



In May 2005, the Securities and Exchange Commission (“SEC”) published its findings from a study that it conducted on the practices of pension consultants, to “explore the risk areas related to pension consulting”. What they found was that the pension consulting community is not without real or perceived conflicts of interest. Something that can jeopardize the advisor’s duty to its clients to act in their best interest by fairly disclosing all material facts about their business and avoid misleading them. Some of their conclusions:

- More than half of the pension consultants reviewed either provide products and services to clients as well as money managers, or, have affiliated broker-dealers or relationships with unaffiliated broker-dealers.
- Disclosure was limited or non-existent in certain cases where potential or real conflicts of interest exist.
- Many of the firms reviewed do not consider themselves to be fiduciaries to their clients.

Hunter Capital Advisors, Inc. applauds this study and works very hard to eliminate such real and perceived conflicts of interest. This is evident in our philosophy of complete independence in the service and advice we provide and serves as the basis upon which our company was founded.

- *We are a fee only advisor.* Why is “fee only” important? Our clients know exactly what they pay in order to receive our services. Many times clients simply do not understand that part of the fee they pay is embedded in the expense structure of their investments (sometimes referred to as commissions, 12b-1 fees or service fees). These embedded fees are add-ons to the cost of managing the investments.
- *We are an independent advisor:* Independence also seems to carry a number of meanings in the financial world. To us it means no affiliation to other advisors, brokers or financial institutions. This can only mean one thing, we work in our clients’ best interests without bias to any other product or service unless our client requests it.
- *We act as a co-fiduciary:* Acting in a fiduciary capacity is an important part of proper oversight and is something we take very seriously. That is why we feel so strongly that the process by which conclusions and recommendations are reached is every bit as important, if not more important, than the conclusion itself.

The SEC along with the Department of Labor (“DOL”), as a follow up to the SEC’s findings, formulated a list of 10 questions that every plan sponsor should ask to help evaluate objectivity and potential for conflicts of interest in services provided by a pension consultant. We agree that these are important questions to ask, and more importantly for each plan sponsor to be very comfortable with how each is answered. We went ahead and answered each of these questions about Hunter Capital Advisors, Inc. and hope you’ll find comfort in our answers.

1. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided me with all the disclosures required under those laws (including Part II of Form ADV)?

YES – Hunter Capital Advisors, Inc is a registered investment advisor with the SEC. We provide all of our clients and prospective clients with a copy of our Form ADV Part II.

2. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, describe those relationships.

NO – Hunter Capital Advisors was purposefully structured as an independent entity to avoid economic relationships with other companies, either internal or external that might seek to influence the advice we provide our clients.

3. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, what is the extent of these payments in relation to your other income (revenue)?

NO – Hunter Capital Advisors Inc. absolutely does not receive revenue from money managers or other providers that we might recommend, or who otherwise provide service to our clients. Our revenue is 100% derived from client fees.

4. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?

YES – Hunter Capital Advisors, Inc. has instituted a number of policies and procedures that directly address any such conflicts of interest. These policies and procedures must be read, understood and agreed to in writing by all employees of the firm. In addition, each employee must read and re-certify their understanding and compliance with these policies on an annual basis. All our policies are written and include procedures designed to detect and/or prevent such conflicts. Our Policies and procedures include:

- *Compliance Policies and Procedures*: A written manual given to each employee at time of hire. This manual outlines each area of compliance that must be followed by every employee. Each compliance area includes procedures that are used by employees or our compliance officer to ensure prevention or detection of, among other things, conflicts of interest.
- *Code of Ethics and Standards of Professional Conduct*: This is the cornerstone of our policy regarding ethical conduct as it relates to conflicts of interest. It addresses all areas of potential conflict of interest and more specifically our policies regarding personal securities transactions, gifts, recommendations to clients and avoidance of any other activities that may present a real or perceived conflict of interest. This code is distributed to each employee upon hire and annually thereafter. Each employee must read, understand and certify in writing their agreement to abide by the code, at time of hire and annually thereafter.
- *Insider Trading Policy*: Hunter Capital Advisors, Inc. has instituted a written policy which strictly prohibits the use of non-public material information for personal gain. “Non-public” and “material” are defined in this policy in order to prevent confusion of any kind. Each employee must read, understand and certify in writing their agreement to abide by this policy.
- *Securities Transaction Reporting*: Included in our code of ethics are our procedures that are designed to prevent or detect insider trading activities and enforce our prohibition on trading securities held in client accounts. These procedures include

requiring employees to report securities transactions made in personal accounts and that these transactions are reviewed by our Compliance Officer or President. Each employee is required to:

- i. provide a listing of securities held in personal accounts once per year.
 - ii. pre-approve with the Compliance Officer or President any securities transactions for personal accounts.
 - iii. provide securities transactions in personal accounts each quarter within ten days of the end of the quarter for review.
- ***Ownership Structure:*** Hunter Capital Advisors, Inc. is owned entirely by its principals and does not have any direct or indirect affiliations or relationships that may influence their ethics, service model or recommendations. Their interests lie solely in providing independent advice to their clients.
 - ***Chief Compliance Officer:*** In order to properly administer policies and avoid “passing the buck” with regard to compliance issues, any firm registered with the SEC is required to have a named Chief Compliance Officer. Keith Boyce, our Director of Operations, is the Chief Compliance Officer (CCO) for Hunter Capital Advisors, Inc. In his role as CCO, Keith is responsible for administering our compliance program and ensuring that all employees are familiar with our compliance policies and procedures, including those that are designed to eliminate real or perceived conflicts of interest. Keith, along with Hunter Capital Advisors, Inc.’s Board of Directors, reviews the firm’s policies and procedures for adequacy and applicability on an annual basis.

5. If you allow plans to pay your consulting fees using the plan’s brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees?

Hunter Capital Advisors, Inc. does not accept brokerage commissions as a form of payment for our consulting fees. Any such arrangement regarding commission recapture must include rebating any and all recaptured fees directly back to the client’s plan. It is then at the client’s discretion as to how these recaptured fees may be used.

6. If you allow plans to pay your consulting fees using the plan’s brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?

Since Hunter Capital Advisors, Inc. does not accept brokerage commissions as a form of payment we can be objective in our identification and subsequent assessment of best execution as an issue that fiduciaries should address.

7. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?

NO – Hunter Capital Advisors, Inc. does not have any arrangement whereby we can benefit from having our clients direct their trading activity to a specific broker. We do not engage in any soft dollar arrangements.

- 8. If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?**

YES – Hunter Capital Advisors, Inc. acknowledges its co-fiduciary status as a registered investment advisor under the SEC.

- 9. Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the plan?**

YES – In many client engagements Hunter Capital Advisors, Inc. considers itself a fiduciary with respect to the advice we provide clients.

- 10. What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?**

NONE – Hunter Capital Advisors, Inc. does not receive fees from any outside party except our consulting clients.