

February 24, 2016



120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

This brochure provides information about the qualifications and business practices of Tealwood Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 612.340.0181 or 1.800.345.8745 or visit our website at www.tealwood.com

This brochure has not been approved by the Securities and Exchange Commission (SEC) or any other state securities authority and registration with the SEC does not imply possession of certain levels of expertise or training. Additional information regarding Tealwood Asset Management is also available on the SEC's website at www.adviserinfo.sec.gov.

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Tealwood Asset Management Advisory Business

Founded in 1986, Tealwood Asset Management, Inc. (“Tealwood”) is an investment advisor registered with the Securities and Exchange Commission (SEC File Number 801-29095). It is incorporated under the laws of the state of Minnesota. Tealwood Asset Management, Inc. also conducts business under the names of Tealwood Asset Management and Tealwood. The principal owners of Tealwood are:



Charles Mahar



Jodi Halbert



David Neal



Steven Richter



Wendy K. Bennis

Tealwood provides management services. Our account managers conduct strategic assessments in an effort to align clients’ assets with their goals, needs and purposes. This process also includes a discussion of risk tolerance, asset allocation, and any restrictions they wish to impose as to their investments. Once all these facts are gathered, the account managers suggest an appropriate strategy and discuss this in detail with clients. As fiduciaries, all of our work is conducted with our clients’ best interests in mind.

Descriptions of the portfolios used in this approach are as follows:

Equity Portfolios

- **Large Cap Value:** Focuses investment in companies with market capitalizations greater than \$10 billion. Seeks long-term capital appreciation by investing in quality businesses at discounted prices.
- **Value Growth:** Invests primarily in mid- and small-cap companies with selection criteria that emphasizes: Purchasing businesses whose share price trades at a discount to its business value; realizing a meaningful intrinsic return as a business owner; and owning businesses that offer an exceptional economic model.

NOTE: We may at times allocate some capital in our Value Growth and Large Cap Value portfolios to fixed income securities, usually, but not exclusively, in the form of convertible securities (convertible securities are a hybrid that have features of both equity and fixed income securities). This may be done to take advantage of an opportunity for the potential appreciation of a particular security or it may be done as part of our strategy to manage portfolio risk. There is not an established minimum or maximum level within either portfolio regarding an allocation to fixed incomes securities.

Fixed Income Portfolios

- **Defensive Fixed Income:** Seeks to provide safety of principal by investing in shorter maturity, high quality bonds. These bonds, some non-investment grade, are issued by high quality companies as determined by our selection criteria. We manage two versions of this portfolio: one invests in tax-exempt bonds, and the other invests in taxable bonds.
- **Quality Fixed Income:** Invests in a range of investment grade bonds and fixed income securities. This portfolio focuses on shorter maturities to manage risk, and security selection to provide for competitive returns.

NOTE: Occasionally we will hold one or more equity securities in our fixed income portfolios. Usually this is as a result of a conversion of a fixed income position. We may hold these positions for an extended period of time if the company underlying the security continues to meet our selection criteria.

Blend of Equity and Fixed Income Portfolios

- **Strategic Income:** Invests to provide current yield and appreciation/total return. This portfolio invests in a variety of asset classes: bonds, convertible bonds, and dividend paying securities, with an emphasis on security selection. Under special circumstances, the equity portion of this strategy can be utilized as a stand-alone portfolio.

As of December 31, 2015, we had assets of \$354,021,348 under management, with \$352,941,541 of these assets being discretionary (see Investment Discretion Section for an explanation of this term), and \$1,079,807 being non-discretionary. These dollar amounts will vary from the numbers reported directly to the SEC on Form ADV Part 1, because of the accounts that are required to be included in each calculation.

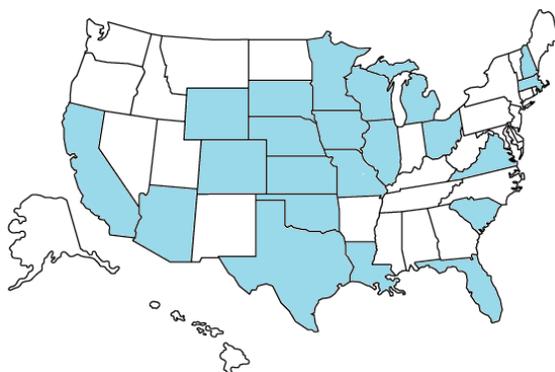
We also provide advice through consultation on accounts not under our management. This advice may be on a formal basis where suggestions are made about specific securities to buy or sell that the client will execute at their own discretion, or it may include periodic reviews of accounts initiated by the client.

We may hold educational events that address: market themes, information regarding our portfolios, and/or information about specific securities held in these portfolios. These educational seminars are held at no charge or obligation to our clients or prospective clients.

All client assets are held in individual accounts at separate qualified custodians (see section on Custody). Depending on the custodian, these accounts are either managed under a program where the client pays a percentage-based fee to cover transaction costs, known as a fee in lieu of commissions or wrap programs, or they pay transaction costs. The fees are generally set by the custodians where the assets are held. See Brokerage Practices for further information.

Account Managers at Tealwood who provide these management services are required to have an excellent ethical character, a proven track record, along with experience and a passion for both strategic business investing and client care.

We are registered with the Securities & Exchange Commission (SEC) and are able to provide service in all 50 states with the proper notification to individual states regulators. Due to client concentrations, we have sent notification to the following states: Arizona, California, Colorado, Florida, Illinois, Iowa, Kansas, Louisiana, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, Ohio, Oklahoma, South Carolina, South Dakota, Texas, Virginia, and Wisconsin. (Wyoming does not require notice filing.)



Fees and Compensation for Services

Our compensation is derived from fees collected from clients for management of their accounts. Fees are charged on a percentage basis of the total account value each quarter. The total account value includes all securities held in the account along with any cash or cash equivalents and interest accrued on fixed income securities. If clients have assets held in their accounts that are not under our management, these can be excluded from the fee calculation (see below for more information regarding unsupervised assets). The fees listed below are on an annual basis, however, fees are charged one quarter at a time, payable in advance. The account is valued as of the last trading day of each calendar quarter. No pro-rata refunds of fees will be paid upon partial withdrawals of assets from the account during a quarter.

We utilize Interactive Data Pricing and Reference Data LLC (“Interactive”) as our primary source of pricing the assets held in our accounts. If pricing cannot be received from Interactive, we use the custodian’s valuation for these assets. Each quarter, prices between Interactive and the custodians are compared. If prices are materially different, we attempt to find a current bid from

an outside source. If a current bid cannot be obtained, we default to the price Interactive provides. These exceptions are reviewed by our investment committee.

Fees are generally deducted directly from the managed account. If clients wish, they can pay these fees directly or arrange for another type of payment – such as having their fees deducted from another account, where possible. We will attempt to accommodate such requests.

Below are the annual fees for each portfolio:

Large Cap Value, Strategic Income, and Value Growth:

1.0% on first \$1,000,000 of market value
0.75% from \$1,000,000 to \$3,000,000

Defensive Fixed Income:

0.50% on the first \$3,000,000 of market value for non-municipal bonds
0.30% on the first \$3,000,000 of market value for municipal bonds

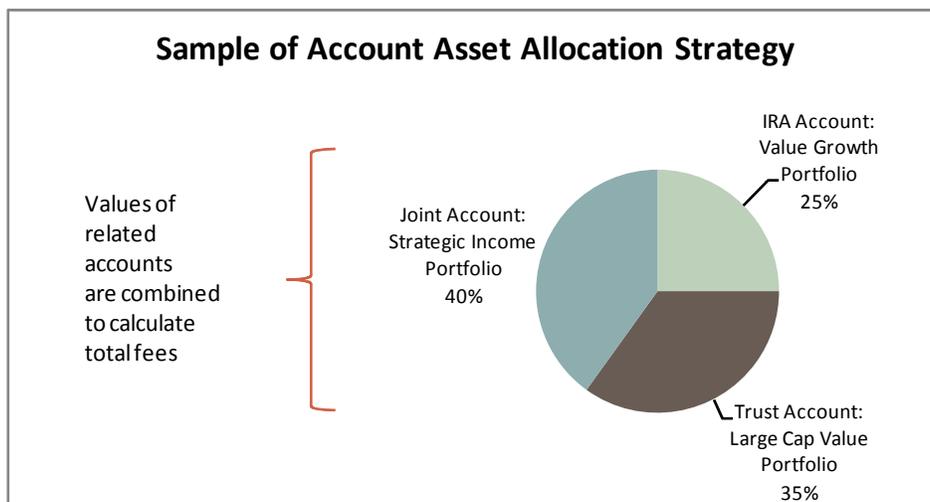
Quality Fixed Income:

0.50% on the first \$3,000,000 of market value

All portfolio styles are negotiable at values above \$3,000,000.

In 2014, we changed our fee structure, however, existing clients' fees structure did not change. Rather, they remained as their original contract stated.

In conjunction with the management of other portfolio assets, we may agree to manage tax-exempt bonds or other non-corporate fixed income portfolios. The fees for these portfolios are negotiable, they will not be included in the group for fee breakpoints, and the minimum account size is \$250,000.



Accounts are aggregated together for fee purposes when a family or business relationship exists, or when the same entity has more than one account with different investment styles.

Defensive Fixed Income and Quality Fixed Income accounts are not included in the group for fee breakpoints.

Either party can terminate the management agreement. If the termination is prior to the end of the billing period, we will refund the unused portion of the fee on a pro-rated basis, calculated from the time we receive notification of termination.

All client assets are held in individual accounts at separate qualified custodians (see section on Custody). Depending on the custodian, these accounts are either managed under a program where the client pays a percentage-based fee to cover transaction costs, known as fee in lieu of commissions or wrap programs, or they pay transaction costs. The fees are generally set by the custodians where the assets are held. (See Brokerage Practices for further information.)

Certain custodians or brokerage firms introduce clients to us within their fee-based programs. These firms might charge an additional, separate fee instead of transaction fees (also known as wrap or fee-in-lieu programs). Tealwood is not a sponsor of these programs and is aware that there could be benefits beyond covering the transactions costs alone that a client might receive under these programs. We recommend clients who utilize these programs discuss the advantages and disadvantages of these with their custodial firm. Clients with accounts not in these fee-based programs generally will incur commissions or transaction costs in addition to our fee. Both types of arrangements can also have separate fees for other types of custodial services, such as check writing fees, retirement account fees, or fees for safekeeping alternative investments.

In certain instances, we have entered into agreements where the commissions charged on accounts are deducted from the gross fees charged by both us and the introducing custodial firm (see the Financial Affiliations section).

We use money market funds for most, if not all, of our clients, and for certain clients we may use mutual funds and exchange-traded funds (ETFs) or recommend that a client hold these assets in their account for certain time periods. All of these funds usually charge an indirect management fee to the investment company which offers them. These fees are in addition to the fees charged by us when these assets are included in the total value of the account.

Certain account fees and/or payment plans could be different from those listed above when the initial portfolio was negotiated at a different rate.

At times, clients ask us to hold assets in their accounts that are not to be managed in one of our portfolios. When this occurs, we enter those assets in a category we term "Unsupervised Assets" and we will not include them in the fee calculation. Tealwood provides for this dispensation as a special accommodation for the benefit of our clients. Tealwood does not assume responsibility for performance of these assets or for decisions to buy or sell Unsupervised Assets as we would for assets held on a fee basis. Upon a client's request, we will review these assets and give an investment opinion.

We do not receive any compensation from the sale of any investment product.

We offer discounted fees for the accounts of employees and their family.

Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees.

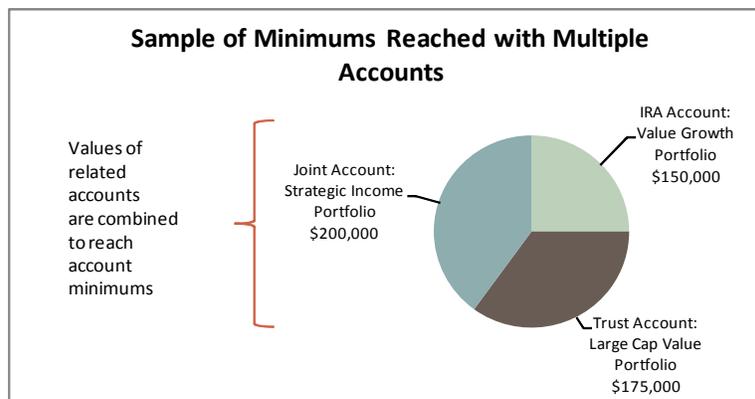
Types of Clients and Account Requirements

Tealwood primarily provides discretionary investment management services for separately managed accounts. Its clients consist of individuals, trusts, estates, corporations, and other types of businesses, charitable organizations, and qualified plans, such as various types of individual retirement accounts, 401ks, and pension and profit sharing plans (see Investment Discretion Section).

The minimum account size for all portfolios is \$250,000.

Clients can have more than one account, such as an IRA and an individual account, with a single portfolio style, or can have multiple accounts with multiple portfolio styles. When a client has multiple accounts, these minimums can be reached by combining several accounts together. However, when fixed

income securities is used as part of their strategy the account may not be under the initial value of \$125,000. Note: Defensive Fixed Income and Quality Fixed Income accounts are not included in the group for fee breakpoints.



Methods of Analysis, Investment Strategies and Risk of Loss

Tealwood's Investment Beliefs and Methods of Analysis

From our perspective, the investment industry has created a false dilemma regarding "investment style." The conventional wisdom is that one has to choose between paying premium prices for high quality companies, so called "growth stocks," or that one can pay discounted prices for underachieving companies, so called "value stocks."

We put ourselves in the "value" camp, believing that valuation is critical to generating superior results. However, the notion that there is a kind of either/or, zero-sum game between growth and value makes little sense to us.

Because of these beliefs, we choose to concentrate our investments where:

- Research and discipline can make a difference;
- The market may not efficiently value certain securities; and
- Our opportunities for performance success are enhanced.

We dig deeper to discover unique opportunities. To find these opportunities our methods may include technical, fundamental, and cyclical analysis. The various information we use can be found from financial publications and other periodicals, research prepared by outside sources, corporate rating services, annual reports, prospectuses and other filings with the SEC, additional company press releases, and conversations with representatives from these companies.

Tealwood's Investment Strategies



Tealwood deploys a proven investment approach across multiple distinctive strategies that can be blended together to create an effective and efficient asset allocation based on individual objectives. To achieve this we use equities, including exchange listed, over the counter and foreign securities, U.S. government securities, corporate and municipal debt, convertible securities, certificates of deposits, and mutual fund shares. These investments can be held either long-term (more than one year) or short-term (less than one year). We also will hold cash in our portfolios. Cash will be included in the value of the account, and will be invested in a money market fund with the custodian where available. The amount of cash will vary depending on our current portfolio strategy and the client's specific direction.

Strategic Risk Management: Our proprietary research has demonstrated a significant correlation between periods of economic expansion with productive equity markets, and periods of economic contraction with unproductive equity markets. Given this significant relationship and its implications for managing for both risk and reward, our strategy incorporates adjustments to asset allocation to emphasize opportunity in expansions and to manage risk in contractions. In our view, this approach to strategic risk management, which adjusts allocation at three inflection points over cycles that last many years, is highly differentiated from a short-term market timing, and tactical methodology. We apply this three inflection points approach without the pretense of precision, but with the conviction that it is an approach that enhances risk management.

Risks of Loss

It is important to note that investing in securities, both equities and fixed income, or other types of investments involves risk. Thus investing might not be suitable for everyone. Each person needs to understand their **risk tolerance** (how much risk or volatility you can personally tolerate) and their **risk capacity** (how much you can withstand to financially lose in case of negative outcomes). Once these have been determined there are other risks to be aware of:

Market Risk: This risk includes market volatility, including the possibility of loss of principal. We seek to manage risk in our portfolios by using our investment strategies and utilizing an asset allocation that is appropriate for each individual client. We urge each client to have a discussion regarding their risk tolerance with their Advisor.

Liquidity and Redemption Risk on Thinly-traded Securities: In some of our portfolios, there are times we own securities that can only be purchased easily in large blocks. These blocks are then broken into smaller pieces and distributed into individual accounts by the respective custodians. If a client decides to liquidate their account, these securities might be difficult to sell in the small piece that the individual owns. We will attempt to sell these securities as soon as possible for a fair market value. However, we cannot guarantee there will be a market for these securities at that time.

Interest Rate Risk: Interest rates will rise and fall over periods of time. When changes in interest rates occur, the value of the securities held in your account may be affected, both positively and negatively. However, our typical bond investment strategy is to purchase bonds with an approved yield-to-maturity (or yield-to-call) and then holding these bonds until their maturity or call date. Your yield-to-maturity will not change with the rise and fall in interest rates if you continue to hold these bonds until they mature or are called by the issuer.

Credit Risk: Credit risk involves the ability of a bond issuer to make their interest payments or the principal payments on time (if they do not do this it is known as defaulting on the bond). This risk also includes the credit quality of the issuer of the bond which could decline and affect the value of the bond. Even though the investment committee reviews the quality of the issuer at the time the bond is purchased, internal and external factors after the purchase could affect the issuer negatively.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Tealwood or the integrity of our management. We have no applicable information to disclose.

Financial Affiliations

We have agreements with the following firms who have engaged us to manage assets for select clients. Tealwood will invest these assets in accounts that are segregated at the designated custodians within the investment guidelines provided by these firms. The firms listed below are responsible for ongoing suitability and the appropriateness for the continuation of management by Tealwood:

- **Bronfman E.L. Rothschild (“Bronfman”)**, an unaffiliated investment advisor. Tealwood and Bronfman charge separate fees for their services. These fees are collected from clients’ accounts separately by both Tealwood and Bronfman.
- **Cambridge Investment Advisors (“Cambridge”)**, an unaffiliated investment advisor. Tealwood and Cambridge charge separate fees for their service. These fees are collected from clients’ accounts separately by both Tealwood and Cambridge.
- **Morgan Stanley Wealth Management (“Morgan Stanley”)**, an unaffiliated investment advisor. Tealwood and Morgan Stanley charge separate fees for their services. These fees are collected from clients’ accounts separately by both Tealwood and Morgan Stanley.

- **Northland Securities, Inc. (“Northland”)**, an unaffiliated investment advisor. Tealwood and Northland charge separate fees for their services. Both of these fees are collected from clients’ accounts by Tealwood and Northland’s fees are forwarded to them.
- **RBC Wealth Management (“RBC”)**, an unaffiliated investment advisor. Tealwood and RBC charge separate fees for their services. These fees are collected from clients’ accounts separately by both Tealwood and RBC.
- **Redhawk Wealth Advisors, Inc. (“Redhawk”)** an unaffiliated investment advisor. Tealwood and Redhawk charge separate fees for their services. Both of these fees are collected from clients’ accounts by Tealwood and Redhawk’s fees are forwarded to them.
- **Regal Financial Group, LLC (“Regal”)** an unaffiliated investment advisor. Tealwood and Regal charge separate fees for their services. These fees are collected from clients’ accounts by Tealwood and Regal’s fees are forwarded to them.
- **UBS Securities, LLC (“UBS”)**, an unaffiliated investment advisor. Tealwood and UBS charge separate fees for their services. These fees are collected from clients’ accounts separately by both Tealwood Asset Management and UBS.
- **VSR Financial Services (“VSR”)**, an unaffiliated investment advisor. Tealwood and VSR charge separate fees for their services. Both of these fees are collected by VSR, and Tealwood’s portion is forwarded to us. Pursuant to our agreement with VSR, marketing fees are deducted based on a percentage of fees received by these accounts, along with a portion of transaction costs from the fees collected.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

We have adopted a Code of Ethics and have implemented policies and procedures to protect clients’ interests and prevent violations of federal securities laws. Due to the size of the firm, everyone has access to information that is considered sensitive. Therefore, all personnel are required to know and follow these procedures, which include:

- **Protection of Clients’ Material Non-Public Information.** All company personnel are required to read and follow our Privacy Policy and our Identity Theft Red Flag Rules.
- **Ethical Personal Trading.** All company personnel and their related persons are allowed to purchase securities that are owned in client portfolios. The policy restricts company personnel from executing transactions prior to our clients’ trades. However, it does allow employees to be included in block trades of bonds or thinly traded equity block trades along with client accounts on the condition that all terms are equal and there is no preferential treatment of any kind.
- All company personnel are prohibited from using material non-public information.
- All company persons shall not engage in any unlawful activities, including making any fraudulent, deceptive or misleading statements.

We expect the highest standards of ethics to be followed at Tealwood. While the points listed above are of utmost importance, they are not all-inclusive. We expect all decisions to be made in our clients’ best interests.

Provided employees receive pre-clearance from the compliance officer, they may also purchase limited or private offerings that we will not recommend to clients.

Our complete Code of Ethics is available upon request.

Brokerage Practices

Custodian of Assets



Tealwood Asset Management is not a custodian. As such, this requires our clients to appoint a custodian to hold their assets. It is our policy to defer the choice of custodian usage to our clients, along with the structure of the transaction costs, (i.e., if they wish to have an account where commissions are charged by the custodian or an account where a fee is charged in lieu of commissions). These fees are normally negotiated between the client and the custodian. However, in some cases we will provide assistance with these negotiations. The majority of clients use a broker/dealer as a custodian for their assets; however, another qualified custodian, such as a bank, may be used. We assume no liability with respect to custody arrangements or of any act, conduct or omission of the custodian. It is important to note that choice of custodian can limit or eliminate our ability to negotiate commissions and to

otherwise obtain best price and execution.

For clients who do not direct Tealwood to a particular custodian, the following criteria are utilized in recommending custodians:

- Reasonableness of transaction cost;
- Flexibility of trading;
- Services provided by the custodian; and
- Other factors that might be client specific.

A statement of assets and a record of account transactions will be sent directly from the custodian at least quarterly. Clients should verify the assets reported by us to those held with the custodian.

Brokers Used in Our Trading

At times we execute trades outside of clients' custodians for reasons such as: availability of the security, pricing advantages, or for research received from the firm executing the trade. These trades are known as prime broker or step out trades. Client trades executed through this arrangement might incur a higher cost than trades executed directly with the custodian. For those clients who utilize fee-in-lieu programs (also called wrap programs) we strive to use their custodian for all trades, however, there are times it might be advantageous to use an outside firm to execute a trade (e.g. better pricing or availability). When research is the basis for the trade, this is beneficial to all clients as the research is used to help determine the assets purchased and sold in all Tealwood portfolios. In most cases, we are not under any contractual obligations to use any specific firm.

When utilizing these firms, we work with firms that meet one or more of the following criteria:

- Research and services provided by these firms benefit a number of clients;
- The reasonableness of transaction costs;
- The availability of the security to be traded; and
- Flexibility in trading.

Directed Brokerage

At times our clients might instruct us to execute their trades only through a specific broker at their custodian. This can limit or eliminate our ability to obtain best price and execution on their trades and might result in clients not receiving the best price and/or paying higher commissions.

Other Trading Policies

Trade Aggregation

We utilize block trades that average the price over all the accounts in the block, even though this means individual clients could have received an execution price that is less advantageous than if purchased separately. Also, at times, we will receive partial fills on these block trades. When this occurs the securities will be allocated as follows:

- Random accounts will be chosen each time with no one are with no one client receiving preferential treatment
- In order to prevent there being multiple commissions charged, we complete individual account allocations instead of pro-rating the allocation across all accounts.

Portfolio Weighting

Our investment discipline involves managing the portfolio weighting of individual security positions as a percentage of the overall account. This policy can generate odd lot transactions that in rare instances impact transaction costs.

Low Volume Trading

There may be extended periods of time when accounts will trade at a low volume. For those who pay fees in lieu of commissions or wrap fees on their custodial account, this is an important factor to consider, as the fees might exceed what the commissions would have been for the same number of trades.

Cross Trading

We may utilize cross trades for securities that are hard to purchase or sell in the open market, i.e., small bond lots or thinly traded stocks or bonds. Cross trades will only be done through a qualified custodian's trading desk with instructions that the security is crossed at current bid/ask pricing. We do not receive any compensation for these trades.

Trade Corrections

When a trade error occurs in a client's account, we will attempt to have the custodian cancel and correct the trade to restore the account, resulting in no loss to the client. If the cancellation and correction creates a loss, we determine where the error occurred and, if the error is ours, we assume the loss. If the loss occurred at the custodian, the custodian absorbs the loss. If a gain occurs in the cancel and correction, the gain is kept by the custodian or set aside to be used for future corrections at the custodian. If we cannot cancel the trade and a loss occurs, we contact the client for settlement of the trade error.

Best Execution

Tealwood strives to obtain the best possible results when trading our clients' accounts. There are multiple areas that are involved with our process, some of which are:

- Pricing—we look for opportunities where we can get a better execution price.
- Limit Price Orders--we utilize limit orders where needed to help control price fluctuations
- Trade Rotation—this allows that no one client is always first or last in executing their trades.
- Trade Aggregation (see above)
- Using expert brokers or market makers in the securities we are executing.

Limited or Private Offerings

Our investment management does not include limited or private offerings. We are not proactively involved in reviewing or recommending these kinds of investments to clients. We may, from time to time, assist clients with custodial arrangements for such securities.

Liquidation of Small Lots of Securities

In some of our portfolios, there are times we own securities that can only be purchased easily in large blocks. These blocks are then broken into smaller pieces and distributed into individual accounts by the respective custodians. If a client decides to liquidate their account, these securities might be difficult to sell in the small piece that the individual owns. We will attempt to sell these securities as soon as possible for a fair market value. However, we cannot guarantee there will be a market for these securities at that time.

Review of Accounts



All client accounts are typically reconciled with their respective custodians' reports on a monthly basis to verify each account's holdings. There are times when a client's statement is not produced monthly, thus it might take a longer period of time to reconcile. At a minimum, reconciliation will be completed on a quarterly basis. When any discrepancies are found, we will discuss these directly with the custodian.

Along with this reconciliation, our Investment Committee, listed below, reviews model portfolio holdings on a regular basis. Market conditions or news on any one specific holding trigger more frequent reviews.

A formal review of each account takes place quarterly by an Account Manager (listed below) with a formal written report reviewing performance given to the client, either in a personal meeting or sent through the U.S. mail or electronically by email. Accounts are reviewed taking into consideration portfolio conformity and special investment instructions received by the client. The number of accounts each person reviews depends on the accounts currently overseen by the Account Manager, and might vary from one time period to another.

Our Investment Committee is comprised of the following individuals:

- Charles Mahar, Chief Executive Officer and Chief Investment Officer
- David Neal, Investment Officer
- Steven Richter, Investment Committee Manager
- John Zevnick, Investment Officer

Account Managers include:

- Charles Mahar, Chief Executive Officer and Chief Investment Officer
- Jodi Halbert, Chief Operating Officer and Chief Compliance Officer
- David Neal, Investment Officer
- Steven Richter, Investment Committee Chairman
- Stephen “Peet” Moseley II, Advisor
- Woodward Kingman, Advisor
- Wendy K. Bennis, Advisor
- John Zevnick, Investment Officer

Client Referrals and other Compensation

As stated in the Financial Affiliations section previously, we have agreements where we will share fees and expenses with certain firms. We also have solicitor arrangements with individuals who refer clients to Tealwood, where a registered representative acting as a solicitor will receive compensation on an ongoing basis. This is done by fee sharing arrangements.

We receive no compensation or economic benefits outside of the fees we receive from the management of accounts.

Custody

Tealwood is not a custodian. As stated in the Brokerage Practices section previously, we defer the choice of custodian to our clients.

A statement of assets and a record of account transactions will be sent directly from the custodian at least quarterly. We will send an appraisal listing the assets owned at the quarter end to each client. However, it is important that clients verify the assets reported by us with those held with the custodian.

Investment Discretion

Our investment management primarily involves investing on a discretionary basis. This allows us to make and execute investment decisions on behalf of clients without obtaining a client’s specific consent, as long as it is within the client’s stated investment objectives. Our Investment Management Agreement and the custodial new account forms grant us Limited Power of Attorney so we can invest with discretion. Discretionary investing includes: securities selection, price, amounts to be bought or sold, where the trades will be executed, and the commission paid on the trades, if applicable.

At certain times a client might direct us to purchase or sell an asset and we follow the client’s directive. If a client wishes to hold securities in their account that do not meet our investment objectives for the portfolio chosen, we usually ask that these securities be placed in their account as an unsupervised asset. In this event, we do not assume responsibility for the performance of unsupervised assets or their coverage as we would for assets held on a fee basis. We do not charge fees on unsupervised assets. It is the client’s responsibility to decide whether or not unsupervised assets should continue to be held or when these securities should be sold. Upon request, we review unsupervised assets and provide an investment opinion.

Voting Client Securities



Tealwood has a Proxy Voting Policy where, as a general rule, we endeavor to vote the proxies for all the securities held in clients' accounts, whether or not we bought the security. It is always a client's right to vote their own proxies. If a client wishes to vote their proxies, or change how their proxies are voted, they must notify us.

We make reasonable efforts to ensure we have sufficient information to allow for an informed vote and to vote proxies in a timely matter. We maintain files for all materials relating to voting. We cast all proxy votes in the best interests of our clients, and to maximize shareholder value on a long-term basis.

All clients have a right to view our complete Proxy Voting Policy and how we voted the proxies for the securities held in their account. This information is provided to clients upon request.

Financial Information

As a registered investment advisers, we are required to provide clients with certain financial information or disclosures about our financial condition. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients.

Other Disclosures and Notices

Tax Information Reported by Tealwood

We attempt to provide clients the best information regarding their tax liabilities with regard to their holdings and various types of accounts. We are, however, not tax experts and we recommend clients review their tax situation with their professional tax advisor.

We also recommend clients use their custodian's 1099 when preparing their taxes and not Tealwood's reports as the custodians have the obligation, by law, to be current on all tax reporting requirements.

Class Action Lawsuits

Some of the holdings purchased in client accounts might become involved in class action lawsuits. We have entered into an agreement with Chicago Clearing Corporation authorizing them to take any action it deems advisable to prepare, file, accept and process securities claims, distributions resulting from the claims, government filings, and any required supporting documentation with the Claims Administrator on your behalf. If you wish to opt-out of this provision please let us know.

Gifts and Entertainment

We may choose at our own discretion to help pay for client events sponsored by the custodian or their agent. We have adopted a Gift and Entertainment Policy that covers the amounts that may be given.

Receipt of Funds

Because we are not a custodian, we cannot receive checks made payable to Tealwood that are intended to be deposited in clients' accounts. Checks sent to Tealwood must be made payable to their custodian. Checks payable to us or the clients without an endorsement to the custodian will be returned to clients with instructions on whom to make the check payable to and where to send it directly. The only time we can accept checks payable to Tealwood is when these checks are for payment of our management fees.



Receipt of Security Certificates



Again, as we are not a custodian, we cannot handle stocks, bonds, or other kinds of certificates for clients. When we receive certificates we will return them to the sender. We will help facilitate depositing certificates into clients' custodial accounts.

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Brochure Supplement

For

Charles C. Mahar



Tealwood Asset Management, Inc.
120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about Charles Mahar and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

Charlie Mahar was born in 1956 and graduated from Coe College with a Bachelor of Arts degree in American Studies. Charlie joined Tealwood in 1995, following thirteen years in the investment business with Smith Barney and Dean Witter. He is an owner and principal of the firm and is the Chief Executive Officer and Chief Investment Officer. Charlie founded and co-manages the Value Growth portfolio and is responsible for strategy, security analysis and portfolio management. He earned the Accredited Investment Fiduciary® (AIF®) designation in 2015 (please see the attached for the qualifications of this designation). You may reach Charlie at either 612.341.9361 or cmahar@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. Charlie is voluntarily involved in the following non-profit organizations where he receives no compensation:

- Board member of the Investment Adviser's Association. He serves on their membership committee.
- Board member of the Minnesota Historical Society. He serves as Chairman of their investment committee.
- Director of the Western Golf Association.

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.



Brochure Supplement

For

Jodi L. Halbert



Tealwood Asset Management, Inc.
120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about Jodi Halbert and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

Jodi Halbert was born in 1958 and studied accounting at Anoka Ramsey Community College. She has worked at Tealwood Asset Management since 1994, and is an owner and principal of the firm. Jodi serves as the Chief Compliance Officer. She earned the Investment Adviser Certified Compliance Professional® (IACCP®) designation in 2008 (please see the attached for the qualifications of this designation). Jodi may be reached at 612.341.1159 or jhalbert@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

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Brochure Supplement

For

David Y. Neal



Tealwood Asset Management, Inc.
120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about David Neal and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

David Neal was born in 1951 and earned a Master of Business Administration degree from Stanford University and a Bachelor of Arts degree in Biology and Economics from the University of California. He joined Tealwood in 1998 and is an owner and principal of the firm. At Tealwood, David applies his business experience to security analysis and portfolio management and is co-manager on the Value Growth and the Large Cap Value portfolios. David may be reached at 612.333.6420 or dneal@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. David is voluntarily involved in the following non-profit organizations where he receives no compensation:

- Trustee of the Minnesota Museum of American Art
- Investment Committee member of the Episcopal Church of Minnesota
- Investment Committee member of the United Theological Seminary

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.



Brochure Supplement

For

Steven M. Richter



Tealwood Asset Management, Inc.
120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about Steven Richter and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

Steven Richter was born in 1982 and graduated from St. Cloud State University in 2006 with a Bachelor of Science degree in Finance. Steve joined Tealwood in 2006 and is an owner and principal of the firm. He previously worked for Ameriprise Financial as an analyst and Gray Plant Mooty as a student intern while attending college. Steve is the manager of the investment committee and a co-manager of the Strategic Income portfolio. Steve may be reached at 612.341.1163 or srichter@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.



Brochure Supplement

For

Wendy K. Bennis



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120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about Wendy K. Bennis and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

Wendy K. Bennis was born in 1961 and studied at the University of Minnesota, including a year abroad in England. She earned the Accredited Wealth Management Advisor (AWMA®) and Chartered Retirement Planning Counselor (CRPC®) designations from the College for Financial Planning (please see the attached for the qualifications of these designations), and is an active member of the Financial Planning Association of Minnesota. She joined Tealwood in 2009, and is an owner and principal of the firm. Prior to joining Tealwood, Wendy worked at Bennis & Hunt, a residential real estate firm, and Kyle Hunt & Partners, a custom home builder, in marketing and business development. Wendy can be reached at 612.767.6223 or wbennis@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing advice, these business activities are as follows:

- Licensed Realtor® through Coldwell Banker Burnet, Wayzata, Minnesota
- Board member of the International Wine & Food Society, a non-profit organization, where she is voluntarily involved and receives no compensation.

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. Wendy may receive compensation from providing Realtor® services with Coldwell Banker Burnet in the form of commissions and referral fees.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.



Brochure Supplement

For

Woodward W. Kingman



Tealwood Asset Management, Inc.
120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about Woodward Kingman and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

Woodward Kingman was born in 1960. He graduated from Dartmouth College in 1982 with a Bachelor of Arts degree in history, and earned his Master of Science in accounting from New York University in 1984. He earned the Accredited Wealth Management Advisor (AWMA®) designation from the College for Financial Planning (please see the attached for the qualifications of this designation). Prior to joining Tealwood in 2007, he worked as a private mortgage banker at Associated Bank and at Woodland Capital Corporation. Previously, he was the Chief Financial Officer and a founder of License Online, Inc. Woody may be reached at 612.767.6222 or wkingman@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. Woody is voluntarily involved in the following non-profit organization where he receives no compensation:

- Board of Directors member of The Sheridan Story
- Trustee of the Converge Worldwide Retirement Plan

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.



Brochure Supplement

For

Stephen Peet Moseley



Tealwood Asset Management, Inc.
120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about Stephen Peet Moseley and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

Stephen Peet Moseley was born in 1976 and graduated from Gustavus Adolphus in 2000 with a Bachelor of Arts degree in Business Management. He earned the Certified Financial Planner™ (CFP®) designation from the Certified Financial Planner Board of Standards, Inc. in 2007 (please see the attached for the qualifications of this designation). Peet joined Tealwood in 2016. He previously worked for 13 years at Fidelity Brokerage Services, LLC as a financial consultant. Peet may be reached at 612.767.6221 or pmoseley@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.



Brochure Supplement

For

John C. Zevnick



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120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

612.340.0181 or 800.345.8745

January 31, 2016

This Brochure Supplement provides information about John Zevnick and supplements the Tealwood Asset Management, Inc. Brochure. Please contact our Client Care Associate if you did not received Tealwood's Brochure or have any questions about the contents of this supplement.

Educational Background and Business Experience

John Zevnick graduated from the Curtis L. Carlson School of Management at the University of Minnesota in 2006 with a Bachelor of Science in Business degree with major studies in Finance, Risk Management and Insurance, and Entrepreneurial Management. John joined Tealwood in 2010 shortly after completing two and a half years of service as a U.S. Peace Corps Volunteer serving in Belize, where he worked with *Youth Business Trust Belize*. John serves as an analyst and a member of Tealwood's investment committee. He also manages trading for our firm. John may be reached at 612.767.6220 or jzevnick@tealwood.com.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Other Business Activities

Registered investment advisors are required to disclose all relevant business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

Additional Compensation

Registered investment advisors are required to disclose additional compensation received for providing advisory services outside regular salary and bonuses. No information is applicable to this item.

Supervision

Our Executive Committee, comprised of Charles Mahar and Jodi Halbert, oversees Tealwood's personnel and their activities, including correspondence, proposals for new and existing clients, and marketing materials. Our Executive Committee can be reached at 612.340.0181 or 800.345.8745.

Professional Designations Descriptions

AIF® – Accredited Investment Fiduciary®

Issued by: Center for Fiduciary Studies (fi360)

Prerequisites/Experience Requirements:

- At least two years of relevant experience; a bachelor's degree (or higher); and a professional credential; or
- At least five years of relevant experience; a bachelor's degree (or higher); or a professional credential; or
- At least eight years of relevant experience.

Educational Requirements:

- Completion of on-line and classroom studies to understand the basis for, and benefits of, fiduciary standards of excellence. How to identify when an individual or organization may be deemed to have fiduciary status, and the legal standards that require fiduciaries to prudently manage investment decisions.

Exam Type: Certifying Examination

Continuing Education/Experience Requirements: Six Continuing Education credits each year along with attesting to the Conduct Standards and Code of Ethics.

AWMA® - Accredited Wealth Management Advisor®

Issued by: College for Financial Planning

Prerequisites/Experience Requirements: None

Educational Requirements:

- Study of wealth strategies, equity-based compensation plans, tax reduction alternatives, asset protection alternatives, and ethics.

Exam Type: Certifying Examination

Continuing Education/Experience Requirements: The designation also requires adherence to the Standards of Professional Conduct. Designees renew their designations every two years by completing 16 hours of continuing education, reaffirming adherence to the Standards of Professional Conduct, and complying with self-disclosure requirements.

CFP® – Certified Financial Planner™

Issued by: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Requirements:

- Candidate must have at least three years of professional work experience in the planning process.

Educational Requirements:

- Bachelor's degree from a regionally accredited college or university
- Completion of the CFP® Board's college-level program of study on personal financial planning, or an accepted equivalent, including completion of the CFP® Board's course on financial plan development.

Exam Type: Certifying Examination

Continuing Education/Experience Requirements: Thirty hours of continuing education every two years along with attesting to the CFP® Board's Standards of Professional Conduct.

CRPC® - Chartered Retirement Planning Counselor®

Issued by: College for Financial Planning

Prerequisites/Experience Requirements: None

Educational Requirements:

- Study of pre- and post-retirement needs, asset management, estate planning and the entire retirement planning process using models and techniques from real client situations.

Exam Type: Certifying Examination

Continuing Education/Experience Requirements: The designation also requires adherence to the Standards of Professional Conduct. Designees renew their designations every two years by completing 16 hours of continuing education, reaffirming adherence to the Standards of Professional Conduct, and complying with self-disclosure requirements.

IACCP® – Investment Adviser Certified Compliance Professional®

Issued by: National Regulatory Services and the Investment Adviser Association

Prerequisites/Experience Requirements:

- Candidate must have at least two years of full-time professional work experience.

Educational Requirements:

- Completion of eight courses totaling 60 hours and assessment exercises for each course, or
- Based on education, training and or experience criteria, apply for waiver status for certain courses, and also complete courses and assessment exercises for courses not waived.

Exam Type: Certifying Examination

Continuing Education/Experience Requirements: Twelve Continuing Education credits each year, two of those credits must be earned by attending approved ethics courses.

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