Item 1 – Cover Page

LEE FINANCIAL GROUP HAWAII, INC.

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October 1, 2014

This Brochure provides information about the qualifications and business practices of Lee Financial Group Hawaii, Inc. If you have any questions about the contents of this Brochure, please contact us at (808) 988-8088 and/or info@LeeHawaii.com. 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 authority.

Lee Financial Group Hawaii, Inc. is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Lee Financial Group Hawaii, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The material changes to this Brochure from our last annual update to this Brochure on March 28, 2014, are:

October 1, 2014

Effective immediately Lee Financial Group Inc. has changed its name to Lee Financial Group Hawaii, Inc. All references in the Form ADV Part 2 to Lee Financial Group Inc. are hereby replaced by Lee Financial Group Hawaii, Inc. ("LFG").

Effective immediately, First Pacific Mutual Fund, Inc. has changed its name to Lee Financial Mutual Fund, Inc. All references in the Form ADV Part 2 to First Pacific Mutual Fund, Inc. are hereby replaced by Lee Financial Mutual Fund, Inc. ("Lee Financial").

Effective immediately, First Pacific Low Volatility Fund has changed its name to Lee Financial Tactical Fund. All references in the Form ADV Part 2 to First Pacific Low Volatility Fund are hereby replaced by Lee Financial Tactical Fund.

Item 5- Fees and Compensation: Revised disclosure regarding LFG compensation in the event that a client purchases or owns mutual fund series of Lee Financial Mutual Fund, Inc.

Item 7 – Types of Clients: Revised account minimum to establish a Wealth Management services account.

Currently, our Brochure may be requested by contacting Lee Financial Group Hawaii, Inc. at (808) 988-8088 or info@LeeHawaii.com. Our Brochure is also available on our web site www.LeeHawaii.com, also free of charge.

Additional information about Lee Financial Group Hawaii, Inc. is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Lee Financial Group Hawaii, Inc. who are registered, or are required to be registered, as investment adviser representatives of Lee Financial Group Hawaii, Inc.

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Item 4 – Advisory Business

Lee Financial Group Hawaii, Inc. ("LFG") was organized on May 13, 1988 and its principal owner is Terrence K.H. Lee. As of December 31, 2013 LFG managed $372,201,642 of client assets on a discretionary and $181,092 of client assets on a non-discretionary basis.

LFG provides investment supervisory services (giving continuous advice as to the investment of funds on the basis of the individual needs of each client) to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension and profit sharing accounts ("Wealth Management services"). These Wealth Management services include, but are not limited to, one or more of the following services: providing investment advice, selecting investments and providing reports to clients and providing financial planning services. These services are provided pursuant to a discretionary agreement between LFG and the client.

LFG also provides investment management services (the investment and reinvestment of assets) to certain mutual fund series (each a "Fund") of a registered investment company, Lee Financial Mutual Fund, Inc. ("Lee Financial"), subject to the supervision and direction of Lee Financial's Board of Directors. These services include selecting investments and providing reports to the Board of Directors. These services are provided pursuant to Management Agreements between LFG and Lee Financial in respect of the Funds.

LFG asks clients to complete an investment risks data sheet that includes, among other things, information on the client's investment goals, risk tolerance, asset inventory and investment experience, in order to tailor its advisory services to the individual needs of the client. LFG manages its client assets in accordance with such investment restrictions as the client may, from time to time, furnish to LFG in writing. With respect to each Lee Financial Fund, LFG manages the Fund's assets in accordance with the Fund's investment objectives, policies, and restrictions as described in the Fund's prospectus.

LFG also offers non-discretionary investment services which are selected and agreed to by the client. These services may include investment counseling, financial planning services, asset allocation and/or portfolio assessment analysis, portfolio monitoring, and investment recommendations and are provided pursuant to a non-discretionary investment agreement between LFG and the client.

LFG offers financial planning services to clients. These services generally include preparing a written financial plan that analyzes and describes capital needs projections for retirement, educational funding analysis, retirement plan review and risk management liability analysis to assist the client with insurance planning, personal financial planning, tax planning and estate planning.

LFG consults with retirement plan sponsors about their plans to help develop, design, implement or maintain a retirement program based on the client's goals and needs. This typically includes providing the client with a written investment policy statement, analyzing and recommending mutual funds and asset allocation portfolios to be included on the plan investment menu, monitoring those selections on an ongoing basis, and providing investment advice to the plan participants through group meetings, individual meetings or phone consultations.

Item 5 – Fees and Compensation

Wealth Management services. LFG's basic fee schedule for Wealth Management services is as follows:

Annualized Fee, based on the total assets under management as follows:

on amounts from $0 to $250,000	1.25%
on the next amount from $250,001 to $500,000	1.00%
on the next amount from $500,001 to $750,000	.90%
on the next amount from $750,001 to $1,000,000	.80%
on the next amount over $1,000,001	.75%

In addition to the management fees described as above, every quarter a Hawaii general excise tax may be deducted directly from each client account based on the management fee incurred that quarter. Currently, the Hawaii general excise tax is 4.712% and is subject to change.

Annualized fees may be negotiated for certain clients.

The specific manner in which fees are charged by LFG is established in a client's written agreement with LFG. Advisory fees generally are billed in arrears based on the account's asset value at the end of each calendar quarter. Client account asset values reflect prices provided to Manager by an unrelated third party source. Clients generally authorize LFG to directly deduct fees from the client's account. The initial fee will be prorated, based on and including, the initial date of deposit of cash or securities into the Client account through the end of the applicable calendar quarter. Thereafter, the fee will be prorated for each cash contribution or share of any security deposit made to, and each withdrawal made from, the Client account during the applicable calendar quarter except for Client directed movements of excluded assets into or out of the Client account.
Upon entering into a contract with LFG, the client has the right to terminate the contract without penalty within five business days after entering the contract. Either party may terminate the investment advisory agreement upon thirty days written notice. A client, upon termination, will be charged on a pro-rata basis based on days elapsed for services provided through the date of termination.

The fee schedules for LFG's investment management services to Lee Financial's Funds are as follows: the Hawaii Municipal Fund pays LFG a fee at the annual rate of .50 percent (.50%) of its average daily net assets and the Lee Financial Tactical Fund pays LFG a fee at the annual rate of 1.00 percent (1.00%) of its average daily net assets. However, commencing May 1, 2012, Lee Financial agreed to waive 0.35% of its 1.00% management fees for the Lee Financial Tactical Fund through January 31, 2015. The fees are computed daily and paid to LFG monthly within ten business days after the last day of each month. LFG's fees and services are provided pursuant to Management Agreements between LFG and the Fund that, after their initial two-year terms, are subject to annual review and continuance by Lee Financial Mutual Fund's Board of Directors in accordance with the Investment Company Act of 1940 (the "1940 Act"). Each Management Agreement is terminable without penalty on not more than sixty days nor less than thirty days written notice by either party and will terminate automatically in the event of assignment.

In the event that a client purchases or owns a Fund, LFG will not charge or receive any Wealth Management services fees for client assets invested in the Funds although LFG and certain affiliates of LFG receive administrative and other fees, such as distribution, transfer agency and shareholder services fees, in connection with such Fund holdings. The value of the Fund holding will be excluded in calculating the assets under management for Client accounts. In this way, only one investment management fee (i.e. the investment advisory fee payable to the Manager by the Fund itself) will apply with respect to the investment in the Fund.

LFG may also charge an hourly fee or fixed fees for providing investment advisory services and financial planning to clients. Hourly fees and fixed fees may also be charged for furnishing investment advice through consultations ("consultations") separate from investment supervisory services or managing investment advisory accounts not involving investment supervisory services. Fixed fees for consultations are based on the anticipated number of hours involved in the consultation. Hourly fees for consultations are billed in fifteen (15) minute increments. The maximum hourly charge is $250.00 per hour and may be reduced for certain clients and is subject to change. Services to be provided and the fixed fee amount or anticipated hourly fee range are specified in a written investment agreement. Clients are billed in arrears on a quarterly basis. These fees are deducted from client assets or billed directly to the client if no account is established. Either party may terminate an engagement upon written notice within 5 days of signing the Agreement, at which time no fees would be due. Should the client terminate the engagement after this date, the client is responsible and will be invoiced for any effort expended by LFG on their behalf.

LFG may provide investment advice on purchasing life insurance and annuities. LFG does not charge or receive any investment advisory fees for such products. Instead, LFG may receive a portion of the commission charged by the life insurance or annuity vendor for sales made to clients.

LFG may provide consulting services to retirement plans sponsors. Annualized retirement plan sponsor consulting fees range between .30% and 1% of total plan assets and may be negotiated for certain clients. The method of payment for these services will be negotiated with the client or will be determined on a case-by-case basis. Some retirement plan participants may also be subject to LFG Wealth Management services fees if plan participants are provided LFG Wealth Management services pursuant to a discretionary agreement between LFG and the plan participant.

LFG's fees described in this item 5 do not include brokerage commissions (including mark-ups and mark-downs), transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds ("ETFs") also charge internal management fees and expenses, which are disclosed in a fund's prospectus. Such charges, fees, expenses and commissions are exclusive of and in addition to LFG's fee. LFG, receives brokerage and research services consistent with Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). See Item 12.

Item 12 further describes the factors that LFG considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

LFG and its supervised persons do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

LFG may provide portfolio management services to individuals, trusts, estates, high net worth individuals, corporations and other business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, governments/municipalities, and a registered investment company.

Clients generally must have an account minimum of $500,000 to establish a Wealth Management services account; however, this minimum may be waived under certain circumstances.

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

Wealth Management services.
For Wealth Management services clients, LFG seeks to manage portfolios for long-term capital growth while maintaining lower levels of portfolio volatility by strategically creating accounts that may consist of, for example, equity securities, mutual funds, structured notes, exchange-traded funds, options, and/or various fixed-income instruments. LFG's investment committee employs an internal research process which combines a top-down methodology for its sector allocation and a bottom-up approach for individual equity portfolio construction. LFG's investment committee also focuses on mutual fund offerings that have attractive risk-reward profiles versus their peers, portfolio management teams with strong-track records, and are offered no-load within the client's custodian platform.

This investment strategy is subject to the following material risks:

- market risk (there is no guarantee that the investment objective will be met. Yield, share price and investment return can fluctuate so clients may receive more or less than their original investment upon sale);
- issuer-specific changes risk (changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value);
- large capitalization securities risk (large capitalization stocks may underperform other segments of the equity market or the equity market as a whole);
- small and mid-sized capitalization securities risk (the value of securities of smaller, less well-known issuers can perform differently from the market as a whole and other types of stocks and can be more volatile and less liquid than that of larger issuers. Such companies may have limited product lines, markets or financial resources and may lack management depth);
- structured notes risk (structured notes are subject to interest rate risk and credit risk with respect both to the issuer and, if applicable, to the underlying security. The price of structured notes may be volatile and they may have a limited trading market, making it difficult to value them or sell them at an acceptable price. In exchange for the issuer's guarantee of full or partial payment of principal on maturity, the upside return of the structured note investment may be capped or limited and the issuer's guarantee is generally available only if the structured note is held to maturity. There may be higher fees and costs associated with structured notes than other types of investments. Structured notes are also

subject to counterparty risk, which is the risk that the other party to the transaction will not fulfill its contractual obligations);

- investment companies risk (investing in investment companies, including ETFs, subjects the investor to those risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, the investor will incur its pro rata share of the expenses of the underlying investment companies' expenses. An ETF may trade at a discount to its net asset value. The account will also incur brokerage costs when it purchases shares of ETFs);
- option risk (writing and purchasing options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the future price fluctuations and the degree of correlation between the options and the securities markets. The value of the options will fluctuate in response to changes in the value of the underlying security or index, as applicable. There is also the risk of losing all or part of the cash paid for purchasing call and put options. Covered call writing and put option spreads limit the upside potential of the underlying security. Other option strategies may also be employed such as writing and purchasing call and put options in combination with each other. Combined options involve multiple trades and therefore have higher transaction costs. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of the option strategies. Over-the-counter options may be considered illiquid and are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction);
- fixed income risk (fixed income securities will change in value in response to interest rate changes and other factors, such as the perception of the issuer's creditworthiness. The value of fixed income securities will generally decrease when interest rates rise, which may cause the value of the account to decrease. In addition, an investment in fixed income securities with longer maturities will fluctuate more in response to interest rate changes) and;
- municipal market (the municipal market can be significantly affected by adverse tax, legislative, or political changes and the financial condition of the issuers of municipal securities).

Lee Financial Funds.
The prospectus for each Fund contains information on the methods of analysis and investment strategies for each Fund.

In addition to market risk and fixed-income risk described above, investing in the Hawaii Municipal Fund is subject to the following material risks: credit risk, call risk, state concentration risk, municipal security risk, non-diversification risk and tax risk. The prospectus of the Hawaii Municipal Fund contains further information on the risks of investing in the Fund.

In addition to market risk, structured note risk, large, small and mid-capitalization securities risk, options risk, issuer-specific changes risk, investment company and ETF risk, non-diversification risk, and fixed income risk described above, the Lee Financial Tactical Fund is subject to the following material risks: stock market volatility risk, allocation risk, foreign exposure risk, fund of funds risk, and real estate investment trust risk. The prospectus of the Lee Financial Tactical Fund contains further information on the risks of investing in the Fund. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

None.

Item 10 – Other Financial Industry Activities and Affiliations

LFG serves as investment manager for Lee Financial. LFG receives asset-based fees for its investment management services to the Lee Financial as described in Item 5 above. LFG may invest client assets in a Fund, which may raise potential conflicts of interest relating to LFG's receipt of an asset based management fee from the Fund and also an investment management fee from the client. To address this conflict, if LFG invests client assets in a Fund, the value of those assets will be excluded in calculating the assets under management for that client's account. If LFG invests client assets in a Fund, LFG also receives an asset based fee for its administrative services to the Fund, and wholly-owned subsidiaries of LFG receive asset-based fees for transfer agency, shareholder servicing and distribution of the Fund's shares. These services are in addition to and do not duplicate the investment management services LFG provides to clients.

Lee Financial Securities, Inc., a broker-dealer currently registered with the SEC and FINRA, is an affiliate of LFG by virtue of the fact that LFG owns all of the outstanding common stock of Lee Financial Securities, Inc. The primary business of Lee Financial Securities, Inc. is to act as the distributor for Lee Financial Mutual Fund, Inc. Management persons of LFG are also registered representatives of Lee Financial Securities, Inc. Lee Financial Securities, Inc. is reimbursed for expenses related to the distribution of Fund shares and may also receive compensation for the sale of other non-proprietary mutual funds. This may present a conflict of interest for LFG and its registered representatives who are LFG management persons that may have an incentive to recommend the Funds or the other non-proprietary mutual funds on the basis of such compensation. Lee Financial's Board of Directors monitors payments in respect of the Funds quarterly.

LFG is a state licensed insurance agency. Approximate time spent on insurance activities is 20%. LFG and certain of its personnel are appointed as agents to offer life insurance and annuity products. LFG receives a portion of the commission paid to life insurance and annuity vendors for products sold to clients upon LFG's recommendation.

LFG provides pension consulting services. Approximate time spent on consulting activities is 5%. LFG receives fees for its consulting services as described in Item 5 above. These services are in addition to and do not duplicate the Wealth Management services LFG provides to clients.

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

LFG has adopted a Code of Ethics for all of its supervised persons describing its standard of business conduct and duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures and reporting, among other things. All supervised persons at LFG must acknowledge the terms of the Code of Ethics annually, or as amended, and must certify as to their compliance with the Code of Ethics. Any violations of the Code of Ethics must be reported promptly to LFG's Chief Compliance Officer.

LFG anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which LFG has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which LFG, its affiliates and/or clients, directly or indirectly, have a financial interest, namely shares of the Funds, which presents potential conflicts of interest. Consequently, the value of such shares is excluded in calculating LFG's advisory fees. The officers, directors and employees of LFG and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for LFG's clients. The Code of Ethics is designed so that the personal securities transactions, activities and interests of the employees of LFG will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same (or related) securities as clients, there is a possibility that employees might benefit from, or the client might be adversely affected by, transactions in a security held by an employee. Also, under the Code certain classes of securities have been designated as exempt from the restrictions of the Code of Ethics based upon a determination that these would materially not interfere with the best interest of LFG's clients. Employee trading is monitored under the Code of Ethics, periodically, to reasonably prevent conflicts of interest between LFG and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with LFG's obligation of best execution and the terms of the investment advisory agreement with each customer whose trades are being aggregated as described under Item 12 below. LFG will allocate securities purchased or sold, as well as the expenses incurred in the transaction, in a manner it considers to be the most equitable and consistent with its obligations to the client as described under Item 12 below. LFG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order.

LFG's clients or prospective clients may obtain a copy of the firm's Code of Ethics by contacting LFG at (808) 988-8088.

Certain cross transactions that include registered investment company client accounts are identified by LFG and reported no less than quarterly to Lee Financial's Board of Directors to comply with Rule 17a-7 of the 1940 Act.

Item 12 – Brokerage Practices

For accounts which LFG has investment discretion, unless the client requests a specific broker, LFG generally has complete discretion over the selection of the broker or dealer to be used for client securities transactions and the commission rates to be paid. In selecting a broker for any transaction or series of transactions, LFG may consider a number of factors, including, for example, net price, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, special execution, order of call, offering to LFG on-line access to computerized data regarding clients' accounts, computer trading systems, the availability of stocks to borrow for short trades and other matters involved in the receipt of brokerage services generally. LFG will also consider the availability and timely response of the broker in regards to trading, research and settlement matters.

Except as otherwise expressly agreed with a client, LFG may purchase from a broker or allow a broker to pay for certain research, products or services, including proprietary (*i.e.,* created or developed by the brokerage firm) or third-party research services, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, costs of research conferences, general reports, certain periodical subscription fees, consultations, performance measurement data, on-line pricing, charges for news wire and market data services, quotation services, certain computer software, and the like (a "soft dollar" relationship). Except for Fund securities transactions, LFG reserves the right to receive soft dollar credits based on certain riskless principal, as well as agency, securities transactions with brokerage firms.

If LFG engages in soft dollar relationships, LFG's relationships with brokerage firms that provide soft dollar services to LFG would influence LFG's judgment in allocating brokerage business and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. LFG would have incentives to select a brokerage firm based on LFG's interest in receiving the research or other products or services rather than on LFG's clients' interest in receiving the most favorable execution. These conflicts of interest would be particularly influential to the extent that LFG uses soft dollars to pay expenses LFG would otherwise be required to pay itself.

With respect to certain products or services used for both research/brokerage and non-research/brokerage purposes, LFG allocates the costs of such products or services between their research/brokerage and non-research/brokerage uses and use soft dollars to pay only for the portion allocated to research/brokerage uses.

If LFG does enter into one or more soft dollar relationships, LFG may pay a brokerage commission in excess of that which another broker/dealer might charge for effecting the same transaction in recognition of the value of the brokerage, research and other services and soft dollar relationships. In such a case, however, LFG would determine in good faith that such commission is reasonable in relation to the value of brokerage, research and other services and soft dollar relationships provided by such broker/dealer, viewed in terms of either the specific transaction or LFG's overall responsibilities to the portfolios over which LFG exercises investment authority. However, an account may pay higher brokerage commissions than are otherwise available or may pay more brokerage commissions based on account trading activity. In addition, some clients may direct LFG to use a broker that does not provide soft dollar benefits to LFG. Nevertheless, the research and other benefits resulting from the brokerage relationship would benefit all accounts managed by LFG or LFG's operations as a whole as LFG would not necessarily allocate soft dollar benefits only to those accounts that generated the soft dollar benefits or even proportionally to those that do.

With respect to Wealth Management services, LFG generally requires that clients establish brokerage accounts with Charles Schwab & Co., Inc. and/or TD Ameritrade, Inc. Not all advisers require their clients to direct brokerage. LFG participates in the Schwab Institutional program and the TD Ameritrade Institutional program. Schwab Institutional and TD Ameritrade Institutional will be referred together as "Service Agents." LFG is independently owned and operated and not affiliated with either Schwab or TD Ameritrade.

Portfolio security transactions may be directed to a Service Agent that promotes or sells shares of LFG's registered investment company clients so long as LFG complies with Rule 12b-1(h) of the 1940 Act which, among other things, prohibits the consideration of such sales as a factor in selecting executing broker-dealers or compensating a selling broker for the promotion or sale of shares by directing portfolio transactions to the broker.

Schwab Institutional is a division of Charles Schwab & Co., Inc. ("Schwab"), a SEC-registered broker-dealer member FINRA/SIPC. Schwab maintains custody of clients' assets and effects trades for client accounts. Schwab provides LFG with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least $10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional, and are not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading). If LFG's clients collectively have less than $10 million in assets at Schwab, Schwab may charge LFG quarterly service fees of $1,200.

Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or retail investors having significantly higher minimum initial account balances than typical retail investors. For LFG's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to LFG other products and services that benefit LFG but may not directly benefit clients. These products and services assist LFG in managing and administering LFG clients' accounts. They include investment research, both Schwab's own and that of third parties. LFG may use this research to service all or a substantial number of LFG clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that: (i) provide access to client account data (such as duplicate trade confirmations and account statements), (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts, (iii) provide pricing and other market data, (iv) facilitate payment of advisory fees from LFG clients' accounts, and (v) assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help LFG manage and further develop its business enterprise. These services include: educational conferences and events; consulting on technology, compliance, legal, and business needs; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to LFG. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Schwab also provides LFG with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Exchange Act.

TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") an SEC-registered broker-dealer member FINRA/SIPC/NFA. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, and clearance and settlement of transactions.

LFG receives benefits from TD Ameritrade through its participation in the program which include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving LFG participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to LFG by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by LFG's supervised persons. Some of the products and services made available by TD Ameritrade through the program may benefit LFG but may not benefit its client accounts. These products or services may assist LFG in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help LFG manage and further develop its business enterprise. The benefits received by LFG or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. There is no direct link between LFG's participation in the program and the investment advice it gives to its clients, although LFG receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

TD Ameritrade also is providing LFG with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Exchange Act.

As a result of receiving such services for no additional cost, LFG may have an incentive to continue to use or expand the use of Service Agent's services, creating a conflict of interest as to seeking the clients' interest in receiving the most favorable execution. LFG examined this potential conflict of interest when it chose to enter into the relationship with a Service Agent and has determined that the relationship is in the best interests of LFG's clients and satisfies its client obligations, including its duty to seek best execution.

LFG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LFG in and of itself creates a potential conflict of interest.

Commission rates and transaction fees for transactions executed by the Service Agents for client accounts held at a Service Agent generally will be those charged by the Service Agent, and clients may not achieve most favorable execution of their transactions, which may cost clients more money. LFG or any related persons will not receive from Service Agents any compensation from commissions or transaction fees except perhaps to the extent of soft dollar benefits.

From time-to-time LFG may make an error in submitting a trade order on client's behalf. When this occurs, LFG places a correcting trade with the broker-dealer which has custody of the client's account and clients are reimbursed for such trading error losses. In no case shall LFG use soft dollars to correct a trading error.

For clients whose accounts are custodied at Schwab:

Schwab's trade error policy is that if an investment gain results from correcting the trade, the gain will remain in the client's account unless (i) the same error involved other client account(s) that should have received the gain, (ii) it is not permissible for the client to retain the gain, or (iii) Schwab confers with client and the client decides to forego the gain. If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain $100 and over to charity. If a loss occurs greater than $100, LFG will pay for the loss. Schwab will pay the loss and retain the gain (if such gain is not retained in the client account) if it is under $100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the clients account, they may be netted.

For clients whose accounts are custodied at TD Ameritrade:
TD Ameritrade requires LFG to establish a trade error account whereby all trade errors are processed through this account. LFG's trade error account will net gains and losses. LFG will be responsible for paying any losses caused by its trading error. TD Ameritrade will donate to charity net gains in the trade error account. LFG will not utilize these trade error accounts for its own benefit or gain.

Aggregating Orders
On occasions when LFG deems the purchase or sale of security to be in the best interest of more than one client, LFG to the extent permitted by applicable laws and regulations, may, but is under no obligation to, aggregate the securities to be so sold or purchased in order to obtain the most favorable price or lower brokerage commissions and efficient execution. In such event, allocation of the securities so purchased or sold, as well as the expenses incurred in the transactions, will be made by LFG in the manner it considers to be the most equitable and consistent with its obligations to the client. LFG aggregates client orders consistent with its policy of seeking best price and execution. The aggregated orders may include orders for investment vehicles in which the adviser or its affiliates have an interest. Clients participating in an aggregated order participate at the average share price with all transaction costs shared on a pro rata basis, based on the client's participation in the transaction.

If an aggregated order is filled in its entirety, it is allocated to clients according to the investment strategy being pursued for the client, which includes a predetermined weighting for certain securities in the account. Where the account weightings for a security are the same, the order would be allocated among the accounts with each account receiving its proportionate weighting. If an order is partially filled, it would be allocated on a pro rata basis. On occasions when accounts are fully invested, the lack of available cash in an account will preclude its inclusion in the acquisition of investments otherwise suitable for the client. Also, to the extent that the limited availability of a security would result in de minimis allocations if a pro rata allocation were made, LFG may exclude one or more accounts from participation in the order. In such circumstances, LFG will rotate the client accounts that participate in the order.

When aggregating orders, LFG seeks to avoid favoring any client account over any other client account. Allocations are determined on the trade date; changes in allocation require approval and explanation on the basis for the change. Additional allocations may be made to certain clients to permit the acquisition of meaningful positions to accounts specializing in the market segment of which the security involved is part or to accounts specializing in the type of security or industry represented.

Certain investment opportunities may be suitable for or consistent with the investment objective of only one or a limited number of client accounts. In those cases, it is possible that particular securities acquisitions will be considered and allocated to one or a limited number of accounts.

LFG may not be able to aggregate orders to reduce transaction costs for clients with accounts held at different brokers (e.g., Schwab, TD Ameritrade or other brokers) that clients have directed brokerage.

Item 13 – Review of Accounts

The review of discretionary accounts for LFG's Wealth Management services is as follows:
LFG's Investment Committee creates and develops overall investment model recommendations. A LFG Wealth Manager is responsible for providing investment advice and applying model recommendations to client accounts. Each account is reviewed at least annually by the Wealth Manager advising the account. The Wealth Manager will also review and monitor the client's investment objectives, changing market and economic conditions and account performance. Potential account changes may be considered based on, but not limited to the following factors: desired diversification by type of holding, individual security and industry, income requirements, risk constraints, tax considerations, and cash levels. Principal responsibility for each account will rest with the Wealth Manager advising the account. Client shall receive statements from the account's custodian reporting the securities purchased and sold for the account during the preceding month and the value of the assets held in the account. LFG shall make available to client on a quarterly basis, in addition to the custodian's statements, a quarterly summary report on the performance of the account. The valuation of client assets that LFG uses on such quarterly reports (and for determining LFG's fee) will be determined by an unrelated third party in accordance with its normal practices and procedures and may not agree with values provided by the custodian.

The review for Lee Financial Account is as follows:
Lee Financial has Portfolio Managers assigned to manage each Fund's portfolio. LFG's portfolio manager's review each portfolio daily, while legal, compliance, and audit reviews are conducted on a scheduled basis. Among the matters reviewed are the nature and amounts of portfolio holdings, adherence to investment objectives and policies, and compliance with statutory and regulatory requirements. LFG will supply to the Lee Financial Board of Directors quarterly, a written report containing detailed information on each Fund's portfolio, a report of acquisitions and dispositions, a statement of gains and losses, and from time to time, other pertinent oral and written reports on the status of each Fund. Annual and semi-annual written reports containing portfolio and financial information will be sent to shareholders.

The review of accounts for LFG's retirement plan sponsor consulting services is as follows:
The Wealth Manager consulting the pension account will meet at least annually with the pension plan sponsor. LFG will provide a written report that reviews investment portfolio and mutual fund investment results at least quarterly.

Item 14 – Client Referrals and Other Compensation

With respect to Wealth Management services, LFG may from time to time have arrangements in writing, where it directly or indirectly compensates persons for client referrals. This compensation will be in the form of cash and may be based, at least in part, on the number or asset amount of client referrals. All arrangements must be discussed with and approved by the President of LFG prior to establishing such arrangement. LFG discloses these referral arrangements not later than the client entering into an investment management agreement.

LFG may receive client referrals from Schwab through LFG's participation in Schwab Advisor Network™ ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with LFG. Schwab does not supervise LFG and has no responsibility for LFG's management of client's portfolios or LFG's other advice or services. LFG pays Schwab fees to receive client referrals through the Service. LFG's participation in the Service may raise potential conflicts described below. For information regarding additional or other fees paid directly or indirectly to Schwab, please refer to the Schwab Advisor Network Disclosure Document.

LFG pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by LFG is a percentage of the fees the client owes to LFG or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. LFG pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to LFG quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by LFG and not by the client. LFG has agreed not to charge clients referred through the Service fees or costs greater that the fees or costs LFG charges client with similar portfolios who were not referred through the Service.

LFG generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees LFG generally would pay in a single year. Thus, LFG will have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees will be based on assets in accounts of LFG's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, LFG will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit LFG's fees directly from the accounts.

For account of LFG's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from LFG's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Thus, LFG may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. LFG nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for LFG's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

LFG may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, LFG may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with LFG and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise LFG and has no responsibility for LFG's management of client portfolios or LFG's other advice or services. LFG pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to LFG ("Solicitation Fee"). LFG will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by LFG from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired LFG on the recommendation of such referred client. LFG will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

LFG's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, LFG may have an incentive to recommend to clients that the assets under management by LFG be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, LFG has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its duties require doing so. LFG's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

LFG also receives a portion of the commission paid to life insurance and annuity vendors for products sold to clients upon LFG's recommendation.

Item 15 – Custody

LFG is deemed to have custody for some purposes as a result of the ability to deduct advisory fees directly from client accounts held at a qualified custodian. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. LFG urges you to carefully review such statements and compare such official custodial records to the quarterly account reports that LFG provides to you. LFG's reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Wealth Management services clients, through a limited power of attorney and discretionary agreement, will authorize LFG to determine securities to be bought or sold and the amount of the securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and in accordance with such investment limitations as the client may, from time to time, furnish to LFG.

For Lee Financial, LFG manages each Fund's assets in accordance with the Fund's investment objectives, policies and restrictions as described in the Fund's prospectus. LFG's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Retirement plan sponsor clients, through a written agreement, may allow LFG to determine investment options, such as mutual funds or model investment portfolios, to be placed on the retirement plan's investment menu, whether to remove the investment from the menu and determine what investment options will replace them. LFG will monitor the appropriateness and continued suitability of each of the plan's investment portfolios and mutual funds as an investment choice available to plan participants. LFG may make mutual fund or investment portfolio replacements (on a discretionary basis) if an existing option is no longer suitable under the investment policy guidelines and will notify the plan sponsor and participants about the change.

Investment guidelines and restrictions must be provided to LFG in writing.

Item 17 – Voting Client Securities

Wealth Management services. As a matter of firm policy and practice, LFG does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients may receive proxies directly from the issuer's transfer agent, their custodian or their broker dealer. Clients may contact LFG to provide advice regarding the clients' voting of proxies by calling (808) 988-8088.

Lee Financial. The Board of Directors of Lee Financial has delegated its voting responsibilities and duties with respect to proxy votes for portfolio securities to LFG provided that voting determinations are made in accordance with proxy voting policies and procedures that have been approved by the Board. In voting proxies in accordance with such policies and procedures, LFG is guided by general fiduciary principles. LFG will act prudently, solely in the interest of the beneficial owners of the Fund. LFG may be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. If LFG determines that a particular proxy vote involves a material conflict of interest, it may resolve the conflict of interest in several ways, including, without limitation, voting pursuant to the direction of the Fund's Board or a committee of the Board or abstaining. Conflicts may arise as to votes involving an investment company's investment adviser, the underwriter, their affiliates or affiliates of the investment company. In such cases, LFG will follow the Fund's proxy voting policies and procedures, including the process for handling conflicts.

Shareholders may request copies of the Fund's proxy voting policies and procedures free of charge by calling (808) 988-8088 or by sending a written request to LFG, 3113 Olu Street, Honolulu, HI

96816. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ending June 30 is available on the Securities and Exchange Commission's website at www.sec.gov and the Fund's website at www.LeeHawaii.com.

Item 18 – Financial Information

Not applicable.

Item 19 – Requirements for State-Registered Advisers

Not applicable.