

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

May 25, 2011

**Blue Prairie Group, LLC**

SEC File No. 801-64437

140 S. Dearborn Street, Suite 300  
Chicago, IL 60603

phone: 312-376-8435  
email: [info@blueprairiegroup.com](mailto:info@blueprairiegroup.com)  
website: [www.blueprairiegroup.com](http://www.blueprairiegroup.com)

This brochure provides information about the qualifications and business practices of Blue Prairie Group, LLC. If you have any questions about the contents of this brochure, please contact us at [info@blueprairiegroup.com](mailto:info@blueprairiegroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority

Additional information about Blue Prairie Group, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Initial publication date is March 31, 2011.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	5
A. Description of Your Advisory Firm.....	5
B. Description of Advisory Services Offered.....	5
C. Client-Tailored Services and Client-Imposed Restrictions.....	8
D. Wrap Fee Programs.....	9
E. Client Assets Under Management.....	9
Item 5: Fees and Compensation.....	10
A. Methods of Compensation and Fee Schedule.....	10
B. Client Payment of Fees.....	13
C. Additional Client Fees Charged.....	14
D. Prepayment of Client Fees.....	14
E. External Compensation for the Sale of Securities to Clients.....	14
Item 6: Performance-Based Fees and Side-by-Side Management.....	15
Item 7: Types of Clients.....	16
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss.....	17
A. Methods of Analysis and Investment Strategies.....	17
B. Investment Strategy and Method of Analysis Material Risks.....	26
C. Concentration Risk.....	29
Item 9: Disciplinary Information.....	30
A. Criminal or Civil Actions.....	30
B. Administrative Enforcement Proceedings.....	30
C. Self-Regulatory Organization Enforcement Proceedings.....	30
Item 10: Other Financial Industry Activities and Affiliations.....	31
A. Broker-Dealer or Representative Registration.....	31
B. Futures or Commodity Registration.....	31
C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest.....	31

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest.....	31
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	32
A. Code of Ethics Description.....	32
B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest.....	32
C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest.....	32
D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest.....	32
Item 12: Brokerage Practices .....	34
A. Factors Used to Select Broker-Dealers for Client Transactions.....	34
B. Aggregating Securities Transactions for Client Accounts.....	35
Item 13: Review of Accounts .....	38
A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved.....	38
B. Review of Client Accounts on Non-Periodic Basis.....	38
C. Content of Client-Provided Reports and Frequency.....	38
Item 14: Client Referrals and Other Compensation.....	40
A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest.....	40
B. Advisory Firm Payments for Client Referrals.....	40
Item 15: Custody .....	41
Item 16: Investment Discretion.....	42
Item 17: Voting Client Securities.....	43
Item 18: Financial Information .....	44
A. Balance Sheet.....	44
B. Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments to Clients.....	44
C. Bankruptcy Petitions During the Past Ten Years .....	44
Brochure Supplement.....	45

---

## Item 4: Advisory Business

### A. Description of Your Advisory Firm

Blue Prairie Group, LLC ("Blue Prairie Group" or "the firm"), is an Illinois limited liability company principally owned by Matthew Gnabasik and Gary Silverman. Blue Prairie Group has been providing investment advisory and consulting services since July of 2005.

### B. Description of Advisory Services Offered

Blue Prairie Group is an independent investment advisory and consulting firm that provides objective discretionary and non-discretionary private investment management and financial planning services to wealthy individuals, families, trusts, endowments, foundations, and institutional retirement plans.

For its discretionary asset management services, Blue Prairie Group receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies as described in Item 8 of this Brochure.

#### B.1. Asset Management Services

##### B.1.a. Individual Investment Consulting

Blue Prairie Group first works with the client to develop an overall investment strategy and financial plan. The discovery phase of the process includes an analysis of financial goals, which may include advice regarding capital sufficiency and cash flow, retirement planning, income tax planning, education funding, corporate benefit decisions, and consideration of estate planning issues. The result of this overall analysis serves as the foundation for the client's strategic investment plan, which includes investment education, portfolio design, and ongoing portfolio monitoring and management.

Blue Prairie Group's asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Blue Prairie Group will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance, and related financial circumstances. Blue Prairie Group's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations. Blue Prairie Group may work with third-party service providers to assist with the tax and estate planning portion of the services provided to clients.

Blue Prairie Group's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Blue Prairie Group in

response to a questionnaire and/or in discussions with the client and reviewed in meetings with Blue Prairie Group.

- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds, and exchange-traded funds.
- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate benchmarks.
- Implementing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives, and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client, as well as based on changing economic and market outlooks.

In addition to providing Blue Prairie Group with information regarding their personal financial circumstances, investment objectives, and tolerance for risk, clients are required to provide Blue Prairie Group with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify Blue Prairie Group of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals, and tolerance for risk. On a quarterly basis, or other frequency level mutually agreed upon by the client and Blue Prairie Group, Blue Prairie Group's reports to clients will remind clients of their obligation to inform Blue Prairie Group of any such changes or any restrictions that should be imposed on the management of their accounts. Blue Prairie Group will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

Blue Prairie Group may utilize third-party software to analyze individual security holdings and separate account managers held in the client's portfolio. On a quarterly basis, Blue Prairie Group, in connection with a third-party service provider, will provide such clients with reports regarding the performance of their portfolios. In addition, Blue Prairie Group will monitor those portfolios and make additional recommendations and implementation decisions from time to time to rebalance and/or reallocate each client's investments in accordance with such client's investment circumstances, as applicable.

After developing an overall strategy, Blue Prairie Group will aid the client in implementing the plan.

#### **B.1.b. Institutional Investment Consulting**

Blue Prairie Group also provides investment consulting and investment advisory services to institutional ERISA (see detailed explanatory note below) and non-ERISA retirement plans, trusts, foundations, estates, charitable organizations, corporations, or other business entities.

Institutional investment management services typically include portfolio design, asset allocation

modeling, preparation of investment policy statements, screening and selection of investment managers, and performance monitoring. Typical services provided to these clients are consistent with the process described above. Depending on the client's unique circumstances, Blue Prairie Group may provide discretionary or non-discretionary investment consulting services for institutions.

## **B.2. Institutional Retirement Investment Advisory Services**

Employees in qualified retirement plans are protected by the Employee Retirement Income Security Act of 1974 (ERISA), which requires employers, investment advisors, and plan administrators to put employees' interests first when managing retirement savings plans. Public retirement systems are governed by similar state laws and often incorporate the protections of ERISA.

In order to demonstrate that a plan fiduciary has operated in a prudent manner, there are certain steps that the fiduciary must take. Blue Prairie Group is committed to helping fiduciaries understand their roles and to assist them in implementing a process that allows them to fulfill their duties and responsibilities.

Blue Prairie Group offers government retirement systems, sponsors of employee benefit plans (defined contribution and defined benefit) qualified under the Internal Revenue Code ("IRC"), and other retirement plans not qualified under the IRC (including Taft-Hartley organizations and "church" plans) a range of discretionary and non-discretionary services, including the selection of registered investment companies or other pooled investment funds to be offered under the plan.

Blue Prairie Group will assist plan fiduciaries in the following:

### ***Investment Selection and Monitoring***

- Creating an investment policy statement
- Modeling asset allocations
- Selecting investment managers
- Monitoring the investment options against well-defined risk and return criteria

### ***Plan Evaluation/Benchmarking***

Blue Prairie Group also "benchmarks" retirement plans against those of organizations in the same industry and against national normative data. Factors that Blue Prairie Group evaluates include the following:

- Participation, deferral percentage, and asset allocation
- Investment performance
- Plan design
- Total plan costs
- Compliance
- Participant education and communication

- Recordkeeping and administration
- Technology
- Service provider capabilities and profiles

Blue Prairie Group's investment professionals work in partnership with clients to create sound solutions to investment challenges, including:

- Maximizing long-term return while not assuming unnecessary risk
- Creating an optimal portfolio that includes a diverse array of investment options that span the risk/return spectrum
- Keeping plan sponsors current on manager performance and the events that may effect performance

#### ***Vendor Search and Selection and Plan Implementation***

Blue Prairie Group also assists its retirement plan clients in selecting trustees, custodians, accountants, actuaries, and other service providers. This process involves:

- Generating criteria to identify appropriate service providers
- Developing requests for proposals
- Objectively rating service providers
- Evaluating highly rated service provider candidates

Once a service provider is selected, Blue Prairie Group will assist a client in implementing the client's retirement plan program. In implementing the program, Blue Prairie Group will, among other things, review the plan design, develop performance standards, and review the service provider's contract.

Blue Prairie Group also provides assistance with strategic employee education and communications in connection with client retirement plan programs.

#### **B.3. Financial Planning Services**

Blue Prairie Group provides objective financial planning services in addition to investment advisory services. Financial planning services include an analysis of financial goals, which may include advice regarding capital sufficiency and cash flow, retirement planning, income tax planning, education funding, corporate benefit decisions, and consideration of estate plan.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

Blue Prairie Group does *not* participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

Blue Prairie Group has been providing investment advisory and consulting services since July of 2005 and currently has \$98 million of discretionary assets under management and \$4,990,000,000 of non-discretionary assets under management.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Individual Investment Advisory Fee Schedule

Fees for asset management, including portfolio design, implementation, and ongoing review, are generally calculated based on a percentage of client assets under advisement and are recalculated quarterly. Assets under advisement include those mutually agreed upon by the client and Blue Prairie Group.

<u>Assets Under Advisement</u>	<u>Annual Fee Rate*</u>
0 to \$500,000	Up to 1.50%
\$500,000 to \$1,500,000	Up to 1.00%
\$1,500,000 to \$3,000,000	Up to 0.80%
\$3,000,000 to \$7,500,000	Up to 0.60%
\$7,500,000 to \$15,000,000	Up to 0.50%
Over \$15,000,000	Negotiable

\* Fees are negotiable.

Blue Prairie Group generally requires a minimum annual fee of \$5,000. This equates to a minimum account size of \$350,000. As such, clients with portfolio values of less than \$350,000 may be able to find comparable services at economically more favorable pricing elsewhere. Blue Prairie Group may waive the required minimum account values in special circumstances and reserves the right to make exceptions to such minimum account values in its sole discretion.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Blue Prairie Group may modify the fee at any time upon 30 days' written notice to the client. Generally, fees will be charged quarterly in advance. For clients who pay either monthly or quarterly in advance, the client will be invoiced at the beginning of each calendar month or quarter, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous month or quarter. For clients who pay either monthly or quarterly in arrears, the client will be invoiced at the end of each calendar month or quarter based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of such month or quarter, as mutually agreed upon by the client and Blue Prairie Group.

#### A.2. Additional Terms for All Blue Prairie Group Client Accounts

Advisory and financial planning fees are always subject to the investment advisory and/or financial planning agreement between the client and Blue Prairie Group. For clients who pay fees in advance, fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month or quarter. Adjustments for significant contributions

to and distributions from a client’s portfolio are prorated for the quarter in which the change occurs.

A client investment advisory agreement may be canceled at any time by the client, or by Blue Prairie Group with 30 days’ prior written notice to the client. An investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded and any earned, unpaid fees will be due and payable. If the client has not received the firm’s disclosure documents (Brochure and Brochure Supplements) at least 48 hours prior to signing the investment advisory agreement, the client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

**A.3. Institutional Investment Advisory Fees**

Blue Prairie Group’s fees for its institutional investment consulting services to retirement plan sponsors, corporate trusts, endowments, etc., may be paid by the plan or trust or by the plan sponsor, and may be a flat fee or a fee that is a percentage of the assets in the plan.

**A.3.a. Non-Discretionary Asset-Based Fee Alternative**

Fees for asset management are generally calculated based on a percentage of client assets under advisement and are calculated quarterly. The asset-based fee ranges from 0.10% to 1.00% of assets under advisement.

<u>Assets Under Advisement</u>	<u>Annual Fee Rate*</u>
Under \$1,000,000	Up to 1.00%
\$1,000,000 to \$5,000,000	Up to 0.80%
\$5,000,000 to \$10,000,000	Up to 0.60%
\$10,000,000 to \$50,000,000	Up to 0.40%
\$50,000,000 to \$150,000,000	Up to 0.20%
\$150,000,000 to \$500,000,000	Up to 0.15%
Over \$500,000,000	Up to 0.10%

\* Fees are negotiable.

Blue Prairie Group generally requires a minimum annual fee of \$20,000. This equates to a minimum account size of \$2,000,000. As such, clients with portfolio values of less than \$2,000,000 may be able to find comparable services at economically more favorable pricing elsewhere. Blue Prairie Group may waive the required minimum account values in special circumstances and reserves the right to make exceptions to such minimum account values at its sole discretion. Fees are negotiable.

Fees may be paid monthly, quarterly, semiannually or annually (but typically quarterly or monthly) in advance or arrears, as negotiated by Blue Prairie Group and the client. Fees that are a percentage of the plan’s assets are based on the value of the aggregate assets as of the end of the preceding period for which the fee is being calculated. An agreement for institutional investment consulting services may be terminated upon 30 days’ notice to Blue Prairie Group. If the client has not received the firm’s disclosure documents (Brochure and Brochure Supplements) at least 48 hours prior to signing the investment advisory agreement,

the client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. Any unearned, prepaid fees for the quarter will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **A.3.b. Discretionary Fee Alternative**

Fees for institutional asset management are generally calculated based on a percentage of client assets under advisement and are calculated quarterly. The asset-based fee ranges from 0.10% to 1.00% of assets under advisement.

<u>Assets Under Advisement</u>	<u>Annual Fee Rate*</u>
Under \$1,000,000	Up to 1.00%
\$1,000,000 to \$5,000,000	Up to 0.80%
\$5,000,000 to \$10,000,000	Up to 0.60%
\$10,000,000 to \$50,000,000	Up to 0.40%
\$50,000,000 to \$150,000,000	Up to 0.20%
\$150,000,000 to \$500,000,000	Up to 0.15%
Over \$500,000,000	Up to 0.10%

\* Fees are negotiable.

Blue Prairie Group generally requires a minimum annual fee of \$20,000. This equates to a minimum account size of \$1,500,000. As such, clients with portfolio values of less than \$1,500,000 may be able to find comparable services at economically more favorable pricing elsewhere. Blue Prairie Group may waive the required minimum account values in special circumstances and reserves the right to make exceptions to such minimum account values at its sole discretion. Fees are negotiable.

Fees may be paid monthly, quarterly, semiannually or annually (but typically quarterly or monthly) in advance or arrears, as negotiated by Blue Prairie Group and the client. Fees that are a percentage of the plan's assets are based on the value of the aggregate assets during the preceding period for which the fee is being calculated. An agreement for institutional investment consulting services may be terminated upon 30 days' notice to Blue Prairie Group. If the client has not received the firm's disclosure documents (Brochure and Brochure Supplement(s)) at least 48 hours prior to signing the investment advisory agreement, the client has the right to terminate an agreement without penalty within five business days after entering into the agreement. Any unearned, prepaid fees for the quarter will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **A.3.c. Fixed-Fee Alternative**

The amount of the fee is negotiable and is generally determined by the size of the account, the diversification desired in the portfolio, the scope of services agreed to by the client, pre-existing relationships with Blue Prairie Group, and the number of meetings and consultations Blue Prairie Group expects with the client. A flat fee is generally between \$50,000 and \$250,000, with a minimum fee of \$20,000.

Typical services include:

- Creating an investment policy statement
- Modeling asset allocations
- Selecting investment managers
- Monitoring the investment options against well-defined risk and return criteria

#### **A.4. Financial Planning Fees**

Financial Planning Services and Fees are generally project driven and based upon the complexity of the project and the number of hours required to complete the services requested by the client. Blue prairie Group will provide the client with a good faith estimate of the fees required to complete services prior to formalizing the financial planning agreement. Blue Prairie Group requires the prepayment of 50% of the estimated financial planning fee upfront and the balance paid upon completion of the project. Hourly fees are billed at a maximum rate of \$300 per hour and may be negotiable.

### **B. Client Payment of Fees**

#### **B.1. Payment of Asset-Based Fees for Individual Clients**

Blue Prairie Group will not take custody or possession of client funds or securities at any time except to the extent that Blue Prairie Group may deduct fees directly from the client's account, subject to the client's prior written consent. Unless an alternative fee payment method is agreed upon by the client and the firm, Blue Prairie Group will deduct advisory and custodial fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

#### **B.2. Payment of Institutional Advisory Fees**

Blue Prairie Group will not take custody or possession of client funds or securities at any time except to the extent that Blue Prairie Group may deduct fees directly from the client's account, subject to the client's prior written consent. Unless an alternative fee payment method is agreed upon by the client and the firm, Blue Prairie Group will deduct advisory and custodial fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

The fees charged by Blue Prairie Group do not include fees charged by any exchange-traded fund, mutual fund, separate account manager, pooled investment vehicle, or any broker-dealer or custodian selected by the client. The management fees for pooled investment vehicles are disclosed in their confidential offering memoranda and applicable subscription documents or, in the case of an exchange-traded fund or mutual fund, in the respective fund's prospectus. Fees charged by separate account managers are described in the respective manager's disclosure documents (Brochure and Brochure Supplements). Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Blue Prairie Group may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

### **D. Prepayment of Client Fees**

Blue Prairie Group requires the prepayment of its advisory and 50% of its estimated financial planning fees. Blue Prairie Group's fees will either be paid directly by the client or disbursed to Blue Prairie Group by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by Blue Prairie Group with 30 days' prior written notice to the client. If the agreement terminates other than at the end of a calendar month or quarter, Blue Prairie Group will promptly refund all unearned, prepaid fees to the client. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Financial Planning Services and Fees are generally project based and negotiated in advance of finalizing the financial planning agreement. Blue Prairie Group requires the prepayment of 50% of the estimated financial planning fee upfront and the balance paid upon completion of the project.

### **E. External Compensation for the Sale of Securities to Clients**

Other than as disclosed in Item 10.C. of this Brochure, Blue Prairie Group's financial advisors are generally compensated solely through a salary and bonus structure. Blue Prairie Group compensates its financial advisors on a percentage of Blue Prairie Group's fee for the procurement and maintenance of specific client relationships. Blue Prairie Group is not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Blue Prairie Group does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

Blue Prairie Group provides objective discretionary and non-discretionary private investment management and consulting services to wealthy individuals, families, trusts, estates, foundations, charitable organizations, institutional retirement (both ERISA and non-ERISA) plans and corporations, and other business entities. Although Blue Prairie Group provides investment services to the various types of clients mentioned, the services are conditioned upon meeting certain minimum criteria established by Blue Prairie Group for each of the investment programs it offers.

For individual clients, Blue Prairie Group generally requires a minimum account fee of \$5,000. As such, Blue Prairie Group's services are designed for the investor with a minimum of \$350,000 of portfolio assets at the highest fee tier. Clients with less than \$350,000 in portfolio assets may be able to find similar services at prices more favorable than those charged by Blue Prairie Group. Blue Prairie Group, in its sole discretion, may waive the required minimum fee.

For institutional clients, Blue Prairie Group generally requires a minimum annual fee of \$20,000. This equates to a minimum account size of \$2,000,000. As such, clients with portfolio values of less than \$2,000,000 may be able to find comparable services at economically more favorable pricing elsewhere. Blue Prairie Group may waive the required minimum account values in special circumstances and reserves the right to make exceptions to such minimum account values at its sole discretion. Fees are negotiable.

## Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

### A. Methods of Analysis and Investment Strategies

Blue Prairie Group's methods of analysis may include fundamental and technical analysis; quantitative methods for optimizing client portfolios; computer-based risk/return analysis; and statistical and/or computer models utilizing long-term economic criteria. Blue Prairie Group may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### A.1. Mutual Funds, Exchange-Traded Funds, Independent Investment Managers and Pooled Investment Vehicles, Individual Equity and Fixed Income Securities

Blue Prairie Group may recommend (i) separate account managers to manage client assets, (ii) no-load and load-waived mutual funds and individual securities (including fixed income instruments), and (iii) pooled investment vehicles. Such management styles may include, among others, large-, mid-, and small-cap value, growth and core; international and emerging markets; and alternative investments. Blue Prairie Group may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that Blue Prairie Group will take into account when recommending managers to clients.

Strategic investment plans developed for each client emphasize long-term investments in a diversified portfolio intended to provide the highest expected return consistent with the client's risk tolerance. Blue Prairie Group attempts to achieve diversification for its clients by diversifying over time, across asset classes, within asset classes, across investment management styles, and internationally. However, specific holdings and/or recommendations may be non-diversified and carry a relatively high-risk level.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, individual securities (including fixed income securities), managers, and pooled investment vehicles is set forth below.

Blue Prairie Group has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds, managers and pooled investment vehicles
- perform billing and certain other administrative tasks

Blue Prairie Group may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

Blue Prairie Group reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor, or manager's fee structure
- the relevant portfolio manager's tenure
- consistency of performance
- volatility, fees, and expenses
- consistency of investment style
- assets under advisement
- tax efficiency

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager, a mutual fund or manager's consistency of investment style, and employee turnover and efficiency and capacity. Blue Prairie Group will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client's determination to retain a mutual fund or manager, or Blue Prairie Group will decide to implement such recommendations directly for accounts over which it has discretion.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Blue Prairie Group on a quarterly basis or such other interval as mutually agreed upon by the client and Blue Prairie Group. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Blue Prairie Group (both of which are negative factors in implementing an asset allocation structure). Based on its review, Blue Prairie Group will make recommendations to clients regarding the retention or discharge of a mutual fund or manager.

Blue Prairie Group may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (for example, for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the mutual funds or managers utilized. Blue Prairie Group will endeavor to obtain equal treatment for its clients with mutual funds or managers, but cannot assure equal treatment.

Blue Prairie Group will regularly review the activities of mutual funds and managers selected by the client. Clients that engage managers or invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

In identifying investment managers, Blue Prairie Group may utilize an independent service or a proprietary database that maintains a comprehensive list of qualified investment managers. Through the use of this list or otherwise, Blue Prairie Group recommends qualified investment manager candidates. Information regarding investment managers is obtained from various third-party sources, which may include Nelson's Directory of Investment Managers and Morningstar Direct Reports. Blue Prairie Group also bases its assessment of investment managers on qualitative criteria including the general reputation of the investment manager, stability of the organization and management team, and information obtained through interviews with the managers that Blue Prairie Group recommends. In addition, the criteria for the evaluation of private investments may include a review of factors such as the investment structure of the investment and funding and withdrawal provisions. In such cases, Blue Prairie Group may rely on consultants, appraisers, accountants, lawyers, and industry sources as needed.

## **A.2. Material Risks of Investment Instruments**

Blue Prairie Group typically invests in equity securities, mutual funds, unit investment trusts or alternative investments (e.g., hedge funds), corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Pooled investment vehicles
- Master-Limited Partnerships
- Real Estate Investment Trusts (REITs)
- Unit Investment Trusts
- Closed-end funds

- Structured products
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Collateralized obligations
- Option contracts on securities

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk, and liquidity risk.

#### **A.2.b. Warrants and Rights**

Blue Prairie Group may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.d. Exchange-Traded Funds ("ETFs")**

Blue Prairie Group may invest in ETFs (which may, in turn, invest in equities, bonds, and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>,

NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup>, and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign), and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **A.2.g. U.S. Government Securities**

Blue Prairie Group may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

### **A.2.h. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

### **A.2.i. Closed-End Funds**

Risk factors pertaining to closed-end funds vary from fund to fund. The following list of risk factors provides a review of those associated with generalized closed-end fund investing. Not every risk factor in this list will pertain to each closed-end fund. Based on these risk factors and others, not every fund may be suitable for all investors.

- **Market Risk:** Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. In other words they have similar trading characteristics as publicly trade equity securities. There is no assurance that discounted trust/funds will appreciate to their NAV.
- **Interest Rate Risk:** Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the bonds and/or other income-related instruments in a trust/fund's portfolio will decline in value because of increases in market interest rates. The prices of longer-maturity securities tend to fluctuate more than those of shorter-term securities.
- **Credit Risk:** One or more securities in a trust/fund's portfolio could decline or fail to pay interest or principal when due. Income-related securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due and, therefore, involve a greater risk of default.
- **Concentration Risk:** A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.
- **Reinvestment Risk:** Income from a trust/fund's bond portfolio will decline if and when the trust/fund invests the proceeds from matured, traded, or called bonds at market

interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares' market price or their overall returns.

- **Leverage Risk:** The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares as a result of changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.
- **Foreign Investment Risk:** Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.
- **Alternative Minimum Tax (AMT):** A trust/fund's may invest in securities subject to the alternative minimum tax.

#### **A.2.j. Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth, and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, Blue Prairie Group will be unable to monitor or verify the accuracy of such performance information.

#### **A.2.k. Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit, and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of

returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

#### **A.2.I. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority, or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

#### **A.2.m. Corporate Debt Obligations**

Blue Prairie Group may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper, and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, Blue Prairie Group may invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

#### **A.2.n. Mortgage-Backed Securities**

Blue Prairie Group may invest in mortgage-backed securities, including pass-through securities and collateralized obligations. Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and

mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, Blue Prairie Group may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages, and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

#### **A.2.o. Collateralized Obligations**

Blue Prairie Group may invest in collateralized mortgage obligations ("CMOs") that are collateralized by mortgage-backed securities issued by GNMA, FHLMC, or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly, or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Blue Prairie Group may also invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a

trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

#### **A.2.p. Option Contracts on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period, and interest rates.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Leverage**

Although Blue Prairie Group, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Blue Prairie Group will utilize leverage. In this regard, please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash or satisfy a margin deposit, the client must sell a disproportionate

amount of collateral securities to release enough cash to satisfy the withdrawal or margin deposit amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **B.2. Short-Term Trading**

Although Blue Prairie Group, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.3. Short Selling**

Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **B.4. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Blue Prairie Group as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

#### **B.4.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client's portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines

in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs, and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.4.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.d. Option Spreading**

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

#### **B.4.e. Short Call Option Strategy**

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, then the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

#### **B.4.f. Short Put Option Strategy**

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

#### **B.4.g. Equity Collar**

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified "cap rate." A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on a amount when a specified index falls below the specified "floor rate." A collar involving stock is called an "equity collar." In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

#### **B.4.h. Long Straddle**

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date, and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

### **C. Concentration Risk**

Although Blue Prairie Group employs a broad diversification strategy, there may be times when one industry, sector, or company is more heavily weighted than others. In such an instance, there is the possibility that negative performance of the heavily weighted security will have a greater impact on the overall performance of the portfolio. Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

Blue Prairie Group has nothing to disclose for this Item.

### **B. Administrative Enforcement Proceedings**

Blue Prairie Group has nothing to disclose for this Item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

Blue Prairie Group has nothing to disclose for this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Broker-Dealer or Representative Registration**

Officers, directors, and registered personnel of Blue Prairie Group are associated with Comprehensive Asset Management and Servicing, Inc. ("Comprehensive"), a FINRA- an SEC-registered broker-dealer and member of SIPC. Comprehensive is a financial services company engaged in the sale of investment products. Approximately 99% of time and effort of Blue Prairie Group's registered sales personnel is attributable to the functions of Blue Prairie Group, while the remaining 1% of time is allocated to the function of commission sales as registered representatives of Comprehensive Asset Management.

### **B. Futures or Commodity Registration**

Neither Blue Prairie Group nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

There is nothing to report for this item.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Blue Prairie Group does not recommend separate account managers or other securities investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Blue Prairie Group has adopted policies and procedures designed to detect and prevent insider trading. In addition, Blue Prairie Group has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Blue Prairie Group's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Blue Prairie Group. Blue Prairie Group will send clients a copy of its Code of Ethics upon written request.

Blue Prairie Group has policies and procedures in place to ensure that the interests of its clients are given preference over those of Blue Prairie Group, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Blue Prairie Group does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Blue Prairie Group does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Blue Prairie Group, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients.

### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Blue Prairie Group, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Blue Prairie Group clients. Blue Prairie Group will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It

is the policy of Blue Prairie Group to place the clients' interests above those of Blue Prairie Group and its employees.

---

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

Blue Prairie Group may recommend or require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Blue Prairie Group may recommend or require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Blue Prairie Group is independently owned and operated and not affiliated with Schwab.

For Blue Prairie Group client accounts maintained in its custody, Schwab generally does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

For clients who specifically request recommendations for custodians, Blue Prairie Group will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Blue Prairie Group shall be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### A.1. Institutional Trading and Custody Services

Schwab provides Blue Prairie Group with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$40 million of the advisor's clients' assets are maintained in accounts at Schwab. These services are contingent upon Blue Prairie Group committing to Schwab \$40 million on client advisory assets. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### A.2. Other Products and Services

Schwab also makes available to Blue Prairie Group other products and services that benefit Blue Prairie Group but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Blue Prairie Group's accounts,

including accounts not maintained at Schwab. Schwab also makes available to Blue Prairie Group its managing and administering software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Blue Prairie Group's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Schwab also offers other services intended to help Blue Prairie Group manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

Schwab may also provide other benefits such as educational events or occasional business entertainment of Blue Prairie Group personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Blue Prairie Group may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **A.3. Independent Third Parties**

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Blue Prairie Group. Schwab may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third-party providing these services to Blue Prairie Group.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Blue Prairie Group, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold and the price of such securities to effect such transactions. Blue Prairie Group effects securities transactions through the clients' custodian.

### **B.2. Directed Brokerage**

#### **B.2.a. Blue Prairie Group Recommendations**

Blue Prairie Group typically recommends Charles Schwab & Co, Inc., as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

**B.2.b. Client-Directed Brokerage**

Occasionally, clients may direct Blue Prairie Group to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Blue Prairie Group derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Blue Prairie Group loses the ability to aggregate trades with other Blue Prairie Group advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

**B.3. Security Allocation**

Since Blue Prairie Group may be managing accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Blue Prairie Group in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Blue Prairie Group's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Blue Prairie Group will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Blue Prairie Group's advice to certain clients and entities and the action of Blue Prairie Group for those and other clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines, and circumstances. Thus, any action of Blue Prairie Group with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Blue Prairie Group to or on behalf of other clients.

**B.4. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Blue Prairie Group believes that a larger size block trade would lead to best overall price for the security being transacted.

### **B.5. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Blue Prairie Group acts in accordance with its duty to seek best price and execution and will not continue any arrangements if the firm determines that such arrangements are no longer in the best interests of its clients.

### **B.6. Soft Dollar Arrangements**

Blue Prairie Group does not utilize soft dollar arrangements. Blue Prairie Group does not direct brokerage transactions to executing brokers for research and brokerage services.

### **B.7. Brokerage for Client Referrals**

Blue Prairie Group does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

---

## Item 13: Review of Accounts

### A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Client accounts receiving private asset management and allocation services are reviewed by the investment advisor representative at least annually, or more often as agreed. The investment advisor representatives are instructed to review each account's trading activity, performance, allocations, fee calculations, and additions and withdrawals. Investment advisor representative will review only their own accounts and thus have no assigned limit to the number of accounts.

For institutional clients, the investment advisor representative will typically review the account's expenses, style consistency, and performance relative to market benchmarks. The investment advisor representative will also review the asset manager's adherence to the client's stated investment objectives and performance relative to the manager's peer group. The investment advisor representative will meet with retirement plan clients as often as agreed, typically twice each year. The reviews typically consist of the outside manager's adherence to the client's stated investment objectives; the manager's performance relative to market benchmarks; and the manager's peer group, expense ratios, and style consistency.

Principals of Blue Prairie Group are responsible for reviewing the strategic investment plan, the client's overall financial situation, and the performance of the client's portfolio. The number of clients assigned to each principal varies according to the complexities of each individual client account.

The frequency of the financial review varies from client to client as required by each client's unique circumstances, including the client's overall financial situation and investment portfolio. Accounts are reviewed on a quarterly basis, which includes the delivery of written performance reports to clients. Generally, each account is reviewed with the client at least semi-annually. Accounts are reviewed in a sequence determined at the discretion of the principals of the firm.

### B. Review of Client Accounts on Non-Periodic Basis

Blue Prairie Group may perform *ad hoc* reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Blue Prairie Group formulates investment advice.

### C. Content of Client-Provided Reports and Frequency

Blue Prairie Group typically provides written reports to clients on a quarterly basis. These reports include changes in market values, current and historical time-weighted performance statistics, and comparison to an appropriate benchmark index.

Blue Prairie Group will provide reports showing the investment performance of a client account and a comparison of such account performance against relevant benchmarks. The client's independent custodian also provides regular account statements directly to the client. The

custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Blue Prairie Group.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

In addition to the information described in Items 10 and 12 of this Brochure, Blue Prairie Group may receive from qualified custodians referrals of prospective advisory clients.

Although Blue Prairie Group does not receive any compensation or benefit of any kind from any broker as a result of such suggestions or recommendation, Blue Prairie Group may, however, have an incentive to recommend brokers who refer clients to it in the future or provide research products or services.

In addition, clients may from time to time need services that are outside the scope of services provided by Blue Prairie Group (e.g., legal counsel, accounting advice, and broker-dealer services). Blue Prairie Group may refer clients to such third parties. These same firms may make referrals to Blue Prairie Group when clients need services such as those Blue Prairie Group provides.

### **B. Advisory Firm Payments for Client Referrals**

Blue Prairie Group may enter into agreements with solicitors who will refer prospective advisory clients to Blue Prairie Group in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Blue Prairie Group. The solicitor must provide the client with a disclosure document describing the fees it receives from Blue Prairie Group, whether those fees represent an increase in fees that Blue Prairie Group would otherwise charge the client, and whether an affiliation exists between Blue Prairie Group and the solicitor.

## Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in the client's account. Blue Prairie Group urges its clients to compare the account balance(s) shown on their Blue Prairie Group performance review to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Blue Prairie Group with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In such cases, Blue Prairie Group will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

In addition, Blue Prairie Group, subject to the terms of its investment advisory agreement, may be granted discretionary authority for the retention of independent third-party investment management firms.

## **Item 17: Voting Client Securities**

Blue Prairie Group does not take discretion with respect to voting proxies on behalf of its clients.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Blue Prairie Group does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Blue Prairie Group does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.

**Cover Page**

## **Brochure Supplement**

May 25, 2011

### **Blue Prairie Group, LLC**

SEC File No. 801-64437

140 S. Dearborn Street, Suite 300  
Chicago, IL 60603

phone: 312-376-8435  
email: [info@blueprairiegroup.com](mailto:info@blueprairiegroup.com)  
website: [www.blueprairiegroup.com](http://www.blueprairiegroup.com)

This brochure supplement provides information about Blue Prairie Group investment advisor representatives that supplements the Blue Prairie Group brochure. You should have received a copy of that brochure. If you did not receive a Blue Prairie Group brochure or if you have any questions about the contents of this supplement, please contact us at [info@blueprairiegroup.com](mailto:info@blueprairiegroup.com).

Additional information about Blue Prairie Group, LLC, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Investment Advisor Representatives

### Matthew Gnabasik

Matthew Gnabasik (b. 1964) is the Managing Director of Blue Prairie Group, LLC.

#### Educational Background

B.S., Business Administration, University of Minnesota	1992
B.A., University of Wisconsin–Madison	1987

#### Professional Designations and Licenses

NASD Series 26 and 65	2000
NASD Series 63	1995
NASD Series 6	1992

#### Business Background

Managing Director, Blue Prairie Group, LLC	08/2002–Present
Director and President, Near North Advisors	08/2001–08/2002
Principal, Near North Financial Services, Inc.	09/2000–08/2002
Vice President and Practice Leader Near North National Group Retirement Plan Services	09/2000–08/2002
Corporate Retirement Plan Practice Leader, Marsh USA	1996–2000

#### Disciplinary Information

Matthew Gnabasik does not have any disciplinary action to report. Public information concerning Mr. Gnabasik's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Other Business Activities

Mr. Gnabasik is associated with Comprehensive Asset Management and Servicing, Inc. ("Comprehensive"), a FINRA and SEC-registered broker-dealer and member of SIPC. Comprehensive is a financial services company engaged in the sale of investment products. Approximately 99% of Mr. Gnabasik's time and effort is attributable to the functions of Blue Prairie, while the remaining 1% of his time is allocated to the function of commission sales as a registered representative of Comprehensive Asset Management.

#### Additional Compensation

Mr. Gnabasik receives compensation for the activities described above.

## Gary M. Silverman, CFA<sup>®</sup>

Gary M. Silverman (b. 1960) is the Chief Investment Officer of Blue Prairie Group, LLC.

### Educational Background

M.B.A., Harvard Graduate School of Business Administration	1991
B.A., Vassar College	1982

### Professional Designations and Licenses

Chartered Financial Analyst <sup>®</sup> (CFA <sup>®</sup> )	1999
NASD Series 65	2000
NASD Series 63	1995
NASD Series 7	1992

### Business Background

Chief Investment Officer, Blue Prairie Group, LLC	10/2005–Present
Investment Advisor, Moody Investment Advisors	07/2003–10/2005
Principal, Fairview Analytics	01/1999–07/2003
President, Netvestments	09/1999–07/2001
Vice President, Morningstar	04/1996–11/1998
Principal, SV International	03/1994–04/1996
Various technical and managerial positions, IBM Corp.	08/1982–03/1994

### Disciplinary Information

Gary M. Silverman does not have any disciplinary action to report. Public information concerning Mr. Silverman's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Other Business Activities

Mr. Silverman is associated with Comprehensive Asset Management and Servicing, Inc. ("Comprehensive"), a FINRA and SEC-registered broker-dealer and member of SIPC. Comprehensive is a financial services company engaged in the sale of investment products. Approximately 99% of Mr. Silverman's time and effort is attributable to the functions of Blue Prairie, while the remaining 1% of his time is allocated to the function of commission sales as a registered representative of Comprehensive Asset Management.

### Additional Compensation

Mr. Silverman receives compensation for the activities described above.

## Don DeBruin, CFP<sup>®</sup>

Don DeBruin (b. 1947) is a Wealth Management Consultant with Blue Prairie Group, LLC.

### Educational Background

M.B.A., University of Chicago, Chicago, IL	1979
B.S., Bradley University, Peoria, IL	1970

### Professional Designations and Licenses

Certified Financial Planner <sup>™</sup> (CFP <sup>®</sup> )	2007
--	------

### Business Background

Wealth Management Consultant, Blue Prairie Group, LLC	06/2007–Present
Independent Investment Advisor	2002–2007
Management Consultant	2000–2002
District Manager, Staff Engineer and Engineer Bell System Operating Companies	1973–2000
Member of Technical Staff, Bell Telephone Laboratories	1970–1973

### Disciplinary Information

Don DeBruin does not have any disciplinary action to report. Public information concerning Mr. DeBruin's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Other Business Activities

There is nothing to report for this item.

### Additional Compensation

Mr. DeBruin does not receive any additional compensation outside of his duties at Blue Prairie Group.

**Jennifer B. Madrid**

Jennifer B. Madrid (b. 1970) is a consultant with Blue Prairie Group, LLC.

**Educational Background**

M.B.A., DePaul University, Chicago, IL	1996
B.S., Finance, University of Illinois at Chicago	1991

**Business Background**

Consultant, Blue Prairie Group, LLC	05/2009–Present
Defined Benefits Operations Manager, Milliman, Inc.	2004–2008
Client Manager, Merrill Lynch	1999–2004
Senior Human Resources Generalist, DSC Logistics	1997–1999
Human Resources, John D. and Catherine T. MacArthur Foundation	1991–1997

**Disciplinary Information**

Jennifer B. Madrid does not have any disciplinary action to report. Public information concerning Ms. Madrid’s registration as an investment advisor representative may be found by accessing the SEC’s public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Other Business Activities**

There is nothing to report for this item.

**Additional Compensation**

Ms. Madrid does not receive any additional compensation outside of his duties at Blue Prairie Group.

## Kevin Moore

Kevin Moore (b. 1985) is a Wealth Management Consultant with Blue Prairie Group, LLC.

### Educational Background

B.S. Economics, Linfield College	2008
B.S. Finance, Linfield College	2008

### Professional Designations and Licenses

Life and Health Insurance License	2007
NASD Series 7 and 63	2008
Variable Insurance License	2008
NASD Series 65	2011

### Business Background

Wealth Management Consultant, Blue Prairie Group, LLC	03/2011–Present
Investment Executive, Paulson Investment Company	07/2008–01/2011

### Disciplinary Information

Kevin Moore does not have any disciplinary action to report. Public information concerning Mr. Moore's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Other Business Activities

Mr. Moore is associated with Comprehensive Asset Management and Servicing, Inc. ("Comprehensive"), a FINRA and SEC-registered broker-dealer and member of SIPC. Comprehensive is a financial services company engaged in the sale of investment products. Approximately 100% of Mr. Moore's time and effort is attributable to the functions of Blue Prairie, while the remaining 0% of his time is allocated to the function of commission sales as a registered representative of Comprehensive Asset Management.

### Additional Compensation

Mr. Moore does not receive any additional compensation outside of his duties at Blue Prairie Group.

## Supervision

Supervision of Blue Prairie Group investment advisor representatives is performed by Matt Gnabasik, Chief Compliance Officer, through reviews of internal transaction and security holdings reports, electronic and physical correspondence, and other internal reports as mandated by the firm and its regulatory authorities. Mr. Gnabasik can be reached at 312-376-8435.

Supervision of Mr. Gnabasik is performed by himself in his capacity as Chief Compliance Officer, through reviews of internal transaction and security holdings reports, electronic and physical correspondence, and other internal reports as mandated by the firm and its regulatory authorities. Mr. Gnabasik can be reached at 312-376-8435.

## Appendix A: Professional Designations – Qualifications and Related Criteria

### Chartered Financial Analyst<sup>®</sup> (CFA<sup>®</sup>)

The Chartered Financial Analyst<sup>®</sup> (CFA<sup>®</sup>) designation is conferred by the CFA Institute. A financial analyst seeking membership to the CFA Institute must:

- meet eligibility requirements
- fully comply with the CFA Code of Ethics and Standards of Professional Conduct
- study books, journal articles, and other readings designated by the Institute
- successfully pass three examinations, each approximately six hours in length and administered by the CFA Institute

The candidate for the CFA designation must have at least a single current and principal engagement:

- in financial analysis of securities investment for a bank, investment company, insurance company, or other financial services or investment management firms
- as an assistant, associate, or full professor or dean of a college or university, who teaches and/or researches
- as an economist involved in financial analysis of securities investment
- as a portfolio manager
- as a financial analyst of securities investment within a public agency
- as a financial analyst of securities investment for a corporate pension, profit sharing or other retirement fund
- as a manager of financial analysts or portfolio managers involved with securities investment and who, before assumption of management obligations, was a financial analyst or portfolio manager

The CFA is awarded to candidates who have passed the examinations and met the other requirements specified by the CFA Institute.

### CERTIFIED FINANCIAL PLANNER<sup>™</sup> (CFP<sup>®</sup>)

The CERTIFIED FINANCIAL PLANNER<sup>™</sup> (CFP<sup>®</sup>) certification process, administered by CFP Board, identifies that those individuals who have been authorized to use the CFP certification marks in the U.S. have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism, and diligence when dealing with clients.

CFP certificants must pass the comprehensive CFP Certification Examination; pass CFP Board's Candidate Fitness Standards; agree to abide by CFP Board's Code of Ethics and Professional Responsibility, which puts clients' interests first; and comply with the Financial Planning Practice Standards, which spell out what clients should be able to reasonably expect from the financial

planning engagement. These are just some of the reasons why the CFP certification is becoming increasingly recognized.

To become certified, candidates are required to meet the following initial certification requirements:

**Education** Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.

**Examination** Pass the comprehensive CFP Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.

**Experience** Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).

**Ethics** Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP marks:

**Continuing Education** Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field.

**Ethics** Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP professionals provide financial planning services at a fiduciary standard of care. This means CFP professionals must provide financial planning services in the best interests of their clients.

CFP professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP certification.