

CIOVACCO

CAPITAL MANAGEMENT

FORM ADV PART II

Ciovacco Capital Management, LLC (henceforth referred to as CCM) is a registered investment advisor under the Investment Advisors Act of 1940. The following information is provided in order to respond to the questions set forth in Part II of Form ADV, the form on which investment advisors register with the Securities and Exchange Commission and/or individual states. CCM's address is:

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Form ADV Part II is a written disclosure statement (or a written brochure), in paper format, which provides information about business practices, fees, and potential conflicts of interest the advisor (CCM) may have with its clients. The primary purpose of Part II is for CCM to provide information to current and potential clients that should be considered before becoming a client of CCM. CCM is a limited liability company formed under the laws of the State of Georgia. The information in this Form ADV Part II has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

1. Advisory Services and Fees.

A. CCM manages investment advisory accounts in the manner described in Schedule F. 100% of CCM's compensation is derived from fees based on the percentage of assets under management.

B. CCM does not hold itself out as a financial planner, but may offer financial planning related services as part of its overall advisory services. CCM does not use the term "financial planning" or some similar term to refer to any for compensation services. CCM may provide clients with information and analysis on their current and projected financial situation, but CCM does not charge fees for this information, nor is CCM compensated in any manner for this information. Analysis of a client's current financial situation and any projections of their future financial situation may be completed in an effort to help both the client and CCM make more informed decisions about the suitability of particular investments or investment allocations. CCM's primary focus is money management, which is where 100% of CCM's compensation is derived. CCM is not compensated separately for financial planning related services.

C. CCM offers investment advisory services for a percentage of assets under management. See Schedule F for a description of the services provided and basic fee schedule.

2. Types of Clients.

CCM generally provides investment advice to individuals, trusts, corporations, or other business entities.

3. Types of Investments.

CCM offers advice on equity securities (exchange-listed, over-the-counter, and foreign issues), exchange traded funds (ETFs), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual fund shares, fixed and variable annuities), United States government securities, options contracts on securities and commodities, futures contracts on tangibles and intangibles, interests in partnerships investing in real estate, and oil & gas interests. CCM reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. CCM may also provide advice about any type of investment held in a client's portfolio at the inception of the advisory relationship.

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. CCM's security analysis and money management methods are described in Schedule F. CCM uses charting, fundamental, technical, and cyclical analysis methods in addition to those described in Schedule F.

B. The main sources of information used by CCM are described on Schedule F.

C. While CCM's focus is on long-term results, based on market conditions, the investment strategies used to implement any investment advice given to clients may include in addition to long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, options writing, including covered options, uncovered options or spreading strategies.

5. Education and Business Standards.

CCM requires the following standards of education or business experience for those involved in determining or giving investment advice to clients:

- A. Bachelors Degree In Finance, Accounting, or Engineering
- B. Successful completion of the:
 - a. Series 7 - General Securities Representative Examination
 - b. Series 65 - Uniform Investment Advisor Law Examination
 - c. Life & Health Insurance License Exam State of Georgia
- C. At least 12 years of relevant industry experience, including
 - a. Fundamental analysis
 - b. Technical analysis
 - c. Portfolio rebalancing
 - d. Trend-following

6. Education and Business Backgrounds.

Chris Ciovacco serves as the Chief Investment Officer for CCM, a position he has held since 1999. Mr. Ciovacco is a highest-honor graduate of the Georgia Institute of Technology's (Georgia Tech) School of Industrial and Systems Engineering. While at Georgia Tech, Mr. Ciovacco worked for IBM in Atlanta from 1985 to 1990 via Georgia Tech's Cooperative Program earning a Cooperative Plan designation with his

degree. Prior to taking his current post, Mr. Ciovacco worked at Morgan Stanley in Atlanta as a Financial Advisor from 1994 through 1999. Mr. Ciovacco was born in New York in 1967.

7. Other Business Activities.

CCM does not engage in any other business activities outside of the management of investment advisory accounts.

8. Other Financial Industry Activities or Affiliations.

Neither CCM nor a related person is a general partner in any partnership in which clients are solicited to invest.

9. Participation or Interest in Client Transactions.

CCM or CCM employees may buy or sell securities that it also recommends for clients. See Schedule F for CCM procedures related to these transactions. CCM's Code of Ethics (COE) can be found in Schedule F.

10. Conditions for Managing Accounts.

CCM manages investment advisory accounts and also imposes a minimum dollar value of assets for starting or maintaining an account. See Schedule F for specific details.

11. A. Review of Accounts.

Client accounts tend to be reviewed, at a minimum, on a calendar quarter basis or more frequently if circumstances warrant. Reports are provided to clients on an as needed basis taking into consideration several factors such as financial market conditions, the client's individual financial profile, and previously agreed upon client instructions. General client updates on the performance of core client holdings may be delivered via email. These updates tend to become more frequent during more volatile market conditions to keep clients informed during uncertain times. There are no specific triggering factors that prompt account reviews. Reviews, like client updates, tend to be more frequent during periods of higher than normal market volatility. CCM believes clients are better served by having CCM dedicate more time to investment research and money management activities rather than spending a considerable amount of time on detailed client reports. Clients have the ability, via their investment custodian (not CCM), to register for password-protected Internet access to their accounts, including real-time balance updates and transaction histories. Clients are encouraged to contact CCM anytime via email or phone to address any questions or concerns. Custodians provide clients with either paper, via the United States Postal Service (USPS), or electronic (at the client's discretion) monthly statements (reports) and trade confirmations. These monthly reports, provided by the client's custodian (not CCM), give detailed information such as change in the account's value vs. the previous month, current value of all account holdings, and a detailed transaction history for the reporting period. These custodian-provided reports, along with 24-hour Internet access, which all clients are free to register for and utilize, enable CCM to focus the vast majority of firm resources toward the primary objectives of investment research and money management. All CCM management fees are clearly shown on both custodian-provided reports and via the Internet using the custodian's account history function. In the custodian-provided account history on the Internet, provides CCM fees which are designated as "MGMTFEE TO ADVISOR type

ADVISOR FEE.” The custodian-provided monthly statement or account report (delivered via USPS or available on the Internet), CCM fees are denoted by Advisor Fee MGMFEE TO ADVISOR.

12. Investment or Brokerage Discretion.

Unless specifically agreed upon in advance in writing, CCM has the authority to determine, via the CCM Client Agreement and Limited Power Of Attorney, without obtaining specific consent, the securities bought and sold, amount of securities bought and sold, and the broker or dealer to be used. Clients may request that they be notified prior to changes being made to their accounts during the first three months with CCM. This period can be used to build trust and to better understand how CCM makes investment decisions. Clients who wish to request the three month trust building period must do so in writing. CCM's intention is to keep all clients informed, usually via email updates and published reports on the Internet, of the basic structure of investment portfolios and any possible future changes that may be made to those portfolios. Unless specifically limited in writing, investment and brokerage discretion is maintained legally in order to facilitate the ability to make changes quickly to client accounts should market conditions warrant. The intent of discretion is one of speed and efficiency rather than a desire to reduce communication and interaction with clients. Prospective clients are encouraged to discuss the use of CCM discretion in managing their accounts prior to becoming a CCM client. Discretion is used primarily for the timing, magnitude, and scope of portfolio changes. CCM maintains an open door policy in terms of the client's ability to ask questions concerning their account(s) or their current investment strategy. In order to faithfully execute a fiduciary duty and allocate the proper amount of time to investment research and client account management, CCM must attempt to find a real-world balance between one-on-one client interaction and maintaining a focus on the primary task of money management. Efficient interaction with clients is necessary in order to devote the vast majority of CCM man-hours to investment research and portfolio management. Money management requires the ability to understand and focus on large quantities of both quantitative and qualitative information, which requires extended periods of concentration, limited distractions, and uninterrupted thought.

13. Additional Compensation

CCM does **not** have any arrangements, oral or in writing, where-in it is paid cash by or receives some economic benefit from a non-client in connection with giving advice to clients. CCM is compensated based 100% on the value of client accounts. CCM does not compensate any person, directly or indirectly, for client referrals. No revenue sharing takes place between CCM and any custodian or third-party investment provider.

14. Balance Sheet

CCM does not have custody of client funds or securities, nor does CCM require prepayment of more than \$500 in fees per client six or more months in advance. CCM is not required to provide a balance sheet in section 14.

Schedule F of Form ADV Ciovacco Capital Management, LLC

1. Full Name of Applicant as stated in Item 1A of Part I of Form ADV: Ciovacco Capital Management, LLC (CCM)

1. D. Advisory Services and Fees.

CCM will deduct fees from account(s) every 90-calendar days according to the current fee payment cycle. Investment Advisory Fees are calculated via a weighted average according to the following schedule:

Cash & Cash Equivalents:	20 basis points or 0.20% per year
Diversified, Lower Volatility Investments:	50 basis points or 0.50% per year
Non-Diversified, Higher-Volatility Investments:	100 basis points or 1.00% per year

The assignment of each account position or investment to one of the classifications above is solely at the discretion of CCM. Written notice of fee payments will be provided via a line item on the Account Holder's monthly custodian-provided statement. Should the Account Holder / CCM client choose to terminate this agreement with CCM, no refunds of any previously deducted fees will be made. The above fee schedule is subject to change 60 days after written notice, which may be given via electronic mail.

In the spirit of full disclosure and in order for prospective clients and current clients to gain a more detailed understanding of CCM's fee structure, the following information is provided. As of January 2008, our average client with a primary objective of growth, pays approximately 0.76%* (based on the standard fee schedule above) of their account value annually in management fees to our firm. Using a hypothetical example to illustrate, if a growth client's investments earn 10.76% during a 12-month fee cycle, the client's net return would be 10.00% after the 0.76%* CCM management fee.

Clients with household balances over \$2,000,000 may be eligible for a 5% reduction in fees based on the client's total net worth. In this case, annual CCM fees would be approximately 0.72%* per year for a client with an objective of growth.

Clients with household balances over \$5,000,000 may be eligible for a 10% reduction in fees based on the client's total net worth. In this case, annual CCM fees would be approximately 0.68%* per year for a client with an objective of growth.

Clients with household balances over \$10,000,000 may be eligible for a 15% reduction in fees based on the client's total net worth. In this case, annual fees would be approximately 0.61%* per year for a client with an objective of growth.

* Rates subject to change based on portfolio weightings. Rate shown above are based on CCM's Model Growth Portfolio as of January 2008. Client's actual rate may be higher or lower based on the client's individual investment needs and investment allocation. More conservative investment objectives typically result in lower annual CCM fees based on the fee schedule above (Cash & Cash Equivalents carry the lowest annual fees).

Clients also pay custodian trading costs and transaction fees. In the spirit of full disclosure and in order for prospective clients to gain a more detailed understanding of possible third-party (non-CCM) custodian fees, the following **estimates** are provided. As an illustrative example, the approximate third-party custodial fees to set-up a typical initial portfolio for a client with an objective of long-term growth is approximately:

\$177.60** for an initial portfolio of \$500,000.

**Assumes all positions are implemented with one purchase. Actual transaction fees may be higher if positions are established in steps to reduce risk.

The custodian retains 100% of the custodian fees above. CCM does not receive any financial benefit or incentive to incur custodian fees on behalf of the client. CCM has no incentive to “trade” or “churn” the client’s account. Since CCM is compensated 100% on the value of the client’s account, CCM is financially motivated to reduce third-party custodial fees (just an individual investor would be). CCM feels the way to make a prudent business decision on third-party custodial fees (or any third-party fee) is to review the fee in terms of the percentage of the client’s principal. Using the first example above, \$177.60 is .04% of \$500,000. Therefore, if CCM feels the client can realistically make an additional .04%, one-time, on the principal of \$500,000, then we have cost-justified the fee in some reasonable way. It is important for CCM clients and prospective CCM clients to understand there will be some additional third-party custodial fees incurred by clients as portfolios are rebalanced over time. The rebalancing fees, on an annual basis, would be approximately less than half of the \$177.60 shown in the example above. In years with low market volatility, the rebalancing fees could fall in the range of \$38.97 – \$103.92.

Prospective clients may request a written estimate of both CCM’s annual management fees and third-party fees (implementation fees to setup client portfolios). Estimated CCM fees and estimated initial custodian fees are in most cases given to a prospective client during the interview process.

CCM Account Termination Fee: CCM does not charge an account termination fee. All third party fees, including custodian fees, which are incurred as a result of an account termination or liquidation, are to be paid by the client. CCM will not reimburse the client for any third party fees at any time, unless specifically agreed upon in advance in writing.

Custodian & Third-Party Fees: The CCM client in addition to any investment advisory fees will pay all commissions, transaction costs, or investment fees charged by third parties (such as Schwab Institutional or a mutual fund company).

1. D. Investment Advisory Services

CCM manages investment advisory accounts.

4. Methods of Analysis, Sources of Information, and Investment Strategies.

CCM identifies several major global macro investment themes as a basis for long-term investing. CCM uses both fundamental and technical analysis in the ongoing management of portfolios. The fundamental approach emphasizes top-down analysis with a focus on asset class valuations vs. historical norms and the health of the global economy. While CCM uses technical indicators such as MACD, RSI, and moving averages in an attempt to improve a client’s odds of success, CCM believes price and

volume action convey the best information in terms of gauging the short and intermediate-term health of a particular asset class or security. CCM believes the best time to invest in any asset class (or overweight that asset class) is when the fundamentals are favorable and market action is favorable. For example, in 1982, the PE (price-earnings) ratio on the S&P 500 was in single digits and market action (price, volume, new highs vs. new lows, etc) was starting to become favorable. CCM believes the worst time to invest in any asset class (or carry an overweight) is when the fundamentals are unfavorable and market action is unfavorable. As an example, in March of 2000, the PE ratio on the NASDAQ was extremely high relative to historical norms and market action started to deteriorate. In recent years (2002 – 2007) with expanding money supply growth, few asset classes have been particularly cheap from a valuation perspective, but market action has been favorable in many asset classes. From 2002 - 2007, CCM believes we had a market with more speculative merit rather than a market with long-term investment merit. CCM believes clients can make money in speculative markets, but the risks are higher and must be compensated for via hedging or asset class diversification. CCM does not represent, warranty or imply that the services or methods of analysis employed by CCM can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

CCM Money Management Philosophy

When you clear away all the noise, the basic goal of any investor is to be overweighted in assets in primary uptrends and underweighted in assets in primary downtrends. How much money you allocate to each asset class is based on the asset class' current risk/reward profile relative to all other asset classes. For example, in a favorable risk/reward environment, it is reasonable to own more stocks than bonds. One of the easiest ways to evaluate the risk/reward profile of an asset class, sector, or region of the globe is to assess both the fundamental and technical outlook for that particular asset class, sector, or region of the globe. Fundamentals refer to topics such as the strength of the economy, corporate earnings, and monetary policy. Technical analysis uses charts and a host of indicators (a.k.a. technicals) to monitor how the fundamentals are affecting the investment herd's appetite for risk. In terms of getting a good read on the market, the best case scenario is when the fundamentals and technicals are sending the same signals, either positive or negative. Since the goal is to participate in long term investment trends, it is prudent to wait for fundamental and technical alignment prior to making any significant shifts to your asset allocation. There were countless fundamental issues to be concerned about from 1982 to 2000, yet none of them derailed the primary uptrend in stocks. The bears incorrectly predicted the onset of a long-term bear market countless times between 1982 and 2000. May of 2006 is another example when the primary uptrends remained in place in the face of weakening fundamentals and a sharp correction in most asset markets.

Investors should never become overly confident about any particular investment theme, especially the timing of certain events tied to that theme (e.g. stocks going down, the U.S. dollar falling relative to other currencies, commodities going up, etc.).

A multiple theme approach improves the odds for investors by increasing the probability of being right about some themes most of the time. In this way, investors never become too closed-minded or too defensive about any one particular theme or asset class. In simple terms, a multiple theme investor does not care which theme or themes are driving the market at the moment because that investor most likely owns some positions in their portfolio that are tied to themes that appear to be driving the market.

The same ideas apply to the asset classes used to address each theme. A singular approach, such as being bearish about stocks (and only being short), can put an investor's portfolio at risk since the market can remain irrational longer than you can remain solvent.

CCM Approach to Investing

For the sake of simplicity, we will explain the CCM approach to investing from the perspective of a growth investor. The same concepts can be applied with adjustments to more conservative as well as more aggressive investors. To meet the needs of each individual, we begin with a CCM Base Allocation. A CCM Base Allocation is one that performed well from 1970-2006 under various market conditions. Base allocations are developed for each client using both historical data (1970-2006) and future simulations based on historical data (1970-2006). Since the CCM Base Allocation is designed to perform well in a wide range of environments, we adjust it to best meet the needs of the current environment. The adjusted allocation is termed the CCM Current Allocation. The CCM Rebalancing Model is used to assist in the ongoing management of the client's CCM Current Allocation.

Asset Allocation and Portfolio Management Statement of Purpose

To give CCM clients a reasonable probability of producing superior full-market cycle returns under varied market conditions while reducing volatility and providing numerous safeguards against the loss of purchasing power due to inflation and a weak U.S. dollar.

Incremental Shifts Away From Losses and Toward Gains

CCM uses a proprietary asset allocation rebalancing model, known as the CCM Rebalancing Model, to give clients the opportunity to participate in investment gains produced by asset classes in long-term up trends, while minimizing the underperformance or losses produced by asset classes in long-term down trends. The model calls for small incremental shifts to avoid overreacting to what may turn out to be a short-term trend or false signal. Our objective as investors is to be overweighted in the better performing asset classes and underweighted in the lagging asset classes.

Most investors know that frequent trading or rebalancing tends to hurt long-term performance. This is easy to understand from many perspectives, but it is much harder to remember/implement when the markets are falling, investors are losing money, and human emotions are involved. CCM uses a disciplined approach based on quantitative and qualitative methods to make rational asset allocation decisions based on facts rather than emotion. The CCM strategy also places an emphasis, within the bounds of the models, on cutting losses rather than letting losing positions erode capital over extended periods of time.

Timing the market or timing outcomes based on a particular investment theme is difficult. However, understanding long-term trends based on what has happened is not difficult. Similarly, understanding the current situation (what is happening now conveyed mainly through price, trends, and volume) is also possible without relying on forecasts of future market outcomes.

The above comments lead to a desire for investors to (a) remain close to fully invested at all times, (b) invest with multiple themes in mind, (c) use multiple asset classes with some asset classes having either a low or negative correlation to U.S. stocks, and (d) let the market dictate the timing in terms of which

themes or asset classes are in favor in the intermediate and long-term. CCM calls this “listening to the market”.

A portfolio built using the basic ideas above may give the investor a higher probability of being able to stay the course (remain fully invested, avoid trying to time the market, minimize transaction costs) during periods of high volatility or high stress when investors become worried about losing money.

“Stay the course” in a multiple asset class approach, especially when married with hedging via futures contracts or put options, is much more realistic since it may be possible to make money in both good and bad times for U.S. stocks (or even U.S. bonds). “Stay the course” from CCM’s perspective speaks more to staying fully invested in multiple asset classes and focusing your efforts primarily on how to allocate or weight your portfolio to those asset classes.”Stay the course” from CCM’s perspective does NOT mean adopting a blind “buy-and-hold” strategy while bear markets destroy hard-earned principal over extended periods of time.

By adding additional assets classes to a traditional mix of U.S. stocks and U.S. bonds, an investor can have a realistic probability of avoiding the large losses which can occur during a bear market. A CCM multiple asset class portfolio has exposure to the following investments which when used in a diversified portfolio can reduce volatility and risk of substantial principal loss.

- Large-Cap Dividend Stocks**
- U.S. Mid-Cap Growth Stocks**
- Hedged U.S. Large-Cap Stocks – Bear Market Slant**
- Hedged U.S. Large-Cap Stocks – Bull Market Slant**
- Global Stocks**
- Emerging Market Large-Cap Stocks**
- U.S. Treasury Bonds - Long Maturities**
- U.S. Treasury Inflation Protected Bonds - Gold Stocks**
- U.S. Intermediate Bonds**
- Global Bonds – Short Maturities – Gold Stocks**
- Emerging Market Bonds - Intermediate Maturities**
- Physical Commodities**
- Commodity Stocks**
- Physical Gold and Silver**
- Precious Metals and Mining Stocks**
- Timberlands**
- U.S. Commercial Real Estate**
- Foreign Commercial Real Estate**
- CDs and Money Markets**

Sources of Information

CCM believes reading is the basis for formulating well-founded global macro major investment themes. CCM also believes money managers must gain knowledge and information from a variety of books, periodicals, and websites in order to keep an open mind about possible future investment outcomes.

CCM uses periodicals, such as The Economist, The Wall Street Journal, Investors Business Daily, Barron's, and Forbes. Numerous websites, such as www.bloomberg.com, are also used.

CCM uses books, such as Dr. Marc Faber's *Tomorrow's Gold*, Thomas Friedman's *The World is Flat*, Benjamin Graham's *The Intelligent Investor*, David Keller's *Breakthroughs in Technical Analysis*, Jim Rodger's *A Bull in China*, and Michael W. Covel's *Trend Following*.

CCM also uses historical investment performance figures, usually going back to 1970, in an effort to better understand past asset class correlations and the historical effect on different investment allocations during different market conditions (both favorable and unfavorable). Daily historical investment values can be obtained from a variety of sources such as <http://finance.yahoo.com/>. Annual investment returns can be found in publications such as Morningstar's Mutual Fund 500. Technical analysis (basically the use of charts) is used by CCM. This information comes from a wide variety of sources, such as www.stockcharts.com. Price and volume information is often used from www.investors.com or <http://finance.yahoo.com/>.

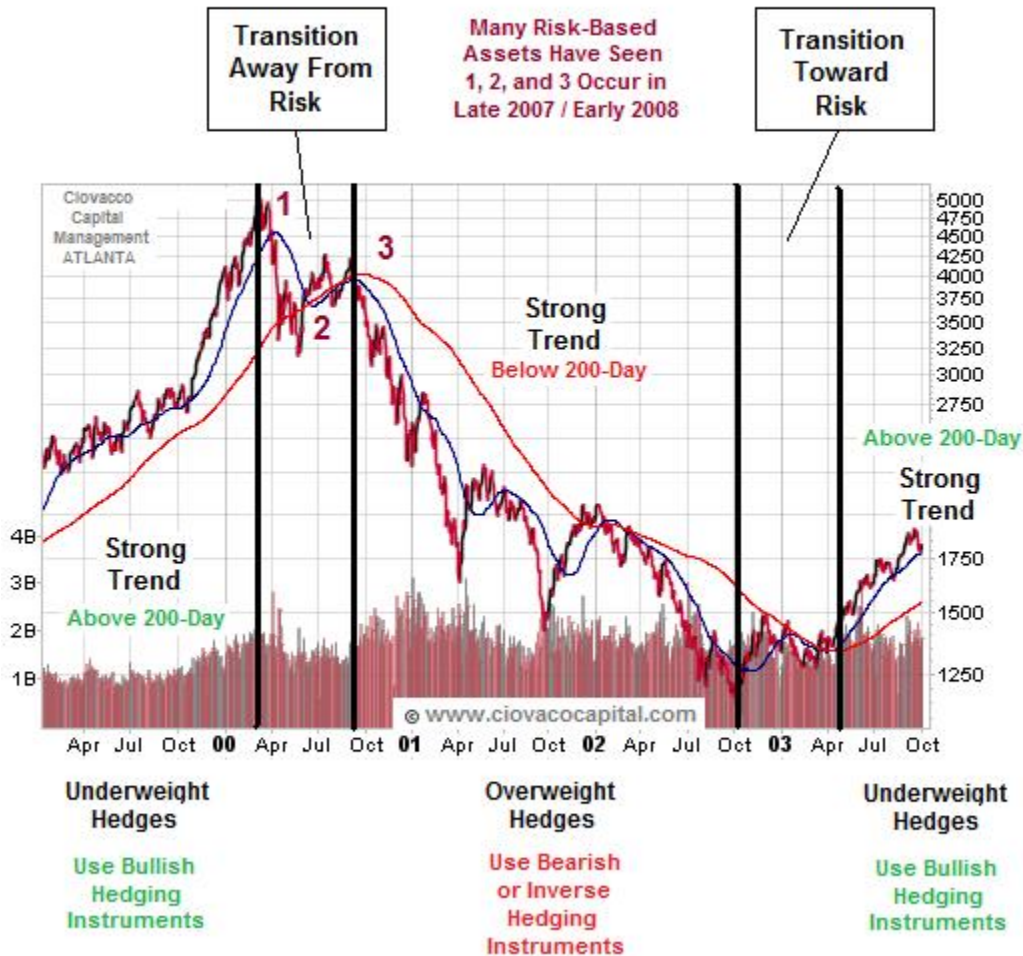
Risks and Limitations to the CCM Approach

While the CCM approach to investing can reduce risk from a historical and simulated perspective, it can by no means eliminate risk. While examining historical returns and simulating future returns is beneficial, both rely on historical correlations between asset classes which change over time. Several factors have contributed to an environment where stocks, bonds, and commodities have all performed well from 2003-2007. This is an unusual situation which points towards changing correlations between asset class price movements. As a result, the risks in the current market are most likely higher than the historical data suggests. As asset managers, we must be prepared to adjust to an ever changing investment landscape. Obviously, investing in the asset markets will be difficult going forward for all participants, including those who utilize the CCM multiple asset class approach and models. However, the concepts presented here should help investors improve their odds of protecting and growing their assets on an inflation-adjusted basis. All market based investment portfolios are subject to principal loss, including a multiple asset class portfolio.

Use of Inverse Investments During Bear Markets

When both the technical and fundamental outlooks favor bearish (unfavorable) outcomes over bullish (favorable) outcomes, CCM may use inverse investments to hedge against losses which may be incurred in the portfolios more traditional long positions. In an environment where conditions continue to deteriorate, a slow migration away from risk and toward more bearish hedging vehicles may be warranted. During a bear market, approximately every 90 to 180 days, we would continue to make small incremental adjustments based on the relative performance between the standard investment and inverse/hedged investment. This approach allows the market to decide which investment to overweight. As shown in the graph below, the use of 50-day and 200-day moving averages is one way to help the investor adjust their asset allocation in an attempt to remain properly positioned for long-term trends, whether positive or negative.

**Using Moving Averages to Transition Your Portfolio
During Major Trend Changes
NASDAQ Composite Index (March 1999 - October 2003)**



For illustrative purposes only. Use at your own risk.

Basic chart created at www.stockcharts.com

Investment Risk Disclosures:

One of CCM’s primary objectives is to attempt to manage risk and volatility for clients within the context of a diversified investment program. Obviously, to manage any type of risk(s) it is first necessary to define the risk(s), as clearly as possible. Attempting to manage the risks present in today’s investment markets requires a well thought out approach to portfolio design and ongoing management.

The greatest risk of an investment program is that you could lose money. Past performance does not ensure future results, and there is no assurance that CCM will achieve client objectives. Current performance may be lower or higher than the performance data cited by CCM. A CCM client’s account, when redeemed, may be worth more or less than its original value. Account holders should consider the investment objectives, risks, charges, and expenses of any investment program carefully before investing. CCM uses a broadly diversified approach to investing, but accounts may be subject to wide

fluctuations in value because they may have positions in common stocks, bonds, commodities, timber, real estate, precious metals, etc. In general, the CCM approach to investing is appropriate for investors who have a medium to long-term investment horizon (five years or longer), who are seeking growth in capital as a primary objective, and who are prepared to endure the sharp and sometimes prolonged declines in account values that may occur from time to time in any investment program. This price volatility is the trade-off for the potentially high returns that the CCM investment approach can provide. The level of current income produced by the CCM investment approach ranges from moderate to very low. An Account Holder / CCM client could lose money over short or even long periods. You should expect your account's value and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. While CCM's diversified approach to investing attempts to reduce the risks discussed above and below, it cannot eliminate them. Any individual investment within a diversified portfolio, and thus your account's overall performance, could be hurt by:

Market Risk – CCM clients are subject to market risks that will affect the value of their portfolios, including adverse issuer, political, regulatory, market or economic developments, as well as developments that have an impact on specific economic sectors, industries or segments of the market.

Stock Market Risk: The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

Investment Style or Class Risk: Specific types of investments and investment classes tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

Growth Risk: The risk of the lack of earnings increase or lack of dividend yield.

Mid-Cap Company Risk: Mid-Cap companies may have narrower commercial markets, less liquidity and less financial resources than Large-Cap companies.

Small-Cap Company Risk: Small-Cap companies may have narrower commercial markets, less liquidity and less financial resources than Mid-Cap or Large-Cap companies.

Sector Risk: The risk of holding an investment in similar businesses or a single investment class, which could all be affected by the same economic or market conditions.

High-Yield Risk: The risk that results from investments in below investment grade bonds, which have a greater risk of loss of money, are susceptible to rising interest rates, and have greater volatility.

Fixed Income Risk: This risk arises if an issuer of a fixed income security is unable to meet its financial obligations or goes bankrupt.

Interest Rate Risk: Investments may be adversely affected by changes in global interest rates.

Foreign Security Risk: The risk of instability in currency exchange rates, political unrest, economic conditions, or foreign law changes.

Emerging Markets Risk: Investing in emerging markets has great political uncertainty, dependence on foreign aid, and a limited number of buyers.

Derivative Risk: The risk that strategies used in purchasing futures contracts, foreign currency forward contracts, and options futures may not succeed.

Portfolio Turnover Risk: The risk that performance may be adversely affected by a high rate of portfolio turnover, which generally leads to greater transaction and tax costs.

Market Timing Risk: This risk arises because an account's value may be affected by market timing, especially in foreign markets.

Information Quality Risk: The risk that less information may be available to investors in foreign or emerging market countries or that the information may be out of date or carry a lower level of assurance.

Concentration Risk – Concentration risk results from maintaining exposure to issuers conducting business in a specific industry or related to a specific investment theme. The risk of concentrating investments in a particular industry or tied to a specific theme is that a portion of the client's portfolio will be more susceptible to the risks associated with that industry or theme. CCM clients, depending on their risk tolerance, suitability, and market conditions, may have a significant portion of their portfolio allocated to investments which perform well during periods of U.S. dollar weakness relative to a basket of foreign currencies. These investments, which may include commodities, foreign bonds, foreign stocks, precious metals, and foreign real estate, may have positive correlations in terms of price movements.

Credit Risk – Credit risk is the risk that an issuer or guarantor of a security or counterparty to a financial instrument may default on its payment obligations or experience a decline in credit quality.

Debt Instrument Risk – Debt instruments may have varying levels of sensitivity to changes in interest rates, credit risk and other factors affecting debt securities. Typically, the value of outstanding debt instruments falls when interest rates rise. The values of debt instruments with longer maturities may fluctuate more in response to interest rate changes than those of instruments with shorter maturities.

Risks of Investing in Real Estate Investments – Real estate instruments are subject to risks similar to those associated with direct ownership of real estate, including changes in local and general economic conditions, vacancy rates, interest rates, zoning laws, rental income, property taxes, operating expenses and losses from casualty or condemnation. An investment in a real estate investment trust ("REIT") is subject to additional risks, including poor performance by the manager of the REIT, adverse tax consequences, and limited diversification resulting from being invested in a limited number or type of properties or a narrow geographic area.

Geographic Concentration Risk – Investments in a particular geographic region may be particularly susceptible to political, diplomatic or economic conditions and regulatory requirements. As a result, investments that focus in a particular geographic region may be more volatile than a more geographically diversified fund.

The risks above are disclosed in a good faith effort to inform current and prospective CCM clients of issues that could adversely affect the value of an investment portfolio. The disclosure above does not attempt to convey the risks disclosed are the only risks present when investing. Future circumstances may present additional risks to any investment portfolio.

Risks Which May Be More Prevalent In Inverse or Short Investments

As stated above, when both the technical and fundamental outlook favor bearish outcomes over bullish outcomes, CCM may use inverse investments to hedge against losses which may be incurred in the portfolios more traditional long positions. The risks described below may be specific to a portion of the CCM client's portfolio allocated to inverse or short funds during bear markets. Inverse or short funds have been used in CCM allocations during 2000-2002 and in late 2007/early 2008. As a result of favorable market conditions, short or inverse funds were not used in CCM allocations from early 2003 to late 2007. Short and inverse funds are used primarily when a particular market or sector appears to be in a long-term downtrend.

While these risks are real, the prospective client should understand these risks would be present in a relatively small portion of their portfolio. In the early stages of a bear market, or what appears to be a bear market, CCM may allocate 1% to 15% of a client's portfolio to inverse or short funds, which means 85% to 99% of the client's portfolio would not be subject to risks specifically associated with these investments. In more adverse markets conditions, where traditional stock investors are experiencing longer-term and deeper investment losses, CCM may, at its' sole discretion, choose to allocate more than 15% of a client's portfolio to inverse or short funds. In any event, inverse or short funds will always be part of a diversified investment approach which includes traditional long investments. Based on historical market conditions, CCM does not anticipate the need to ever allocate any client portfolio in such a way that it would be net short. CCM reserves the right, based on unanticipated market conditions, to allocate a client's portfolio in a fashion which CCM deems best to manage risk. CCM understands the unique risks and volatility considerations associated with the use of inverse or short funds, even within the context of a well diversified investment program.

Description of Terms Related To Risk

CCM portfolios may contain investments which have exposure to financial Instruments including investment contracts whose value is derived from the value of an underlying asset, interest rate, currency or index such as futures contracts, options on future contracts, swap agreements, forward contracts, structured notes, options on securities and stock indexes and cash investments in debt or money market instruments covering such positions.

Forward contracts are two-party contracts where a purchase or sale of a specific quantity of a commodity, security, foreign currency or other financial instrument at a set price is entered into with dealers or financial institutions, with delivery and settlement at a specified future date. Forwards may also be structured for cash settlement, rather than physical delivery.

Futures or futures contracts are contracts to pay a fixed price for an agreed-upon number of commodities or securities, or the cash value of the commodities or securities on an agreed-upon date. Leveraged Investment Techniques – Swap agreements, reverse repurchase agreements, borrowing, futures contracts, short sales and options on securities indexes and forward contracts all may be used by

third party managers to create leverage. Use of leveraged investment techniques may involve additional costs and risks to a portion of the CCM client's portfolio.

Option contracts grant one party a right, for a price, either to buy or sell a security or futures contract at a fixed price during a specified period or on a specified day.

Repurchase Agreements are contracts in which the seller of securities, usually U.S. Government Securities or other money market instruments, agrees to buy them back at a specified time and price. Selling Short entails selling a stock or debt instrument, usually borrowed, and buying it back at a later date. Entering into short positions through financial instruments such as futures, options and swap agreements is intended to have similar investment results as selling short.

Structured Notes are debt obligations which may include components such as swaps, forwards, options, caps or floors which change their return patterns. Structured notes may be used to alter the risks to a portfolio, or alternatively may be used to expose a portfolio to asset classes or markets in which one does not desire to invest directly.

Swap Agreements are two-party contracts where the parties agree to exchange net returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments.

Description of Risks – Inverse or Short Investments

Aggressive Investment Technique Risk – Within the framework of a diversified portfolio, CCM may use third-party managers who may use investment techniques and financial instruments that may be considered aggressive, such as futures contracts, options on futures contracts, forward contracts, swap agreements, and similar instruments. Some investments in financial instruments may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested in those instruments. Particularly when used to create leverage, the use of aggressive investment techniques may expose a portion of a CCM client's portfolio to potentially dramatic changes (losses or gains) in the value of instruments and imperfect correlation between the value of the instruments and the relevant security or index.

Leverage Risk: CCM may allocate a portion of a client's portfolio to investments which are "leveraged" in the sense that they have investment objectives to match a multiple of the performance of an index on a given day.

Counterparty Risk – Portions of a client's portfolio may be subject to credit risk, as discussed below, with respect to the amount an investment expects to receive from counterparties to financial instruments entered into by the investment or held by special purpose or structured vehicles. If a counterparty becomes bankrupt or otherwise fails to perform its obligations, the value of the client's investment may decline.

Liquidity Risk – In certain circumstances, such as the disruption of the orderly markets for the securities or financial instruments in which a portion of a client's portfolio may be invested, the third-party fund managers might not be able to dispose of certain holdings quickly or at prices that represent true market value in the judgment of the third-party manager. Certain derivative securities, such as over-the-counter contracts, held by third-party managers may also be illiquid.

Short Sale Risk – Selling short is a technique that may be employed in a portion of the client’s portfolio via third-party managers to achieve investment exposure consistent with current market conditions. Short selling involves borrowing a security and then selling it. If the third-party manager employing a short sale buys back the security at a price lower than the price at which it sold the security plus accrued interest, the investment will earn a positive return (profit) on the difference. If the current market price is greater when the time comes to buy back the security plus accrued interest, the investment will incur a negative return (loss) on the transaction.

While CCM seeks to take advantage of investment opportunities for clients that will seek to balance investment returns with the risk of loss, there is no guarantee that such opportunities will ultimately benefit the CCM client. CCM will change client portfolios in response to market conditions that are unpredictable and may expose the client to greater market risk than seen in previous market cycles. There is no assurance that CCM’s investment strategy will enable the client to achieve their investment objectives.

9. Participation or Interest in Client Transactions.

CCM and its principal(s) follow the same investment strategies based on the same philosophies as those described above and used to manage client accounts. As a result, CCM, its principal(s), and related persons may (and most likely will) buy or sell for themselves identical securities that CCM also recommends to clients. All CCM, CCM principals, and employee transactions are subject to the CCM Code of Ethics (COE), which is outlined in this document. The CCM COE and this policy have been established recognizing that some securities being considered for purchase and/or sale on behalf of CCM clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. CCM tends to invest client funds into highly liquid and widely available securities. Therefore, client, CCM, CCM principal, and employee transactions may have little to no material effect on the security’s market value.

10. Conditions for Managing Accounts.

In order to become a new CCM client, initial client household balances (sum of all accounts) must exceed \$500,000. This figure is subject to change based on market conditions and current CCM workload. The figure may be adjusted upwards during periods of high market volatility to allow for more time to be dedicated to managing existing clients’ assets while placing a lower priority on interacting with prospective clients.

The purpose of FORM ADV is to help prospective and current CCM clients understand more fully important information about working with CCM. Current and prospective clients are encouraged to ask for clarification about any information contained in this document. Clients and prospective clients are encouraged to ask any question at any time. The information, such as phone numbers and email addresses, to contact CCM can be found at www.ciovaccocapital.com using the link Contact Us / Ask Us in the left margin of the firm’s website. CCM contact information can be found directly at <http://ciovaccocapital.com/sys-tmpl/askccm/>

CIOVACCO

CAPITAL MANAGEMENT

CODE OF ETHICS

As a registered investment advisor, Ciovacco Capital Management, LLC (CCM) places the client's best interests first. Our integrity and fiduciary duty must remain at the forefront of all actions taken to serve clients. This CCM Code of Ethics (COE) is given to each employee with instructions the code must be followed at all times. The CCM COE is intended to remind all employees of their obligations to clients as well as provisions requiring reporting of personal securities transactions and holdings.

The CCM COE sets out ideals for ethical conduct premised on fundamental principals of openness, integrity, honesty and trust. CCM places a highest value on ethical conduct. CCM challenges employees to live up not only to the letter of the law, but also to the ideals of the organization and the CCM COE. CCM reminds employees that investment opportunities must be offered first to clients before CCM employees may act on them.

All CCM personnel are required:

To comply with applicable federal securities laws.

To report their personal securities transactions and holdings to CCM management

To provide CCM with duplicate trade confirmations and account statements.

To obtain CCM approval before investing in an initial public offering ("IPO") or private placement.

To report any violations of the CCM Code of Ethics promptly to the CCM chief compliance officer.

To review a written copy of the CCM Code of Ethics (COE) and any amendments, and to provide written acknowledgment of their receipt of the code and any amendments.

CCM will adhere to the following reporting requirements:

Access persons must submit to the CCM chief compliance officer a report of the access person's current securities holdings that meet the following requirements:

(A) The title and type of security, and as applicable the exchange ticker symbol or CUSIP number, number of shares, and principal amount of each reportable security in which the access person has any direct or indirect beneficial ownership;

(B) The name of any broker, dealer or bank with which the access person maintains an account in which any securities are held for the access person's direct or indirect benefit; and

(C) The date the access person submits the report.

CCM access persons must each submit a holdings report:

(A) No later than 10 days after the person becomes an access person, and the information must be current as of a date no more than 45 days prior to the date the person becomes an access person.

(B) At least once each 12-month period thereafter or a date selected by CCM management, the information must be current as of a date no more than 45 days prior to the date the report was submitted.

CCM access persons must submit to the CCM chief compliance officer quarterly securities transactions reports that meet the following requirements:

(A) The date of the transaction, the title, and as applicable the exchange ticker symbol or CUSIP number, interest rate and maturity date, number of shares, and principal amount of each reportable security involved;

(B) The nature of the transaction (*i.e.*, purchase, sale or any other type of acquisition or disposition);

(C) The price of the security at which the transaction was effected;

(D) The name of the broker, dealer or bank with or through which the transaction was effected; and

(E) The date the access person submits the report.

Each CCM access person must submit a transaction report no later than 30 days after the end of each calendar quarter, which report must cover, at a minimum, all transactions during the quarter.

Exceptions from reporting requirements

The CCM COE does not require an access person to submit:

(i) Any report with respect to securities held in accounts over which the access person had no direct or indirect influence or control

(ii) A transaction report with respect to transactions effected pursuant to an automatic investment plan

(iii) A transaction report if the report would duplicate information contained in broker trade confirmations or account statements that you hold in your records so long as you receive the confirmations or statements no later than 30 days after the end of the applicable calendar quarter.

Pre-approval of certain investments: The CCM COE requires CCM access persons to obtain approval before they directly or indirectly acquire beneficial ownership in any security in an initial public offering or in a limited offering.

In the event that CCM maintains only one control person, that control person is not required to submit reports to him/herself or to obtain approval for investments in any security in an initial public offering or in a limited offering. CCM must maintain records of all holdings and transactions.

For the purposes of the CCM COE, *access person* means:

(i) Any CCM supervised persons:

(A) Who have access to nonpublic information regarding any client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or

(B) Who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.

Since providing investment advice is CCM's primary business, all directors, officers and partners are presumed to be access persons.

***Reportable security* means a security as defined in section 202(a)(18) of the Act (15 U.S.C. 80b-2(a)(18)), except that it does not include:**

(i) Direct obligations of the Government of the United States;

(ii) Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;

(iii) Shares issued by money market funds;

(iv) Shares issued by open-end funds other than reportable funds; and

(v) Shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are reportable funds.

CCM will keep copies of CCM COE, records of violations of the code and actions taken as a result of the violations, and copies of their supervised persons' written acknowledgment of receipt of the code. As discussed earlier, CCM requires prompt internal reporting of violations of the code of ethics.

CIOVACCO

CAPITAL MANAGEMENT

PRIVACY STATEMENT

Respect for our customers' privacy has always been highly valued by CCM. Not only is it what CCM clients expect, it is also the right way to conduct business. The trust of our clients and potential clients is our most valuable asset and the reason we earn your business. This trust is built, in part, upon the proper handling of personal information.

This privacy statement was created for Ciovacco Capital Management, LLC (CCM) in order to demonstrate our firm commitment to maintaining the confidentiality, integrity and security of personal information. The following discloses our information and dissemination practices within CCM and CCM's website. Our privacy policies are reviewed annually and updated to reflect any material changes.

We are not responsible for the privacy practices of the content of other websites.

THIS PRIVACY POLICY IS PROVIDED ON BEHALF OF:

Ciovacco Capital Management, LLC (CCM)

Safeguarding Your Confidential Information

CCM recognizes the importance of protecting your privacy and has established policies to safeguard your confidential information. Key elements of those policies are as follows:

- CCM does not sell your personal information to anyone.
- CCM does not share your information with anyone, except as required or permitted by law or as implicitly authorized by you.
- CCM receives information about you in the normal course of providing financial services.
- CCM maintains physical, electronic, and procedural safeguards to protect your privacy.
- CCM maintains a Business Continuity Plan describing how it intends to respond to possible significant business disruptions such as a natural disaster, power failure, or civil unrest. If a disruption affects the CCM Home Office, you should expect continued access to the company actually holding your investments (custodian, mutual fund company, clearing firm, insurance company, etc.). Also, you may want to contact your CCM Representative and/or www.ciovaccocapital.com or www.schwaballiance.com (if operable), for updated information.

COLLECTING YOUR INFORMATION

CCM uses personal information about you to assist in providing you with the superior service you expect from us. We may use this information to offer products and services, process transactions in your

account, respond to inquiries from you, or fulfill legal and regulatory requirements. To conduct regular business, we may collect non-public personal information from sources such as:

- Information reported by you on applications or other forms you provide
- Information about your transactions with us, our affiliates, or others
- Information obtained through discussions with clients
- Information received through our email contact forms on our website or direct e-mails
- Information received from other sources with your consent or with the consent of your representative

SHARING YOUR INFORMATION

CCM shares non-public information solely to service our client accounts, we do not disclose any non-public personal information about our clients or former clients to anyone, except as permitted or required by law.

INFORMATION SAFEGUARDING

CCM internally safeguards your non-public personal information by restricting access to only those employees who provide products or services to you or those who need access to your information to service your account. In addition, we still maintain physical, electronic and procedural safeguards that meet federal and/or state standards to guard your non-public personal information. Please contact CCM if you identify any error in the information associated with your accounts, or if you have questions about the use and maintenance of your confidential information.

OUR INTERNET POLICY

CCM maintains strong e-business privacy standards relating to financial services. Our Internet website is www.ciovaccocapital.com. Contact information obtained from these sites is used only within CCM and is not for public knowledge.

- **Email Addresses:** Our site keeps user email addresses private. They are never disclosed or sold to outside sources. If requested in a contact form, we will direct comments and/or questions according to the sender's direction.
- **Security:** Our site has security measures in place to protect the loss, misuse and alteration of the information under our control.
- **Browsers:** We highly recommend the use of a 128-bit key browser for optimum privacy and security.
- **Site Statistics:** Our website does not capture information regarding an individual's use of our sites. However, we do receive reports that aggregate usage on an anonymous basis to allow us to improve the user experience on our sites. Our statistics program logs your IP address, pages viewed, time spent at the site, browser type and certain geographic origin information, as well as referring URL information. These logs are important to improve the content and functionality of our sites.

INTERNET SPECIFIC PRACTICES

CCM and CCM custodians make extensive use of firewall barriers, encryption techniques and authentication procedures for client-only site access at www.schwaballiance.com . Only active clients may have access to our proprietary material. If you have any further questions regarding our privacy practices, please direct them to Chris Ciovacco, Ciovacco Capital Management, LLC, 285 Centennial Olympic Park Drive, Number 303, Atlanta, GA 30313.