

Cardiff Park Advisors, LLC

Firm Brochure Part 2A & 2 B of Form ADV

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This brochure provides information about the qualifications and business practices of Cardiff Park Advisors, LLC (Cardiff Park). If you have any questions about the contents of this brochure, please contact us at the phone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authorities.

Additional information about Cardiff Park is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number of Cardiff Park Advisors, LLC is 126752.

Cardiff Park is a Registered Investment Advisor, which does not imply a certain level of skill or training.

Item 2: Summary of Material Changes

Recently, the Securities and Exchange Commission published “Amendments to Form ADV” (July 28, 2010). These amendments pertain to Part 2 of form ADV. Form ADV Part 2 contains two sub-parts, Part 2A and Part 2B. Part 2A contains the disclosure “brochure” that advisers must provide to prospective clients initially and to existing clients annually. Part 2B contains information about the advisory personnel providing clients with investment advice.

The amendments are designed to provide new and prospective clients with clearly written, meaningful, current disclosure of the business practices, conflicts of interest and background of the investment adviser and its advisory personnel. As a general matter, an adviser must disclose all material facts regarding the conflict so that the client can make an informed decision whether to enter into or continue an advisory relationship with the adviser.

This brochure provides additional disclosures regarding material conflicts of interest which may exist, and how we manage these conflicts in order to keep your best interest paramount at all times. Specifically, we provide enhanced disclosures regarding our advisory business, fees and compensation, methods of analysis, investment strategy and risk of loss, disciplinary information, brokerage practices, review of accounts, custody, investment discretion, and client referrals.

Please review this new firm brochure and contact us if you have any questions,

In the future this Summary of Material Changes will discuss only the material changes since the last update of the Brochure, which was updated on March 31st, 2011.

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Item 4: Advisory Business

We provide investment advisory services to individual clients, as well as trusts, endowments, retirement plan sponsors and business entities. Cardiff Park was established in 2003 in the State of California. We were granted registration with the U.S. Securities and Exchange Commission in May, 2006, and are currently enjoying our 6th full year of operation. We are a fee-only firm and as of March 28th, 2011 we manage approximately \$400 million in assets. Cardiff Park is situated in Carlsbad, which is 25 miles north of San Diego.

As a fiduciary, Cardiff Park operates solely in the interests of our clients. Our firm does not accept fees or commissions on the sale of investment products, nor do we generate fees through add-on services. We do not recommend any fund which possesses a 12b-1 fee. Portfolios are transparent and available for client review at any time. Our prosperity depends on ongoing relationships with customers. Trust is the bedrock of our business.

Although we seek to minimize conflicts of interest which may exist between our firm and customers some unavoidable conflicts may arise. In these special cases we seek to keep your best interests first at all times.

We are experts in portfolio design. We offer customized portfolio solutions tailored to individual client goals and objectives- We build globally diversified portfolios. They feature specially designed and passively managed index funds. These funds are selected for their clever asset class designs, their low-turnover, their passive trading style, their competitive and low expense ratios, and their degree of tax efficiency.

We offer risk tolerance assessment, bundled financial planning and portfolio management, continuous investment advice, portfolio design assistance, financial planning, ongoing portfolio supervision, implementation and rebalancing expertise, as well as tax-loss harvesting, monthly reporting and administrative support.

Once we have ascertained your risk tolerance, time horizon, tax situation, investment goals, personal preferences, and anticipated changes in financial structure, we can begin to fashion a portfolio using the appropriate balance of asset classes.

In the process of designing your portfolio, we determine the proper ratio of equities to fixed income and incorporate IRA, 401(k) and related accounts into overall investment strategy. Then we evaluate between which holdings are already in the appropriate core asset classes and which are in need of re-allocation.

Planning for future rebalancing requirements influences the initial distribution of client assets across taxable and tax exempt accounts. Benefits accrue to our clients through the coordinated management of the accounts as a single portfolio rather than as separate unrelated portfolios. Allocations to asset classes with relatively high expected taxable distributions are emphasized in

tax exempt accounts. Allocations to asset classes with relatively low expected taxable distributions can increase the expected rate of return of the composite portfolio. The coordination and management of asset classes among account types permits rebalancing of the aggregate portfolio with reduced capital gains realization.

We strive to maintain an ongoing dialogue with all of our clients throughout the year. As individual client circumstances change, so will the analyses, assumptions, and investment management recommendations. Cardiff Park recommends that progress on all financial plans be reviewed at least annually and be thoroughly re-evaluated at least every three to five years.

To provide clients with better control over their assets, we manage accounts on their behalf, but we not accept discretion to determine, without obtaining prior client consent, the securities to be bought or sold. We place trades for clients under a limited power of attorney. We do not accept custody of client funds or securities. Clients are free to choose among one of our qualified custodians (Fidelity, Schwab, TD Ameritrade) who sends quarterly or more frequent account statements and trade confirmations directly to our clients who should carefully review them.

We primarily invest in no-load, low cost, tax-efficient, passively managed index funds some of which are not generally available to the public. These include traditional mutual funds, exchange traded funds, low cost bond funds, a variety of individual maturity fixed income investments, and other products.

Fund companies charge each fund shareholder an investment management fee that is disclosed on the fund prospectus. Custodians may charge a transaction fee the purchase and sale of certain funds.

In the case of stocks and bonds the brokerage firm may charge a fee or mark-up for executing transactions. We do not receive any compensation in any form, from fund companies or brokerage firms.

To best complement our services we recommend that estate planning be carried out by attorneys specializing in estate planning, that tax issues be discussed with CPAs, that real estate matters be dealt with by brokers and attorneys specializing in real estate, and insurance by no-load insurance companies. Keeping these services separate ensures that there will be no conflict of interest with respect to the services that these professionals deliver.

Principal Owner

John Gorlow is the sole member of Cardiff Park, LLC. John Gorlow serves as the Chief Executive and Chief Compliance Officer. John Gorlow brings more than 25 years of experience working in and consulting to the financial services industry. John Gorlow formed Cardiff Park, LLC in March, 2003.

Item 5: Fees and Compensation

Cardiff Park fees are based solely on a fixed annual retainer paid quarterly, and specifically not based on a percentage of assets under management. Practically speaking this means we do not accept commissions on the sale of investments we recommend, nor do we generate fees through add on services, and importantly, compared to the majority of our competitors our fees will never automatically increase based on the growth of your portfolio. We believe that our compensation structure is a best practice to avoid conflicts of interest, including the incentive to recommend investment products based on compensation received rather than client needs.

Our pricing model reflects the low cost structure of passive and index investing and our belief that advisory fees should be transparent, reasonable and justified. To support our competitive value proposition, we seek to keep our costs low by running an independent and operationally efficient business. We manage most key business processes in-house and focus new investment on technology, research and services that directly benefit our customers.

We actively seek to avoid material conflicts of interest and accordingly, neither Cardiff Park nor any affiliated persons receive any third party direct monetary compensations (i.e. commissions, 12b-1 fees, or other fees) from brokerage firms, custodians, or mutual fund companies. However, some additional services and non-direct monetary or other forms of compensation are offered and provided to us as a result of our relationships with custodians and or providers of mutual fund products. For example, our investment advisor and staff may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. We believe that the services and benefits actually provided to us by brokerage firms (custodians) and mutual fund providers do not materially impact the investment management recommendations made to clients. However, in the interest of full disclosure of any potential conflicts of interest, we discuss them herein.

Our fees typically range between \$2,000 to \$4,000 per year, or \$500 to \$1,000 per quarter based approximately on the amount of time required to serve each engagement yearly, but may be more in very particular cases depending on complexities, number of accounts, portfolio size, or other unusual circumstances. If account setup is complicated, a one-time additional set up fee may be charged.

After reviewing all aspects of a prospective client's situation, Cardiff Park will price the engagement and reserve the right to renegotiate in the event of a material change in the scope or volume of services to be performed. Cardiff Park reserves the right to waive our minimum fee and/or charge a lesser investment advisory fee based upon a client's historical relationship to the firm, anticipated future earnings capacity, dollar amount of asset to be managed, related accounts, and account composition.

Cardiff Park advisory fees accrue daily and are billed quarterly, meaning that we invoice clients at the end of each calendar quarter. When management services commence on anything but the first day of each quarterly period our fee for the opening period shall be prorated by the number of days of service divided by 90 days. When management services terminate on anything but the last day of the calendar quarter, our fee for the final period shall be prorated by the number of days of service in that period divided, again by 90 days. Upon termination of any account, any unpaid funds will be promptly due, with the amount due based pro rata to the date of termination.

To promote greater investor account protections, unlike most advisors, Cardiff Park does not withdraw advisory fees directly from customer accounts. Instead, we invoice our clients both electronically and via regular mail about 15 days prior to the last day of March, June, September and December. Payment in full either electronically or via check is expected upon presentation of our invoice.

All fees paid to Cardiff Park for investment advisory planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders and brokerage firms for their transaction execution services. Clients will incur transaction fees or commissions in connection with trading of mutual funds, ETFs, individual stocks and bonds and or principal mark-ups and mark-downs for principal trades, which are charged by the custodian safe keeping your assets. Mutual fund transaction fees charged by our recommended custodians generally vary from \$24 to \$31 for each transaction. Transaction costs for stock and bond trades vary.

Accordingly, clients should review fees charged by the funds, transaction fees charged by the custodian, as well as the fees charged by Cardiff Park, to fully understand the total amount of fees and costs incurred, in connection with each transaction.

Clients may also incur “account termination fees” upon transfer of an account from one brokerage firm to another. These fees typically range between \$50 and \$75 per account, but could be more. Clients should contact their custodian (brokerage, bank, or trust company) to determine the amount of account termination fees that may be deducted from existing accounts in the wake of a transfer.

We believe that the charges and fees offered via our program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available through other sources. You could invest in mutual funds directly, without our services, but you would forgo the value we have to offer including risk tolerance analysis, financial planning, customized portfolio design, access to institutional index and bond markets, implementation support, portfolio rebalancing, tax-loss harvesting, consolidated performance reporting, and a disciplined investment approach matched to your goals and objectives.

Prior to engaging Cardiff Park, clients will generally be required to enter into a written management agreement with Cardiff Park setting forth the terms and conditions of the engagement and describing the scope of the services to be provided.

This management agreement is not assignable and may be terminated at any time by either party any time given by written notice to the other party. When termination takes place within 5 days of entering into the management agreement with Cardiff Park, all accrued management fees will be waived. When termination occurs after 5 business days of entering into the engagement agreement with Cardiff Park, clients shall only be responsible for fees accrued up to the date of termination. There is no penalty for termination of the management agreement. Termination of an agreement will not affect the validity of any action previously taken by Cardiff Park under the agreement: (liabilities or obligations of the parties from transactions initiated before termination of the agreement; or your obligation to pay advisor fees (prorated through the date of termination)). Upon termination of the agreement, Cardiff Park will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in your account.

Item 6: Performance Based Fees

Performance based fees are typically based on a share of capital gains on capital appreciation of the assets of a client such as the client of a hedge fund adviser. The fee structure has option-like qualities. Since the adviser receives the option or a portion of it, as a fee for free, the end result of the option-like compensation structure for the adviser is an increased incentive to recommend investments that may carry a higher degree of risk than would otherwise be in the investor's best interest. Cardiff Park does not use a performance-based fee structure for several reasons, including the potential for the structure to generate substantial conflicts of interest between the client and adviser.

Item 7: Types of Clients

Cardiff Park provides investment advisory services to individual clients, as well as trusts, endowments, retirement plan sponsors and business entities. Clients are required to enter into a written agreement with Cardiff Park setting forth the terms and conditions of the engagement and describing the scope of investment management and financial planning services to be provided. Our minimum account size is \$1 million.

Our optimal client understands the principles of passive and index investing and is generally committed to them as a long term buy and hold strategy. We can recommend several popular

books on the subject, and additional information can be obtained from the Dimensional Fund Advisors website (<http://dfa.us.com>).

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

General

Academic research explains the critical importance of asset allocation in determining long term investment performance. Long-term empirical data shows that small cap and value stocks historically have had higher average returns than large cap and growth stocks. This pattern in the behavior of stock returns is consistent with research published by Eugene Fama and Kenneth French (1992). They found that investors comfortable with higher proportions of equity risk can increase the expected return of their portfolio without raising their equity-debt ratio by tilting their allocation to a larger portion of small cap and value stocks; two asset classes that have a history of offering average returns above the market. The same goes for real estate securities.

Research also shows that allocations to international small cap and value stocks, which historically have had higher average returns than their broad equity market, are not highly correlated with the broad US equity market and diversify US portfolios better than international equities that are style and size neutral. The higher expected returns and diversification benefits of international small and value stocks provide a good rationale to tilt a portfolio of international equities in these directions. Again, the same goes for real estate securities.

Adding allocations to emerging market small cap and value stocks provides further portfolio benefits via an even broader array of asset classes with variances and co-variances so low to the US market that the equity-debt ratio of a portfolio can be increased without raising the overall volatility of the portfolio.

By holding an array of equity asset classes across domestic, international, and emerging markets, investors can reduce the impact of underperformance in a single market or region of the world. Although markets may experience varying levels of return correlation, this diversification can further reduce volatility in a portfolio, which translates into higher compounded returns over time.

The portfolio design advice we provide is based upon long-term “buy and hold” investment strategies which incorporate principles of Modern Portfolio Theory. By including many different asset classes in the portfolio design process we create portfolios with higher expected returns for a given level of volatility, which in Markowitz’s (1962) framework is a proxy for a mean/efficient portfolio.

Markowitz (1990 Nobel Prize recipient) was the first to demonstrate that proper diversification can reduce a portfolio's risk while maximizing its returns. His research suggests that investors should focus less on the characteristics of individual portfolio risks and more on the combined impact of all portfolio risks on overall portfolio performance.

Cardiff Park's approach to portfolio design marries aspects of modern portfolio theory with the belief that markets are efficient (Fama, University of Chicago). Although not a perfect explanation of everything that happens in the market, it is the best working proposition for use by investors in a practical sense. It holds that a competitive financial market, like the stock market, is so efficient, that prices move quickly when new information does arise, and that odds are slim that professional investors will be able to systematically exploit pricing disparities for long-term financial gain. Most investors should presume that the only reliable way to affect the expected return from their portfolios is by varying the level of risk they take. Common sense attests that some people can and do beat the market but the preponderance of statistical evidence supports the view that market efficiency is so high that it can't be beat. This fact is buttressed by countless empirical studies documenting that professional money managers invariably fail to beat their benchmarks.

The practical application of Modern Portfolio Theory (MPT) is passive investing. Markowitz's research showed mathematically how optimal asset allocation can be defined by the correlation coefficient, standard deviation, and expected return. Bill Sharpe (Stanford University), economist and Nobel Laureate, concluded that taken to its natural extension, the endpoint of Markowitz's theoretical arguments is that everyone should invest in the market portfolio. The market portfolio is the one that holds all of the stocks in the market in the same proportions as they exist in the market. Cardiff Park firmly believes that the sophisticated application of MPT translates into passive investing with index funds. Index funds offer proven techniques for mirroring market returns and controlling investment costs. Index funds provide investors with broad exposure to the US and other developed and emerging markets. This broad diversification mitigates the impact of stock specific risks, especially during periods of high volatility. It also serves to increase the likelihood that investors will capture the premium associated with market risk, which is the largest and most reliable of all the risk premiums.

Although international diversification can reduce or eliminate country specific risks and increase the likelihood that investors will capture the premiums associated with the different risk factors, it cannot eliminate systematic risk. The only way to avoid systematic risk is to not be exposed to it. As a result, investors should be aware of the limits of diversification.

The aim of a well-constructed portfolio is to build a long-term design that reflects individual client's goals, timeline and financial situation. Thus, each portfolio begins with a comprehensive picture of each client's unique life situation, risk tolerance, and risk capacity. This is the basis for determining the optimal allocation of equities, real estate, commodities, gold and fixed income; a decision that will have the greatest impact on future returns.

Each asset class plays a different role in balancing risk with return in the overall portfolio. As a result, a well-designed passively engineered portfolio will generate the highest possible return for the lowest level of risk.

Defining a basic stock/bond mix is an important first step. At Cardiff Park a focus is provided on developing and implementing globally diversified portfolios, principally through the use of low-cost, tax efficient, passively managed, and specially designed stock index mutual funds that generally are available only to institutional investors and clients of selected advisors granted access to such funds. We advise each investor on how to best dial portfolio risk and by adding fixed income into the mix. The greater the bond allocation relative to stocks, the less risky the portfolio and the lower the total expected return. The greater the stock allocation relative to bonds, the higher the portfolio's expected return and risk. Although the decision may appear simple, it can have a profound impact on net worth accumulation and portfolio survival rates. A riskier portfolio holds 100% stocks and the least volatile portfolios hold 100% bonds. Between these extremes lie standard stock-bond allocations such as 80%-20%, 60%-40%, and 20%-80%. Comparing the average annualized return and volatility of each model portfolio for different periods, such as one, three, five, ten, and twenty years, as well as best and worst case returns for various periods, may help our clients think about the risk-return tradeoff and visualize the range of potential outcomes based on the aggressiveness of their strategy.

The composition of investments within each of the asset classes may follow models pre-defined by Cardiff Park or can be customized to suit individual client preferences, and to meet specific circumstances. These include the presence of investments in a 401(K) and other accounts, as well as a perception of the clients' understanding about the fundamental forces affecting risk and return in the capital markets.

In addition, initial asset allocation plans may be influenced by a review of macroeconomic indicators, and revisions may be recommended. However, at Cardiff Park tactical asset allocation strategies are generally not employed in connection with the management of client portfolios.

Methods of Analysis: Sources of Information

We use many sources of information to evaluate the investments we recommend including corporate rating services, financial newspapers and journals, general economic and market and financial information, academic white papers, periodicals, prospectuses, statements of additional information and other issuer prepared communications filed with the Securities and Exchange Commission.

Types of Investments

For client portfolios the recommended building blocks are generally, no load, low turnover, passively traded, and low expense ratio stock and bond index mutual funds.

How an asset class is defined can have a considerable impact on portfolio turnover and, by extension, trading costs. The passively managed uniquely designed index funds offered by Dimensional Fund Advisors (DFA) are typically recommended. DFA mutual funds offer broad diversification and are structured for low turnover and reduced trading costs and capital gains distributions. DFA mutual fund management fees are also low and the funds do not charge 12B-1 fees. Their marketing and advertising expenses are kept to a minimum. For these reasons DFA total mutual fund fees and costs are believed to be lower than the total fees and expenses incurred by most other mutual funds including many homogeneous asset class ETFs and other index funds. Vanguard fund, other index funds and some ETFs are also utilized, but DFA funds are generally preferred.

Your investment portfolio may also include a variety of individual short and intermediate term fixed income securities diversified across different issuers and economies. These include C.D's., government bonds, corporate bonds, municipal bonds, and inflation protected securities. For clients with a substantial fixed income allocation, we generally recommend a combination of bond funds and individual fixed income investments. The actual investments recommended are dependent upon our view of the risk return relationship for various forms of fixed income investments or bonds funds. We might request discretionary authority from you to manage individual fixed income assets to ensure our ability to buy or sell these assets for you in a timely manner at quoted prices.

Publicly traded real estate trusts (REITS), gold and commodity index or passive mutual funds, or ETFs may be recommended if you desire to include real estate, gold, or commodities in your asset allocation strategy.

Your existing investments are evaluated in light of our planning and portfolio design process. We work with you to develop a plan to reposition your assets from your existing portfolio to the desired portfolio. Investment advice may be offered on any investments held by you at the start of the advisory relationship. Your portfolio holdings and strategic asset allocation are then monitored on a continuous and a monthly review is sent to you.

Cash in your investment accounts is typically swept into the bank or money market mutual fund accounts of the institutions where you custody your assets (Charles Schwab, TD Ameritrade, or Fidelity). We discuss with you, during the time of review and at other times, upcoming cash flow needs, and we plan accordingly to meet those requirements.

Risk of Loss

Any investor who lived through the pain of 1929, 1973-74, 1987, 2000-2001, or 2008-2009 knows that stocks carry greater risk and cause more sleepless nights than bonds and T-bills. Investors take on that risk because equities have historically rewarded them with higher returns. That reward—the spread between what an investor would earn on safe T-bills versus equities—is called the equity risk premium.

Higher returns are always paired with higher risk. The fact that there is a measurable, significant premium for investing in equities is a fundamental building block for all investors. However, in order to pocket that reward, investors have had to endure significant market volatility. In the long run equities are likely to outperform risk-free T-bills, small cap stocks are expected to outperform large cap stocks, and value stocks are expected to outperform growth stocks. However, there can be no assurance that these effects will occur over any given time period. Recent market volatility underscores the need for a diversified portfolio and a sober understanding of risk. Our portfolio recommendations seek to temper risk through broad global diversification in equities, broadly diversified stock mutual funds, and investment in high quality fixed income securities and/or diversified bond funds in varying amounts dependent on investor risk tolerance and capacity. However, the investment methodology will still subject you to declines in the value of your portfolio, which at times can be extreme.

The risk of exposure to a general stock market decline has to be assumed by clients in order to seek to attain longer-term financial goals and objectives. Some investors or their advisors may feel the urge to flee the market at uncertain times; however, moving assets into cash and fixed income until the economy recovers is a gamble. It is essentially a market timing strategy that may provide relief from the brutality of stock market swings, but can be a costly decision in terms of wealth accumulation and preservation. For investors unwilling to bear stock market risk during recessions, the best time to get out of the market is before the recession actually begins. Unfortunately, business cycle peaks and troughs are virtually impossible to predict because stock prices incorporate new information immediately and negative returns tend to occur mostly near the onset of a recession. By the time most investors start questioning their investments, the news of the recession will have been priced into the market and portfolios will have already suffered losses. Exiting the market at these points will lock in these losses. With recessions historically lasting from 6-43 months, timing recovery is a difficult, if not impossible, task. The relative strength of market rebounds in the early stages of an economic or market recovery underscores why attempts to time the market are unwise. Exiting the market after a recession has begun will protect a portfolio from additional market fluctuations, but the opportunity cost of missed returns is a risk that remains. The lure of fleeing must be tempered by the risk of being left behind when markets rebound. Of course no one can predict the bottom, but this is part of the risk one must

accept in order to reap the ultimate rewards. We cannot provide any guarantee that client goals and objectives will be achieved.

Item 9: Disciplinary Information

Registered investment advisors are required to disclose in this brochure material facts about any legal or disciplinary event that is material to a client's or prospective client's evaluation of Cardiff Park and our personnel in the management of your investment portfolio. Cardiff Park certifies that neither the advisor nor any management personnel have any legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

Cardiff Park certifies that neither the advisor nor management personnel are engaged in any business activities other than Cardiff Park Advisors.

Affiliations

Orange Grove Advisors, LLC, a state registered investment advisor, was formed in the State of California by John Gorlow in June 2008. The intention was to private label Cardiff Park's back-office, technology and portfolio management services to other advisors. Orange Grove is on the shelf. There are no plans to activate it at this time.

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

Code of Ethics

Recognizing our fiduciary responsibility to clients and the public, Cardiff Park agrees to uphold the highest standards of care in the industry by espousing and practicing: Objectivity, Complete Disclosure, Integrity and Honesty, Competence, Confidentiality, Fairness and Suitability, Professionalism, and Regulatory Compliance.

Furthermore, Cardiff Park shall exercise its best efforts to act in good faith and in the best interests of the client. To this end Cardiff Park shall provide written disclosure to the client prior

to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of our advice. Moreover, Cardiff Park, or any part in which Cardiff Park has a financial interest, does not receive any compensation or other remuneration that is contingent on any clients purchase or sale of a financial product.

Although we believe that our business methodologies, ethics rules, and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest, and to manage appropriately any material conflicts of interest that may remain, you should be aware that no set of rules can possibly anticipate or relieve, all potential material conflicts of interest.

Participation in Client Transactions

Associated persons of Cardiff Park do not buy or sell securities recommended to clients by Cardiff Park. However, related persons of Cardiff Park are permitted to buy or sell securities that Cardiff Park recommends to clients consistent with the following policies and procedures.

Unless specifically defined in Cardiff Park's procedures (summarized below), none of Cardiff Park's Associated Persons may effect for himself, or herself, for his or her immediate family, or on behalf of trusts in which the Associated Person may have a beneficial interest (collectively Covered Persons), any transactions in a security which is being actively purchased or sold, or is being recommended for purchase on behalf of any of Cardiff Park's clients.

When Cardiff Park is purchasing or recommending for purchase a security on behalf of a client, no covered person may effect a transaction in that security prior to the completion of the purchase until a decision has been made not to purchase the security. Similarly, when Cardiff Park is selling or recommending the sale of any security on behalf of a client, no covered person may effect a transaction in a security prior to the completion of the sale or until a decision has been made not to sell the security.

The aforementioned policies and procedures are not applicable to (a) transactions effected in any account over which Cardiff Park does not have either direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the United States Government, certificates of deposit, high-quality short-term debt instruments, or shares issued by registered open-ended investment companies.

Because Cardiff Park primarily recommends mutual funds, the personal investment activities of Cardiff Parks Associated and Covered Persons should not conflict with Cardiff Park's advisory activities or the timing of its allocation recommendations.

The aforementioned policies acknowledge the fact that some securities recommended for purchase or sale on behalf of Cardiff Park clients trade in sufficiently broad markets to permit

transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain circumstances, exceptions may be made to the policies stated above. Cardiff Park will maintain records of these trades, including the reasons for any exceptions.

Item 12: Brokerage Practices

Recommended Brokers

Unless the client directs otherwise, Cardiff Park shall generally recommend that all such investment management accounts be maintained at the institutional wing of TD Ameritrade, Fidelity, or Charles Schwab (herein after referred to as the "the designated broker(s)"). Prior to engaging Cardiff Park to provide investment management services, new clients are required to enter into a formal agreement with Cardiff Park setting forth the terms and conditions under which Cardiff Park shall manage the client assets, and a separate custodial/clearing agreement with the designated broker(s).

Each custodian respectively provides our team with access to institutional trading and custody services, which services are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis and at no charge to them. However, not all independent investment advisors recommend their clients to utilize particular custodians.

As discussed above, unless the client directs otherwise, Cardiff Park shall generally recommend the services of the designated broker(s) for client assets. In the alternative, transactions may be cleared through other broker-dealers with whom Cardiff Park and the designated broker(s) have entered into agreements for prime brokerage clearing services.

The designated brokers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions).

There is no direct affiliation or fee sharing arrangement between Schwab, TD Ameritrade or Fidelity and Cardiff Park for participation in their institutional offerings. We do however receive economic benefits that we would not otherwise receive if we did not have an established relationship with Schwab, TD Ameritrade, and Fidelity. These benefits do not depend on the amount of transactions directed by Cardiff Park to Schwab, Ameritrade or Fidelity. These benefits include: dedicated trading desk that services our clients, a dedicated service group and an account service managers dedicated to our account, electronic download of trades, duplicate and batched client statement, conformations, year-end summaries, and the ability to have custody or other fees waived for our clients.

We may, on occasion, be the recipient of software and other informational materials from distributors of mutual funds. These materials will be unsolicited and are accepted with the intent to benefit all clients. The value of these materials will not be considered in the process of selecting funds to purchase for client accounts.

On occasion, our staff may be offered the opportunity to attend conferences sponsored by discount brokerages or others, and to visit the offices of various mutual funds in order to perform due diligence inspections. The research done will benefit all clients, and we accept no reimbursement for any expenses in the process of performing our due diligence on selecting funds to purchase for client accounts or executing transactions with brokerage firms.

In addition to Cardiff Parks fixed annual retainer fee and the designated broker(s) commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g., fund management fees and other expenses). Factors which Cardiff Park considers in recommending the designated broker(s) (or any other broker-dealer or custodian) to clients include the broker's financial strength, execution capability, research availability, quality of service and reputation. The designated broker(s) enable(s) Cardiff Park to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges. The designated broker(s) charge(s) commission rates, which are generally considered discounted from customary retail commission rates. The commissions and/or transaction fees charged by the designated broker(s) may be higher or lower than those charged by other broker-dealers. In return for effecting securities transactions through the designated broker(s), or any other designated broker-dealer or custodian,

Cardiff Park may receive certain investment research products and/or services which assist Cardiff Park in its investment decision-making process for the client, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934. The brokerage commissions and/or transaction fees charged by the designated broker (s) or any other broker-dealer or custodian are exclusive of, and in addition to, Cardiff Parks fixed annual retainer fee. Although the commissions paid by Cardiff Parks clients shall comply with Cardiff Parks duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Cardiff Park determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Cardiff Park will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Cardiff Park may receive from the designated broker(s), without cost, computer

software and related systems support, which allows Cardiff Park to better monitor client accounts maintained at the designated broker(s).

Cardiff Park may recommend that the client engage discretionary management of a portion of his/her/its assets by certain third party (unaffiliated) investment managers. Factors which Cardiff Park shall consider in recommending unaffiliated investment manager(s) to clients shall include the clients stated investment objective(s), the manager's investment style, performance, reputation and financial strength. Cardiff Park shall continue to render services to the client relative to monitoring and reviewing the unaffiliated investment manager performance and the client investment objectives. Cardiff Park offers to deliver, or delivers FORM ADV II to all client's annually pursuant to federal law.

While we endeavor to act in your best interest, our desire that you consolidate assets in accounts at Charles Schwab, TD Ameritrade and Fidelity is based in part on the availability of certain products and services at no cost to clients, or at reduced cost to Cardiff Park, and not solely on the cost, or quality of custody and brokerage services provided by the brokers. This may create a potential conflict of interest.

Clients may, therefore, pay higher transactions fees, commissions (for individual stock and EFT trades) and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to agency, basis.), than those charged by other discount brokers. However, we have negotiated fees with the custodians we recommend, and we have selected these custodians for their generally low fees. Also please note that we prefer to recommend custodians whom possess significant size and financial resources, for purposes of enhanced safety of client funds. For all of these reasons, the lowest cost custodian for clients may not be recommended to clients by us.

Soft Dollars

Many advisors receive brokerage and research services as well as other soft dollar products and services provided by brokers in exchange for transaction flow. Use of client security transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisors and their clients. Cardiff Park certifies that we have nothing to disclose with respect to the receipt of soft dollar benefits in connection with client security transactions.

Directed Brokerage

Clients sometimes instruct their advisor to send transactions to a specific broker-dealer for execution. Clients may initiate this type of arrangement for a variety of reasons, such as favoring a family member or friend, or compensating the broker-dealer for services it provides to the client. But the arrangement also may be initiated by the advisor, who may benefit, for example, when brokerage is directed to its affiliate broker-dealer. In either case, clients directing (or

agreeing to direct) need to understand the consequences of directing brokerage, including the potential for material conflicts of interest and the possibility that their accounts will pay higher commission and pay less favorable executions.

Cardiff Park certifies that we do not engage in any directed brokerage practices.

Item 13: Review of Accounts

Cardiff Park supervises client portfolio continuously and makes monthly periodic reports available through our website. These reports track asset allocation, performance, unrealized-gain loss and fixed income. Rebalancing opportunities are created by portfolio contributions, withdrawals, and volatility. We address these opportunities as they arise. We take a rational approach to the process. We discuss our suggestions via telephone conference calls and email and rebalancing does not occur without client approval.

When recommending security purchases in client accounts preference is given to purchase additional shares in those funds currently owned, unless for such valid reasons as avoiding wash sales rules, fund closing and so on, a substitute fund in our judgment is more appropriate.

Upon request, we will perform tax loss harvesting. In undertaking rebalancing guidance and actions, we will seek to rebalance one or more asset classes closer to their targets. We may decline to suggest rebalancing a specific asset class due to tax concerns, high transaction costs relative to the trade amount, or other reasons.

General

Rebalancing refers to the adjustment of a portfolios asset proportions toward the target proportions. Planning for future rebalancing requirements influences the initial distribution of client assets across taxable and tax exempt accounts. Benefits accrue to our clients through the coordinated management of the accounts as a single portfolio rather than as separate unrelated portfolios. Allocations to asset classes with relatively high expected taxable distributions are emphasized in tax exempt accounts. Allocations to asset classes with relatively low expected taxable distributions can increase the expected rate of return of the composite portfolio. Coordinating the management of asset classes among account types permits the rebalancing of the aggregate portfolio with reduced capital gain realization.

Once a portfolio is formed, asset proportions will diverge from the target proportions as security prices fluctuate. Left free to drift, a portfolio can evolve into an asset mix with decidedly different risk and return characteristics than the target mix. Departure from target weights impacts portfolio variance. Rebalancing serves to dampen these changes.

At Cardiff Park rebalancing decisions are generally driven by the need to maintain an allocation with a risk and return profile appropriate for each investor. The optimal rebalancing strategy or no trading band will differ for each investor, depending on their unique sensitivity to deviation from the target allocation, and transaction costs. We work with clients and assist them with rebalancing on a one-on-one basis.

In the absence of costs, a portfolio could be rebalanced continuously and never deviate from its target weights. Continuous rebalancing isn't sensible because rebalancing does entail costs that create a notional non-trading region around target weights. Costs include loads, fees, commissions, and capital gain taxes in taxable accounts. Once the costs and benefits have been identified, it is rational to rebalance only when benefits exceed costs. Costs create a non-trading region around the target weights. As long as portfolio equity ratio remains within this boundary, it is allowed to meander around the target ratio. It is only when the equity ratio rises above or falls below this boundary that benefits exceed costs and rebalancing is profitable.

Capital gains taxes can greatly increase the costs of rebalancing taxable accounts. But some rebalancing transactions do not result in increased capital gains liability. Trading in the aftermath of a steep market decline and the availability of previously realized tax losses creates opportunities for rebalancing without an increase in capital gain tax liabilities. Without capital gain taxes, rebalancing costs for taxable and tax exempt accounts are about the same. Client portfolios are generally composed entirely of no-load, no redemption fee mutual funds and they are subject to low fixed trading costs. With low fixed trading costs full adjustments to target weights may be made whenever gross benefits exceed costs.

Since realized losses can be used to offset future gains, they are valuable. Their realization reduces the costs and increases the benefits of future rebalancing. In extreme circumstances, in the aftermath of a steep market decline, full adjustment may be warranted to garner the benefits of being at the targets while booking large losses. But the use of realized losses in rebalancing may entail opportunity costs. For example, a client has planned future redemption that will result in the realization of capital gains. Inventoried losses are available to offset these gains if the losses were not used in prior rebalancing. The opportunity costs of using these losses in rebalancing should not be overlooked

If tax free opportunities do not exist, rebalancing produces capital gains tax liabilities that increase with the value of assets sold. Given tax rates of 20 percent or higher, capital gains taxes can make it much costlier to rebalance taxable accounts than a tax exempt account. As a result, the non-trading region of a taxable will be wider than that of a comparable tax exempt account.

The costs of rebalancing are objective and measurable. The benefits are subjective and difficult to quantify. Each client may have a unique taste for risk requiring a unique rebalancing decision for their tax exempt and taxable accounts. Therefore universal rebalancing rules applied to all tax exempt or taxable accounts are not really in the interest of all accounts. Rebalancing is a risk control instrument, and improved risk control can increase portfolios compound (or realized) rate of return. The compound return is important because it links today's investment to future wealth.

The occasions and frequency of profitable rebalancing opportunities cannot be predicted reliably. Their occurrence depends on random relative movements of asset class values. When asset class returns diverge quickly and repeatedly, profitable rebalancing opportunities may occur more frequently. When asset class returns tend to move together over prolonged periods, profitable rebalancing opportunities may occur infrequently, perhaps once every two or more years. Therefore rebalancing at predetermined calendar intervals is not a rational approach. At times, it will produce excessive trading when costs exceed benefits. At other times, profitable opportunities may be missed.

A rational approach to re-balancing involves weighing benefits and costs and accepting the limitations of the process. Some advisers argue that rebalancing strategies can be tailored to produce high expected returns because they take advantage of long-term reversal in asset prices. The proposition that a rebalancing strategy can increase expected return is dubious and is not supported in the empirical data. One thing is certain; rebalancing entails costs and costs lower expected rates of returns. Despite the costs, proponents of the proposition that rebalancing increases expected returns point to mean reversion in asset returns. But it is doubtful that mean reversion is sufficiently reliable and strong enough to warrant such aggressive or tactical asset allocation strategies. The evidence of long-term mean reversion also must be weighed against the evidence of short-term momentum in asset returns. Improperly timed rebalancing may result in getting rid of winning asset classes before they complete their runs and into losers that continue to yield disappointing results.

Attempting to outperform the market by rebalancing a portfolio for higher returns is nothing more than market timing. It is an appealing strategy with historical data and on paper, but one that is devilishly difficult to bring off successfully in real time with real money on the line. Rebalancing costs definitely reduce expected returns. Over long periods of time, never rebalancing a portfolio usually will yield a higher gross compound return than any rebalancing strategy. Because never rebalancing entails no costs, it is more likely to dominate rebalanced portfolios in terms of net compound return. But never rebalancing allows a portfolio to drift far from the target weights, and the risk of an uncontrolled portfolio is likely to be greater on average than a rebalanced portfolio.

Rebalancing strategies must be compared on a net of cost, risk adjusted basis. Risk adjustment requires a valid measure of risk, and the measurement of risk remains, a thorny, unresolved issue. Rebalancing decisions are complex. Rebalancing costs differ across taxable accounts. The

benefits of rebalancing are difficult to measure, and they differ investor to investor due to their differing appetite for risks. For these reasons, simple one-size fits all rebalancing rules applied to all accounts are not in the best interest of clients. For taxable accounts, the potential for harm caused by excessive rebalancing is great. Knowledgeable financial advisors recognize these complexities. Cardiff Park puts extra effort into making rebalancing suggestions for each client based on an assessment of that clients schedule of costs and benefits.

Regular Reports

Monthly reports from Cardiff Park include asset allocation analysis, performance analysis and position performance summary. Clients may also directly access account information online such as current account value, cash balances, cost basis, trade confirmations, monthly statements and tax forms via the secure websites provided by the custodian where the accounts are held. Please call us for information on who to contact at your custodian if you need help with online access to your accounts. Monthly or quarterly statements are sent to you directly from the correspondent brokers, banks, and/or insurance companies which hold your investments. These statements reflect the assets the custodians holds for you.

You are strongly encouraged to review the monthly or quarterly statements you receive from custodians. Despite the best efforts of any firm to safeguard its client's assets, fraud could still occur. While we hope that clients trust our firm and we have never had an instance of theft or misappropriation of client funds, we believe it is nevertheless important for you to verify your investment holdings.

We also encourage clients to compare the account statements received from us with those received directly from their custodian in a timely manner. Should clients detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, they are asked to contact, John Gorlow, Chief Compliance Officer, at 1-800-332-2238 as well as the custodian where the assets are held.

Item14: Client Referrals and Other Compensation

Advisors are required to describe any arrangement under which it or a related entity compensates another for client referrals. Advisors are also required to disclose any arrangement in which the advisor receives any economic benefit from a person who is not a client such as a custodian or a mutual fund company for providing advisory services. There are significant conflicts of interest when an advisor receives benefits from a third party for providing advisory services to a client or when an advisor pays a third party for client referrals.

We welcome client referrals and have received many over the years. The referrals come from current clients, accountants, physicians, attorneys, and personal friends and other similar sources. Cardiff Park does not compensate referring parties for these referrals nor do we accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them

Client 15: Custody

Cardiff Park does not accept custody of client securities. This includes access to your accounts which would enable us to withdraw, transfer, or otherwise move securities or cash from client accounts to our accounts or the accounts of any third party.

Cardiff Park clients receive account statements directly from the qualified custodian (Schwab, TD Ameritrade, and Fidelity) that maintains their assets. Cardiff Park strongly recommends that clients should carefully review the account statements that they receive from their custodian. In addition, Cardiff Park recommends clients to compare the account statements they receive from the custodian with those they receive from Cardiff Park. Comparing statements will allow clients to determine whether account transactions are proper.

For enhanced client security, Cardiff Park does not deduct advisory fees from client accounts.

Item 16: Investment Discretion

Nearly all clients appoint Cardiff Park as their agent and attorney in fact with respect to undertaking trades in client accounts. This is evidenced to the custodians through a limited power of attorney contained in the account creation form or a separate limited power of attorney document signed by clients. Our ability to enter trades electronically for clients often provides reduced transaction fees and other benefits. However, Cardiff Park does not accept discretion to place trades without prior client consent, which can be granted by phone, email or fax.

With your consent, we may, in a few select cases, accept discretion to purchase individual investment grade fixed income securities. The purpose of this discretion is to enable us to undertake purchases in a timely manner when securities are available at quoted prices.

Item 17: Voting Client Securities

Advisors are required to disclose whether they have or will accept authority to vote client securities. Proxy voting practices and the conflicts arising from such practices are important

information and should be disclosed. Cardiff Park does not accept authority to vote proxies on your behalf. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. Clients will receive their proxies or other solicitations directly from the custodian or transfer agent. Clients may call or email Cardiff Park with questions regarding their particular proxy or other solicitation, and we may provide advice to them on voting, upon your request

Item 18: Financial Information

We might accept limited forms of discretion over client accounts, as described in item 16 of this Brochure. Due to this acceptance, Cardiff Park is required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Cardiff Park certifies that there is no such financial condition to disclose to clients.

A balance sheet is not required to be provided because we do not serve as a custodian for client funds or securities, nor do we require pre-payment of fees of more than \$1,200, and six months or more in advance.

Additional Information

Business Continuity Plan

Cardiff Park has a business continuity plan in place that provides steps to mitigate and recover from the loss of office space, communications, services or key people, including cause from natural and manmade disasters.

Electronic files are backed up daily and archived offsite. In the event the main office is unavailable, an alternate office has been identified to support ongoing operations. Co-location services are contracted to provide continuous data replication between our site and the co-location servers. From this repository we can restore our servers to virtual machines also housed at the co-location and resume normal operations quickly.

It is our intention to contact with you five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

We maintain an information security program to reduce the risk that your personal confidential information may be breached.

Privacy Notice

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, credit reports. We use this information to help you meet your personal financial goals.

With your permission we disclose limited information to attorney's accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

You provide us with information that is inherently personal and private in nature, and we want you to know that we take very seriously our duty to maintain the confidential nature of that information. It is our policy only to disclose information when you authorize us to do. We take the utmost care in addressing administrative, technical, and physical safeguards for the protection of your records and information. For example: We restrict access to nonpublic information to those employees that need to know that information in order to provide services to you; All documents and/or drafts of documents containing client information that are not required to be maintained are promptly stored in a sealed container and shredded; Access to electronic data is protected with both external and internal computer network security measures; On-site records storage is consistently monitored during business hours to preclude any third party access; and We maintain all other necessary physical, electronic, and procedural safeguards in compliance with federal standards to guard your nonpublic personal information. We collect nonpublic personal information about you the from the following sources: Information we receive from you in written agreements and on applications or other forms; Information we receive from you verbally in the regular course of providing services to you; and Information about your transactions with us, or others.

We may disclose nonpublic information about you to the following types of nonaffiliated third parties, but only with your authorization: Financial service providers, such as asset custodians, mortgage lenders, banking institutions, and insurance agents; Professional service providers,

such as attorneys, accountants and real estate brokers; and others, as you specify from time to time. We may also disclose nonpublic personal information about you to nonaffiliated third parties, but only when doing so is required by law. If you have any questions regarding these policies and procedures, please contact Cardiff Park Advisors. Cardiff Park Advisors will address whatever concerns you may have in this area.

Brochure Supplement (Part 2 B of form ADV)

Educational Background and Business Experience

John Gorlow, Cardiff Park's principal brings more than 25 years of experience working in and consulting to the financial services industry. John Gorlow established Cardiff Park in 2003 in the State of California. Cardiff Park was granted registration with the U.S. Securities and Exchange commission in May, 2006. We are currently enjoying our 6th full year of operation. We are a fee-only firm and as of March 31st, 2011 we manage approximately \$400 million in assets. Cardiff Park is situated in Carlsbad, which is 25 miles north of San Diego.

As the sole member of Cardiff Park, Mr. Gorlow is responsible for all of Cardiff Park's key activities including investment management, consulting, reporting and compliance.

Prior, John Gorlow managed Investment Advisory engagements for Ernst & Young in San Francisco and spent 14 years delivering personal investment management services for the private client groups of leading Wall Street brokerage firms including Merrill Lynch, Lehman Brothers and Oppenheimer.

Mr. Gorlow earned a Masters Degree in Business Administration (MBA) at Fordham University in New York and a Bachelors degree from Penn State University. In the past Mr. Gorlow has held the CIMA certification, when he obtained through the Wharton School of Business at the University of Pennsylvania. CIMA stands for Certified Investment Management Analyst, an industry sponsored designation awarded by the Investment Management Consulting Association (IMCA).