government regulation, world events, depletion of resources and economic conditions, as well as market, economic and political risks of the countries where energy companies are located or do business. Oil and gas exploration and production can be significantly affected by natural disasters. Oil exploration and production companies may be adversely affected by changes in exchange rates, interest rates, government regulation, world events, and economic conditions. Oil exploration and production companies may be at risk for environmental damage claims.

FIXED INCOME STRATEGIES

Fixed Income Strategies Definition

Fixed income strategies invest primarily in debt securities (bonds) by either directly investing in the bond issuer or through the use of mutual funds and

ETFs. Debt securities can vary based on issuer (e.g. corporations, governments and municipalities), coupon (interest rate) and maturity. Managers employing fixed income strategies typically do so to provide reliable income while analyzing the trade-off between the price and yield of the debt instrument, the issuer's credit quality, inflation expectations, and interest rate movements. Fixed income investments are typically considered to be less risky than equity investments as they historically have a lower standard deviation but have also typically provided lower returns.

Fixed Income: Tactical

Altrius Income (\$300K)
 Altrius Enhanced Income Fund (\$2K)
 BCM Market-Linked CDs (\$2K)
 BCM Structured Notes (\$2K)
 Braver Tactical High Income (\$25K)
 Donoghue Power Income Mutual Fund (\$2K)
 Pimco Income Fund (\$1K)

Fixed Income: Strategic

BCM Municipal Bonds Model (\$5K)
 BlackRock Strategic ETF Models (\$10K)
 Individually Customized Fixed Income Mutual Fund/ETF Portfolios
 RAISE 360° Select Portfolios (\$25K)
 RAISE 360° Select Small Models (\$5K)

FIXED INCOME STRATEGY RISK

The primary risk of investing in fixed income securities is that they may decline in value for a variety of reasons, including a broad market downturn, a rising interest rate environment, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of fixed income securities:

- All bonds are subject to various risks including higher interest rates as fixed income securities typically decline in value as interest rates rise, economic recession, possible rating downgrades by one or more rating agencies, and possible defaults of interest and/or principal payments by the issuer.
- Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate risk). This primarily relates to fixed income securities.
- High-yield or "junk" bonds are rated below investment grade and are subject to a higher risk of rating downgrade and issuer default than investment-grade bonds, and are more affected by an economic recession. The prices of high-yield bonds tend to fluctuate more than those of investment grade bonds.

- Fixed income securities issued by foreign issuers are subject to additional risks including foreign currency fluctuations, foreign political risks, foreign tax withholding, possible lack of adequate financial information and possible exchange control restrictions. Additionally, these risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated, and more volatile than developed foreign markets.
- Municipal bonds are issued by states, counties or other municipal authorities and are subject to additional risks, including deterioration in the financial condition of the municipal issuer and potential changes in tax laws affecting the tax-free status of municipal bonds.
- Mortgage-backed securities may be more sensitive to changes in interest rates than traditional fixed income securities as rising rates tend to extend the duration of such securities. In addition, mortgage-backed securities are subject to prepayment risk, since borrowers may pay off their mortgages sooner than anticipated, particularly during a period of declining interest rates. Subprime mortgage-backed securities are subject to a higher risk of rating downgrade or defaults than higher rated mortgage-backed securities.
- Senior loan securities are high-yield, floating rate corporate debt securities which are senior in a company's capital structure to unsecured debt securities. Like all high-yield securities, such securities carry a heightened risk of a rating downgrade or issuer default than investment grade securities.

STRUCTURED NOTES RISK

A purchaser should evaluate and understand all of the risks and costs of an investment in Structured Notes (SNs) prior to making any investment decision. A purchase of an SN entails other risks not associated with an investment in conventional bank deposits. A purchaser may not have a right to withdraw his/her investment prior to maturity or could incur substantial penalties for an early withdrawal, if permitted. A purchaser should carefully read the disclosure statement and any other disclosure documents for a SN before investing.

An investment in SNs is not FDIC insured and is subject to credit risk. The actual or perceived creditworthiness of the note issuer may affect the market value of SNs. SNs will not be listed on any securities exchange. Even if there is a secondary market, it may not provide enough liquidity to allow purchasers to trade or sell SNs. As a holder of SNs, purchasers will not have voting rights or rights to receive cash dividends or other distributions or other rights in the underlying assets or components of the underlying assets. Certain built-in costs are likely to adversely affect the value of SNs prior to maturity. The price, if any, at which the notes can be purchased in secondary market transactions, if at all, will likely be lower than the original issue price and any sale prior to the maturity date could result in a substantial loss. SNs are not designed to be short-term trading instruments.

Purchasers should be willing to hold any notes to maturity. The tax consequences of SNs may be uncertain. Purchasers should consult their tax adviser regarding the U.S. federal income tax consequences of an investment in SNs. If a SN is callable at the option of the issuer and the SN is called, the holder will receive only the applicable redemption amount and will not receive any coupon payments that would have been payable for the remainder of the term of the SN. SNs are Not FDIC Insured, May Lose Principal Value and are Not Bank Guaranteed.

CORRELATION STRATEGIES

Correlation Strategies Definition

Correlation strategies invest in a blend of asset classes such as equities, fixed income and commodities, and do so by investing directly in the underlying security or through the use of mutual funds and ETFs. Managers employing correlation strategies typically analyze securities based upon their historical and anticipated correlation to one another. Some correlation strategies have a relatively fixed asset allocation with a blend of low-correlated securities while other correlation strategies employ an asset allocation with a blend of securities that may exhibit higher correlations that may change based on the rules of such strategy.

Correlation: Tactical

BlackRock Multi-Asset Income (\$1K)
 Canterbury Portfolio Thermostat (\$25K)
 Canterbury Portfolio Thermostat Mutual Fund (\$5K)
 CMG Opportunistic All Asset ETF (\$10K)
 CMG Opportunistic All Asset Fund (\$5K)
 Newfound Multi-Asset Income (\$25K)
 Newfound Multi-Asset Income Mutual Fund (\$2K)

CORRELATION STRATEGY RISK

As the Correlation Strategies can utilize an array of investment vehicles, the above risks described for equity and fixed income strategies will be present if those vehicles are used. Other vehicles possibly used within these strategies also have risks associated with them. For example, the performance of commodity-linked investments, including derivatives, may depend on the performance of the overall commodities markets and on other factors that affect the value of commodities, including weather, political, tax, and other regulatory and market developments. Commodity-linked notes may be leveraged. Commodity-linked investments may be hybrid instruments that can have substantial risk of loss with respect to both principal and interest. Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures and are subject to the credit risks associated with the issuer, and their values may decline substantially if the issuer's creditworthiness deteriorates. As a result, returns of commodity-linked investments may deviate significantly from the return of the underlying commodity, instruments, or measures. Legal and regulatory changes also can affect the value of these investments.

VOLATILITY STRATEGIES

Volatility Strategies Definition

Volatility strategies seek to provide appreciation through the use of derivative securities (options), whose prices are based primarily on the volatility expectations of the underlying investments. Managers employing volatility strategies typically buy and sell one or more options contracts (i.e. puts and calls) based on a mathematical approach that attempts to quantify the return and risk of the investment up front. These strategies typically attempt to provide steady growth regardless of the conditions of the market in which they invest (bull, bear or flat market). Options strategies are considered to be complex financial instruments and may involve significant risk.

Volatility: Tactical

Kaizen Hedged Premium Spreads Fund (\$2K)
Two Fish Put Income Strategy (\$300K)

VOLATILITY STRATEGIES RISK

Options may be used to create implied leverage in a portfolio – meaning the account controls more shares than it could otherwise purchase with the same amount of capital. Markets can move suddenly, swiftly, and without notice; these movements can be severe in size and longevity. In a sharp downward moving market, the loss in a strategy utilizing options may accelerate quickly because of the implied leverage – it depends on the conditions of the trade cycle. Strategies utilizing options may only be suitable for the investor who understands the risks and has the financial capacity and willingness to incur potentially substantial losses.

The value of derivatives, including options, futures and options on futures also may be adversely affected if the market for derivatives is reduced or becomes illiquid. No assurance can be given that a liquid market will exist when Brookstone seeks to close out a position. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain derivatives; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of derivatives; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle the then-current trading volume; or (vi) one or more exchanges could, for economic or other

reasons, decide or be compelled at some future date to discontinue the trading of derivatives (or a particular class or series of derivatives). If trading were discontinued, the secondary market on that exchange (or in that class or series of derivatives) would cease to exist. However, outstanding options on that exchange that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms. Investing in derivative instruments also includes interest rate, market, credit and management risks, and the risk of mispricing or improper valuations. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index, and the investment could lose more than the principal amount invested.

ADDITIONAL RISK STATEMENT

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment strategy. Prospective and existing clients are encouraged to consult their own financial, legal and tax professionals in connection with the selection of and investment in a particular strategy or product. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.

Investing in securities involves a significant risk of loss. Brookstone's investment recommendations are subject to various market, inflation, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Prior to entering into an agreement with Brookstone, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, (2) that volatility from investing in the stock market can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

Brookstone does not represent, guarantee or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

DISCIPLINARY INFORMATION

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management. There are no required disclosures in relation to Brookstone and its management team.

Disclosure information specific to your IAR can be found on their supplemental ADV 2B and is available at www.adviserinfo.sec.gov.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

IARs of Brookstone may also be agents/Registered Representatives of a non-affiliated firm such as a broker/dealer or insurance agency, engaging in the business of selling life, health, long-term care, disability and annuity insurance products as well as securities. As registered representatives, associates may receive separate compensation in the form of commissions for the purchase of securities through their affiliated broker/dealer as well as for the sale of insurance products.

Additionally, Mr. Zayed is a shareholder in the law firm of Perkins & Zayed, PC. As mentioned in the Services We Offer section above, Brookstone recommends the services of Perkins & Zayed, PC for implementation of estate planning recommendations made by Brookstone. This arrangement is disclosed by Brookstone as part of the client's agreement and by delivery of this Brochure. Should a client elect to utilize Perkins & Zayed, PC for estate planning services, the client will be required to enter into a separate written agreement for such services, and pay applicable legal fees. Clients should be aware that any applicable legal fees will be in addition to and separate from the financial planning fees incurred for services as outlined in the Financial Planning Agreement. Mr. Zayed will also receive individual compensation in the form of profits due to his role as a shareholder in Perkins & Zayed, PC. This could create a conflict of interest in that Mr. Zayed, through Brookstone, may have a financial incentive to recommend Perkins & Zayed, PC for estate planning services. The Client has the sole responsibility for determining whether to implement any such recommendations made by Brookstone, and which outside counsel to use for such services.

Mr. Zayed also has an ownership interest in Kaizen Advisory, LLC (Kaizen), an SEC Registered Investment Advisor. Kaizen serves as an advisor to mutual funds and separately managed accounts that may be purchased as part of a

Brookstone portfolio. This creates a conflict of interest in that Mr. Zayed has a financial incentive to promote a Kaizen advised investment, and to use them as part of Brookstone's portfolios. Clients are under no obligation to invest in Kaizen advised investments and may choose a non-Kaizen advised investment solution. In addition, Mr. Zayed has an ownership in Kaizen Financial Distributors, Inc., in which Kaizen advised funds and managed accounts are distributed to other financial institutions.

Brookstone currently has a partnership with Bank of the Internet (B of I), which offers only FDIC insured products. If an IAR of Brookstone refers a client to B of I for banking services, he or she may earn a fee for such referral.

These outside activities and affiliations create an additional conflict of interest in that Brookstone's President and IARs' obligations to these outside interests may either conflict with the advisement provided by Brookstone or take up a substantial amount of their time and therefore the time spent on providing the advisory services described herein may be limited by virtue of their obligations to these outside interests. Although Brookstone's President and IARs will devote as much time to the business and affairs of Brookstone as is reasonably necessary to deliver the advisory services described herein, they may devote a significant portion of their time to the affairs of these other activities and affiliations.

Brookstone has adopted policies and procedures to address the conflicts presented by these relationships. For example, as part of the firm's fiduciary duty to its clients, Brookstone and its IARs will endeavor at all times to put the interest of its investment advisory clients first. Additionally, the conflicts presented by this practice are disclosed to clients at the time of entering into an advisory agreement. Please refer to the section of this brochure titled Code of Ethics and Personal Trading for additional information.

CODE OF ETHICS AND PERSONAL TRADING

In accordance with SEC Rule 204a-1 of the Investment Advisers Act of 1940, Brookstone maintains and enforces a Code of Ethics. The Code requires employee, including IAR, reporting of all securities holdings and transactions may require prior pre-clearance from the firm's Chief Compliance Officer for certain securities transactions. The Code contains requirements regarding compliance with all Laws, Rules and Regulations, and it contains provisions for reporting violations of the Code to Brookstone's Chief Compliance Officer. All Brookstone IARs are expected to be honest and ethical, make full and accurate disclosures, remain in compliance with all applicable rules and regulations, and be accountable for what they do.

Brookstone and its IARs act as fiduciaries for their clients. They have a fundamental obligation to act in the best interest of their clients and to

provide investment advice in the clients' best interest. They owe their clients a duty of undivided loyalty and utmost good faith. They should not engage in any activity in conflict with the interest of any client, and they should take steps reasonably necessary to fulfill these obligations. Brookstone and its IARs must employ reasonable care to avoid misleading clients and must provide full and fair disclosure of all material facts to their clients and prospective clients. Generally, facts are "material" if a reasonable investor would consider them to be important. They must eliminate, or at least disclose, all conflicts of interest that might incline them – consciously or unconsciously – to render advice that is not disinterested. If they do not avoid a conflict of interest that could impact the impartiality of their advice, they must make full and frank disclosure of the conflict. Brookstone and its IARs cannot use their clients' assets for their own benefit or the benefit of

other clients. Departure from this fiduciary standard may constitute “fraud” upon their clients under the Investment Advisers Act.

Brookstone and/ or its IARs may at any time own or invest in the same securities as it recommends to clients. All employees and IARs of Brookstone are required to submit to the Brookstone Compliance Department duplicate copies of all trades and account statements for review. Brookstone does not

allow any IAR or employee to trade ahead of their clients. For individual securities such as stocks and bonds, any IARs or employees invested in the same models as clients are block traded where an average price is used.

To review a copy of Brookstone’s Code of Ethics, please make a written request to your IAR, contact Brookstone at 630-923-6850, or email compliance@brookstonecm.com.

BROKERAGE PRACTICES

As an investment advisory firm, Brookstone has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Brookstone’s primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Brookstone will recommend a broker/dealer to clients. The broker/dealer has been chosen based on the following: 1) the broker’s capital depth, 2) the broker’s market access, 3) the broker’s transaction confirmation and account statement practices, 4) our knowledge of negotiated commission rates and spreads currently made available, 5) the nature and character of the markets for the security to be purchased or sold, 6) the desired timing of the transaction, 7) the execution, 8) clearance and settlement capabilities of the broker selected and others considered, 9) our knowledge of any actual or apparent operational problems of a broker and 10) the reasonableness of the commission or its equivalent for the specific transaction. Based on the above criteria, Brookstone may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker. This would justify higher commissions (or their equivalent) than other transactions requiring routine services. If Brookstone is directed by the client to direct trades to a specific broker/dealer other than the custodian typically used by Brookstone for trade execution, it is disclosed that Brookstone’s ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution may not be as favorable as might otherwise be obtained.

BEST EXECUTION AND SOFT DOLLAR BENEFITS

As stated above, Brookstone has full discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate. It is the policy and practice of Brookstone to strive for the best price and execution that are competitive in relation to the value of the transaction (“best execution”). In order to achieve best execution, Brookstone will use its best judgment to choose the broker/dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution.

When Brookstone believes that more than one broker can offer the brokerage and execution services needed to obtain the best available price and most favorable execution, consideration may be given to selecting those brokers which also supply research services of assistance to Brookstone in fulfilling its investment advisory responsibilities. Such services may include research reports, services and seminars, computer software and related hardware for services. Selecting a broker/dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” Some of these services are provided to Brookstone as part of a “bundled package” from the broker/dealer. However, Brookstone’s clients may pay higher commission rates than those normally obtained from other brokers. Moreover, some of the services may benefit a specific segment of Brookstone’s clients. Brookstone does not attempt to match a particular client’s trade executions with broker/dealers who have provided research services which have directly benefited that client’s portfolio. Rather, research services received by Brookstone are used for the ultimate benefit of all of its clients. This also benefits Brookstone since it does not have to have to produce or pay for the research, products or services. Consequently, Brookstone may have an incentive to select or recommend a broker/dealer based on these benefits rather than in the clients’ interest in receiving most favorable execution.

While clients may in certain circumstances direct Brookstone to use a specific custodian, Brookstone’s selection of the custodian may keep costs down. Due to Brookstone’s relationship with TD Ameritrade, TD Ameritrade has agreed to pay for certain expenses on behalf of Brookstone. Such benefits includes servicing fees, taxes and ancillary fees associated with these products, which may or may not benefit, directly or indirectly, any Brookstone client, and will not increase any costs to Brookstone’s TD Ameritrade clients. For more information, contact TD Ameritrade at (800) 783- 1086. Importantly, Brookstone’s receipt of such benefits may or may not be offered to other independent advisors that participate in the program. Brookstone is still obligated to review best execution and act in the best interest of its clients regardless of this relationship.

Notably, Brookstone has a potential conflict of interest in recommending its clients to have their assets held in custody with TD Ameritrade due to the incentive and receipt of soft dollar benefits. TD Ameritrade, and others, may consider the amount and profitability to the custodian of the assets in, and trades placed for, Brookstone’s client accounts when determining whether



to continue providing these additional services to Brookstone. Currently, Brookstone pays no fees to TD Ameritrade for receiving these additional services. In furtherance of the best of interest of its clients, Brookstone will periodically review the broker/dealer firms used to execute client transactions, taking into account the above qualitative considerations, among others, such as reliability, accuracy, competency of bundling trades, timing of execution, and many other factors.

TD AMERITRADE INSTITUTIONAL PROGRAM

Brookstone participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

Brookstone participates in TD Ameritrade's Institutional customer program as stated above and Brookstone requires clients to maintain accounts with TD Ameritrade for custody and brokerage services. There is no direct link between Brookstone's participation in the program and the investment advice it gives to its clients, although Brookstone receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools (including Brookstone's Orion subscription, a back office performance and reporting system); consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Brookstone by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Brookstone's related persons, and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Brookstone's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit Brookstone but may not benefit its client accounts. These products or services may assist Brookstone in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Brookstone manage and further develop its business enterprise. The benefits received by Brookstone (or its personnel) through participation in the program do not depend on the amount of brokerage transactions directed to TD

Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Brookstone or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Brookstone's choice of TD Ameritrade for custody and brokerage services.

Brookstone also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. (Brookstone may make these additional services available to its affiliates without cost.) Specifically, the Additional Services include Orion, Brookstone's back office performance and reporting system. TD Ameritrade provides the Additional Services to Brookstone in its sole discretion and at its own expense, and Brookstone does not pay any fees to TD Ameritrade for the Additional Services. Brookstone and TD Ameritrade have entered into a separate agreement (Additional Services Addendum) to govern the terms of the provision of the Additional Services.

As part of Brookstone's agreement with TD Ameritrade, TD Ameritrade provides Brookstone with payment coverage for Orion. These services are used in conjunction with the firm's advisory practice, and provide direct and/or indirect beneficial benefit to all Brookstone clients, whether those clients utilize TD Ameritrade or not. While there is no direct link between this and the advice provided to Brookstone clients, this arrangement could be considered a conflict of interest that clients are herein made aware of, and which clients should consider when choosing an advisor. The benefits described above are not dependent on specific dollar amounts of brokerage transactions directed to TD Ameritrade by Brookstone.

Advisor may receive succession planning, practice valuation, and equity management services from third-party vendors through Advisor's participation in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, Advisor may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between TD Ameritrade and Advisor. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise Advisor and has not responsibility for Advisor's management of client portfolios or Advisor's other advice or services to clients.

Advisor's participation in the TD Ameritrade Institutional Equity Management Program raises potential conflict of interest. Advisor may encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Equity Management Program, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for

clients accounts with TD Ameritrade. Advisor's participation in the TD Ameritrade Institutional Equity Management Program does not relieve the Advisor of the duty to seek best execution of trades for client accounts.

Brookstone's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Brookstone, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Brookstone's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Brookstone, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Brookstone may have an incentive to recommend to its clients that the assets under management by Brookstone be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Brookstone shares the Additional Services with its affiliated entities. Consequently, Brookstone's clients' brokerage commissions and custodial fees generated at TD Ameritrade may be used to benefit Brookstone's affiliates. Brookstone's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

ORDER AGGREGATION AND ALLOCATION

Brookstone may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (i.e. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Brookstone's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Brookstone may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

REVIEW OF ACCOUNTS

Brookstone IARs periodically review their designated client accounts on a regular basis and no less than annually. Client accounts are reviewed for appropriateness in light of each client's investment objectives, risk tolerance and financial goals. Brookstone's president, Mr. Zayed, is responsible for the general oversight of all supervised persons, and has ultimate authority over portfolio management, fundamentals, model portfolio constituents, asset allocation and areas of potential concern.

In addition to periodic reviews, reviews may be triggered when Brookstone becomes aware of a change in a client's investment objective, a change in market conditions, change of employment, re-balancing of assets to maintain proper asset allocation and any other activity that is discovered as the account is reviewed. The client is encouraged to notify Brookstone or their IAR if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client may receive other supporting reports from

Mutual Funds, Asset Managers, Trust Companies or Custodians, Insurance Companies, Broker/Dealers and others who are involved with client accounts.

Brookstone has the ability to prepare written quarterly reports reflecting current positions and valuations which may be provided to all clients for managed accounts. Third party custodians also provide monthly statements. Financial planning clients receive a written copy of their financial plan with all supporting analyses.

REPORTS PROVIDED TO CLIENTS

Clients may receive a quarterly performance evaluation, a monthly activity summary statement, confirmation of all transactions as they occur, and a year-end tax summary supplemental to their account statements. All reports are provided in writing. Additional reports may be provided depending on the program and at the request of the client. All account statements are sent to the client directly from the custodian.

CLIENT REFERRALS AND OTHER COMPENSATION

ECONOMIC BENEFITS RECEIVED

Brookstone is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. Brookstone may enter into these "soft dollar" arrangements whereby brokerage transactions are directed to certain broker/dealers in return for investment research products and/or services which assist Brookstone in its investment decision-making process. The receipt of such services may be perceived to serve as an economic benefit to Brookstone, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker/dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Please refer to the Brokerage Practices section of this brochure which more fully describes these benefits and how Brookstone addresses the conflicts of interest.

Additionally, as described in Other Financial Industry Activities and Affiliations above, Principals and IARs of Brookstone may receive compensation from other non-affiliates. Such compensation shall only be received in conjunction with those services provided to such non-affiliates.

COMPENSATION FOR CLIENT REFERRALS

Brookstone has entered into solicitor relationships with individuals and organizations, including the advisors to mutual fund companies that Brookstone recommends ("Solicitors") in order to give or receive payments for referral of certain clients. In the instance where Brookstone receives a client referral from a Solicitor, Brookstone will pay a cash referral fee to the Solicitor based upon a percentage of our advisory fee received from that particular client. In the instance where Brookstone refers a client to another advisor or mutual fund company, Brookstone will receive a cash referral fee from the advisor (including an advisor to a mutual fund company) for its referral of a Brookstone client. This may create a conflict of interest in that Brookstone has a financial incentive to refer clients to mutual fund companies that pay Brookstone a referral fee.

Under these circumstances, Brookstone will enter into a solicitor's agreement with the other party. All such agreements will be in writing and

comply with the applicable state and federal regulations. While the specific terms of each agreement may differ, generally, the compensation will be based upon a varying percentage of the assets under management by the client, which shall be paid by the advisor until the account is closed by written authorization from the client. Any such fee shall not result in any additional charge to the client.

Each prospective client who is referred under such an arrangement will receive a copy of applicable advisor's Form ADV Part 2A and a separate written disclosure document disclosing the nature of the relationship between the solicitor and the advisor and the amount of compensation that will be paid to the third party solicitor, which must be acknowledged in writing by the solicited client.

TD AMERITRADE INSTITUTIONAL ADVISOR PANEL

On behalf of Registrant, Registrant serves on the TD Ameritrade Institutional Advisor Panel (Panel). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional (TDA Institutional) on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for two year terms by TDA Institutional senior management. An investment advisor may serve longer than two years if appointed to additional terms by TDA Institutional senior management. Registrant's current term expires in February of 2019. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. (TD Ameritrade) does not compensate Panel members. However, TD Ameritrade pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendation of TD Ameritrade for custody and brokerage services.

CUSTODY OF CLIENT FUNDS AND SECURITIES

Brookstone does not custody client assets and uses an independent third party custodian to hold all client securities and assets. The third party custodian is TD Ameritrade. Clients receive monthly or quarterly statements, as well as trade confirmations, directly from the custodian.

In selecting custodial brokers for execution or recommendation to

customers, Brookstone considers the full range and quality of services, including the value of research provided, execution capability, commission rate, financial responsibility and responsiveness to Brookstone in order to obtain the best execution for the client. Brookstone periodically evaluates the custodial broker/dealers it selects or recommends for clients.

INVESTMENT DISCRETION

Brookstone and its IARs have discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Brookstone.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement enclosed in the IPS Parts A and B containing all applicable limitations to such authority. All discretionary trades made by Brookstone will be in accordance with each client's investment objectives and goals.

The client gives Brookstone unlimited and unrestricted discretionary authority to invest and reinvest the assets held in the investment account, including but not limited to the ability to substitute models with similar investment objectives as needed and at the client's sole risk. Brookstone is not required to notify the client prior to any transaction and normally will not do so. The client hereby designates Brookstone as the agent and attorney-in-fact with a limited power of attorney. Brookstone has full power to arrange for the delivery of and payment for securities purchased or sold.

VOTING CLIENT SECURITIES

Brookstone will not vote proxies on behalf of our advisory accounts. At the client's request, we may offer advice regarding corporate actions and the exercise of client proxy voting rights. If a client owns shares of applicable securities, that client is responsible for exercising the right to vote as a shareholder. In most cases, the client will receive proxy materials directly from the account custodian. However, in the event Brookstone were to receive any written or electronic proxy materials, Brookstone would forward them directly to the client or the client's designated agent by mail, unless the client has authorized the firm to contact him/her by electronic mail, in

which case, Brookstone would forward any electronic solicitation to vote proxies.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, Brookstone cannot give any advice or take action with respect to the voting of these proxies.

FINANCIAL INFORMATION

Brookstone does not require prepayment of more than \$1,200 in fees per client six months or more in advance – as such, a Balance Sheet is not required and not attached. There is also no known financial condition that is reasonably likely to impair this firm's ability to meet contractual commitments to clients, and the firm has not been the subject of a bankruptcy proceeding.