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Disclosure Document of
Robert W. Colby Asset Management, Inc.
A Nevada Corporation Registered in the State of New York as a Registered Investment Advisor.

THE DELIVERY OF THIS DISCLOSURE DOCUMENT AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS DISCLOSURE DOCUMENT. NO PERSON IS AUTHORIZED BY ROBERT W. COLBY ASSET MANAGEMENT, INC. TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS DISCLOSURE DOCUMENT.

THE DATE OF THIS DISCLOSURE DOCUMENT IS May 8, 2014.

BEFORE SIGNING ANY AGREEMENTS WITH THE ADVISOR, YOU SHOULD CAREFULLY READ THIS ENTIRE DOCUMENT AND DISCUSS WITH ROBERT W. COLBY ASSET MANAGEMENT, INC. THE VARIOUS RISKS INHERENT WITH TRADING THIS STRATEGY.

RISK DISCLOSURE STATEMENT

PLEASE NOTE THAT ROBERT W. COLBY ASSET MANAGEMENT, INC. (***COLBY***) UTILIZES HIGH-VOLATILITY TRADING STRATEGIES: THE STOCKS THAT GO UP THE MOST WHEN THE STOCK MARKET IS IN A BULLISH TREND OFTEN GO DOWN THE MOST DURING MARKET CORRECTIONS TO THE DOWNSIDE (BEARISH TREND).

COLBY WILL MAKE EVERY EFFORT TO PROTECT THE ASSETS OF A ***CLIENT*** IN A DOWN/BEARISH MARKET, BUT THERE IS STILL A RISK OF LOSS, ESPECIALLY IN THE SHORT-TERM.

COLBY*'S** TRADING STRATEGIES MAY PRODUCE SHORT-TERM GAINS AND LOSSES THAT MAY HAVE AN IMPACT ON PERSONAL INCOME TAXES. PLEASE CONSULT YOUR TAX ADVISER. ***COLBY DOES NOT OFFER TAX ADVICE.

YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT BEFORE YOU BECOME A ***CLIENT***, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT STRATEGY. THIS BRIEF STATEMENT CANNOT COVER ALL POSSIBLE RISKS INVOLVED IN OUR APPROACH OR INVESTING IN GENERAL.

PLEASE DEPOSIT YOUR FUNDS TO BE MANAGED IN AN ACCREDITED CUSTODIAL ACCOUNT. DO NOT SEND CASH OR SECURITIES TO ROBERT W. COLBY ASSET MANAGEMENT, INC.

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INTRODUCTION

ROBERT W. COLBY ASSET MANAGEMENT, Inc. ("***Colby***") was organized as a Corporation in 2009 under the laws of Nevada for the purpose of offering portfolio management services to both retail and institutional investors who seek to achieve both capital appreciation of assets and current income by making investments which offer significant potential opportunities for growth and income, according to ***Colby's*** research.

Colby's trading strategies are based on ***Colby's*** continuous analysis of current global market conditions as well as ***Colby's*** projected probabilities of global market conditions going forward. Based on this analysis, ***Colby*** buys, sells, or holds securities for ***Clients'*** individual, separate accounts.

MANAGEMENT

Robert W. Colby

Robert W. Colby is the Chairman and Chief Investment Strategist of Robert W. Colby Asset Management, Inc., a Registered Investment Advisor in New York State, and all other states where required. Mr. Colby is responsible for determining the investments made in ***Clients'*** individual, separate accounts.

Mr. Colby's 44-year career in the financial industry includes experience in investment research, trading, consulting, teaching, and development of methods and systems for trading and investing.

Since 2001, Mr. Colby has been an Independent Research Consultant to professional investors based in New York City. He has developed custom investment/trading decision-making models for institutional and private clients. He developed objective and quantitative Algorithmic Market Timing Models, Relative Strength Ranking Systems, Daily Stock Screens highlighting Major Breakouts/Breakdowns, and other useful tools for managing large universes of stocks. He also has created models for fixed-income and other investment instruments. He writes weekly and daily market analysis and strategy reports for institutional investors and for two websites, RobertWColby.com and TraderPlanet.com.

From 2000 to 2001, Mr. Colby was an instructor at the New York Institute of Finance. There he developed and taught a new course, *Technical Analysis for Traders*. He was also an instructor at New York University, where he developed and taught a new course, *Market Timing for Investors*.

For the prior 11 years, Mr. Colby was a proprietary trader at Schonfeld Securities and Cowen & Company, both in New York. At Schonfeld, he had complete P & L responsibility for one of the firm's equities trading accounts. The proprietary trading systems used made the firm extremely successful and one of the fastest growing member firms of the NYSE during those years. At Cowen & Company, Mr. Colby worked closely with the head trader. His unit was significantly and consistently profitable.

In 1989-1990, Mr. Colby was a Research Consultant at Ned Davis Research. There he contributed to the firm's proprietary model building methods.

Mr. Colby was a Senior Technical Research Analyst and Vice President with Smith Barney in New York from 1980 to 1989. There he wrote daily and weekly investment strategy reports and advised institutional and individual investors. He integrated technical, fundamental, and quantitative research methods into a cohesive and complimentary model. He created an objective technical and quantitative ranking system for stock selection across the full spectrum of industry groups, foreign and domestic stocks. He revised and improved the computerized stock-monitoring *REACTIONS* designed for professional intuitional investors, and he initiated technical research coverage of fixed-income and foreign markets.

From 1969 to 1979, Mr. Colby held several positions as a Technical and/or Fundamental Analyst for *Indicator Digest* and *Income Investor* investment newsletters in New Jersey, Value Line Investment Survey in New York, Loewi & Company in Milwaukee, A.G. Edwards in St. Louis, and The Ohio Company in Columbus.

Mr. Colby earned a BS in Business Administration from the Ohio State University in 1969, with honors: cum laude, Beta Gamma Sigma, and Pace Setters. He majored in Real Estate and Finance. He completed all undergraduate and graduate-level course work in investments and finance, with a focus on stock-market related courses.

Accreditation and Licenses: CMT (Chartered Market Technician), Series 65, Series 7, Series 63, Series 3, and Options.

Publications: Colby, Robert W., *The Encyclopedia of Technical Market Indicators,* Second Edition, McGraw-Hill, 2003, 820-pages. First edition 1988. This book is the critically-acclaimed, standard research reference for trading systems design. Mr. Colby also published investment articles in *Forbes, Institutional Investor, Technical Analysis of STOCKS & COMMODITIES, SFO* (STOCKS, FUTURES AND OPTIONS MAGAZINE), *Active Trader, The Technical Analyst, MarketWatch, TradingMarkets.com, Physician's Money Digest, PC Magazine* (technical analysis software reviews), *Futures Magazine*, and works in progress on investment strategies, research methodologies, fundamental indicators, and chart pattern interpretation.

Mr. Colby is a Member of the Market Technicians Association since 1980. He currently serves as a Subject Matter Expert, question writer, and grader of a series of three examinations leading to the Chartered Market Technician accreditation. He has served on the MTA Prometric CMT Exams Standard Setting Panel, the Accreditations Committee, and as chairman of the MTA Programs Committee.

Mr. Colby has been a featured speaker at the Traders' Expo, Money Show, ETF Summit, Market Technicians Association, New York Institute of Finance, New York University, Rutgers University Graduate School of Business, Omega Research Trading Strategy Conference, and the Technical Analysis Group Annual Conference.

William K. Anderson

William K. Anderson is the CEO and COO of Robert W. Colby Asset Management, Inc. Mr. Anderson is responsible for the daily operations of the firm including, but not limited to: executing trades, compliance, client relations, and customer service.

From 2000 to 2009, Mr. Anderson was the CEO of RealReturns.com, an on-line financial advisory service. At RealReturns, Mr. Anderson developed an unbiased financial advisory system that offered portfolio optimization recommendations for retirement plans. RealReturns also offered basic financial planning advice including legal documents, insurance, budgeting, saving, spending, and financial goal creation and monitoring.

Prior to his career change to the Financial Planning field, Mr. Anderson spent 17 years with Lucent Technologies and AT&T. He started as an Industrial Engineer in a high-tech manufacturing facility and advanced to Product Manager for AT&T's AUDIX Voice Messaging System. After managing several hardware and software releases, he moved into a sales role, supporting multi-media and contact center solutions sales to Fortune 500 companies in the Northeast.

Mr. Anderson gained formal training in investment fiduciary responsibility, earning the Accredited Investment Fiduciary® (AIF®) professional designation by the Center for Fiduciary Studies, in association with the University of Pittsburgh Katz Graduate School of Business.

Mr. Anderson is a Registered Investment Advisor Representative, holds a Series 65 License, and is a Financial Planner.

Mr. Anderson's Education Includes:

- The Accredited Investment Fiduciary® (AIF®) designation,
- A Certification in Financial Planning from New York University,
- An M.B.A. from the University of North Carolina at Greensboro, and
- A B.S. Degree in Industrial Engineering from the University of Tennessee.

OPENING THE ACCOUNT – BROKERAGE ARRANGEMENTS

Clients' assets (cash and securities) are not held by ***Colby***. Rather, ***Clients'*** assets are held by an independent and accredited, third-party, custodian, broker/dealer firm, such as Folio Institutional, or another strong firm of the ***Clients'*** own choice. This independent custodian will be responsible for the record keeping of funds, for paying ***Colby's*** advisor fees from the ***Clients'*** accounts, and for providing ***Clients*** with regular statements of their accounts. Although ***Clients*** are free to select the custodian, broker/dealer firm of their choice, not all firms are the same, costs and fees vary widely, and ***Colby's*** fees vary based on the tools available at each custodian, broker/dealer firm (see "Fees and Expenses"). ***Clients*** pay brokerage fees established by the broker in connection with transactions effected for ***Clients'*** accounts pursuant to instructions provided by the Advisor, ***Colby***.

THE TRADING STRATEGIES – MANAGED ACCOUNTS

The following description of ***Colby*** and its trading methods and strategies is general and is not intended to be exhaustive. ***Colby's*** trading methods are proprietary and complex, so only the most general descriptions are possible. While ***Colby*** believes that the description of its methods and strategies included herein may be of interest, prospective ***Clients*** must be aware of the inherent limitations of such description. ***Colby*** may change or refine elements of the trading systems employed whenever such change appears likely to benefit ***Clients***.

Research: Numerous independent research studies show that Relative Strength has been one of the best strategies for stock selection for many decades. Generally, the Relative Strength calculation is based on some form of price momentum: for example, many studies divide the current price of a security by its price one year earlier to arrive at a rate of change. Next, that rate of change can be compared to the rates of change of all other securities in a predefined universe. With this precisely-defined quantitative data, researchers rank securities from strongest to weakest. ***Colby*** has worked with variations of this method for several decades and has made refinements that appear significant. ***Colby's*** updated version of the ***Screening Method for Analysis of Relative Strength*** uses a proprietary computer algorithm that is somewhat similar to the commonly-used price momentum (rate of change) but with different time periods and added filters to dampen random noise and weed out less liquid, inactive securities. ***Colby*** ranks hundreds of securities from highest to lowest momentum and buys the strongest ones at the top of the list, because they are the ones that are most likely to perform well going forward.

Securities: To date, ***Colby*** has invested primarily in Exchange Traded Funds (ETFs) because they offer low costs, tax efficiency, transparency, diversification, listed trading, liquidity, and stock-like features. ***Colby*** also has a program (**Stocks**) that invests in individual stocks, applying the same relative strength ranking method. ***Colby's*** **MAX** program may trade a wider variety of securities. In the future, ***Colby*** may invest in bonds, money markets, and cash equivalents, if and when ***Colby*** deems these to be more advantageous for ***Clients***. Except for ***Colby's*** **MAX** program, ***Colby*** does not trade or invest in futures or options contracts.

Long-Term Investment Time Horizon: ***Colby's*** program is not a short-term trading program. Major market trends generally take many months or years to develop and unfold. Therefore, ***Colby*** believes that an investment in the program may experience the benefit of the program over a full market cycle, including both up trends and down trends. ***Colby*** recommends that ***Clients*** view their accounts as long-term investments with the objective of seeking capital appreciation over a period of several years.

Trading Tactics: ***Colby*** may regularly rebalance ***Clients*'** accounts so that ***Clients*** hold roughly equivalent amounts of each of the top-ranked securities. In an effort to reduce risk, new ***Clients'*** accounts may be gradually phased in to a fully invested position over a period of several weeks, rather than all at once, in a single week, at ***Colby's*** discretion. In addition, there may be moderate and variable cash/income holdings for tactical purposes of trade timing.

The Colby Safety-First Portfolio: No Minimum Investment

The goal of the **Colby Safety-First Portfolio** is to achieve capital appreciation while controlling risk, primarily by selecting various Exchange Traded Funds (ETFs) at advantageous times, according to ***Colby's*** comprehensive analysis, which may include ***Colby's*** updated version of the ***Screening Method for Analysis of Relative Strength*** (described above), other objective research methods, and considered judgment based ***Colby's*** estimates of Potential Reward compared to Potential Risk going forward.

The **Colby Safety-First Portfolio** is not designed to track the general stock market, and so it may not be highly correlated to the broad stock market indexes. Rather, it is designed with an objective to potentially perform relatively well in any market or economic environment, including periods of expansion, contraction, inflation, deflation, etc., unlike the broad stock market indexes, which passively track the general market, even when stock prices are in protracted downtrends. ***Colby*** attempts to obtain consistent quarterly returns that exceed those of the equity market and to protect capital against significant risks. This program is maximally flexible: at times, achieving the objective may require concentration in volatile stocks; and at other times it may require ***Colby's Bear Market Protection***, which is concentration in securities that appear to offer the greatest degree of safety and protection against anticipated market risks, such as defensive ETFs, U.S. Government Treasury Securities, and cash.

For this program, ***Clients*** may impose reasonable restrictions on investing, provided we are able to accommodate such restrictions.

The Colby FLEX Portfolio (FLEX) : No Minimum Investment

- ***FLEX*** offers ***Clients*** a flexible and adaptive portfolio designed to outperform the S&P 500 in ***both*** up and down markets. ***FLEX*** is based on ***Colby's*** updated version of the ***Screening Method for Analysis of Relative Strength*** (described above). In computer simulations, ***FLEX*** has been delivering consistently superior returns. Because practical experience shows that fixed methods do not always perform in the future as they did in the past, ***Colby's*** methods and ***FLEX*** will adapt to changing conditions over time, as needed.

- ***FLEX*** is not a short-term trading system. ***FLEX*** is updated continuously in order to respond to changes in the ***major*** trends in a timely manner. In bull markets, when the equity markets are in well-defined uptrends according to ***Colby's*** objective methods, the

FLEX portfolio is fully invested, overweighting Exchange-Traded Funds (ETFs) that offer the greatest upside potential. Specific securities are selected from a predefined list of ETFs that track broad asset classes and market sectors. Because prolonged major bear market trends offer a very different set of challenges, ***FLEX*** may convert up to 50% of the portfolio to cash or cash equivalents in order to protect capital from loss, and that additional flexibility is intended allow us to outperform significantly in down markets.

The Colby Stocks Plus Portfolio (Stocks Plus) : No Minimum Investment

- ***Stocks Plus*** offers ***Clients*** a stock portfolio designed to outperform the S&P 500 in ***both*** up and down markets. ***Stocks*** is based on ***Colby's*** updated version of the ***Screening Method for Analysis of Relative Strength*** (described above). In computer simulations, ***Stocks*** has been delivering consistently superior returns. More than 600 stocks are analyzed weekly and investments are made in the top 20, best-performing stocks. An attempt is made to diversify the holdings by industry and sector.

- ***Stocks*** is not a short-term trading system, but it will be updated continuously in order to respond to changes in the ***major*** trends in a timely manner. In bull markets, when the equity markets are in well-defined uptrends according to ***Colby's*** objective methods, the ***Stocks*** portfolio is fully invested in approximately 20 stocks. Because prolonged major bear market trends offer a very different set of challenges, ***Stocks*** may convert up to 50% of the portfolio to cash or cash equivalents in order to protect capital from loss, and that additional flexibility is intended allow us to outperform significantly in down markets.

The Colby Large Cap Portfolio (Large Cap) : No Minimum Investment

- *Large Cap* offers *Clients* a stock portfolio designed to outperform the S&P 500 in *both* up and down markets. *Large Cap* is based on *Colby's* updated version of the *Screening Method for Analysis of Relative Strength* (described above). In computer simulations, *Large Cap* has been delivering consistently superior returns. The 500 stocks from the S&P 500 are analyzed weekly and investments are made in the top 20, best-performing stocks. An attempt is made to diversify the holdings by industry and sector.

- *Large Cap* is not a short-term trading system, but it will be updated continuously in order to respond to changes in the *major* trends in a timely manner. In bull markets, when the equity markets are in well-defined uptrends according to *Colby's* objective methods, the *Large Cap* portfolio is fully invested in approximately 20 stocks. Because prolonged major bear market trends offer a very different set of challenges, *Large Cap* may convert up to 50% of the portfolio to cash or cash equivalents in order to protect capital from loss, and that additional flexibility is intended allow us to outperform significantly in down markets.

The Colby Mid Cap Portfolio (MidCaps) : No Minimum Investment

- *Mid Cap* offers *Clients* a stock portfolio designed to outperform the S&P 400 in *both* up and down markets. *Mid Cap* is based on *Colby's* updated version of the *Screening Method for Analysis of Relative Strength* (described above). In computer simulations, *Mid Cap* has been delivering consistently superior returns. The 400 stocks from the S&P 400 are analyzed weekly and investments are made in the top 20, best-performing stocks. An attempt is made to diversify the holdings by industry and sector.

- *Mid Cap* is not a short-term trading system, but it will be updated continuously in order to respond to changes in the *major* trends in a timely manner. In bull markets, when the equity markets are in well-defined uptrends according to *Colby's* objective methods, the *Mid Cap* portfolio is fully invested in approximately 20 stocks. Because prolonged major bear market trends offer a very different set of challenges, *Mid Cap* may convert up to 50% of the portfolio to cash or cash equivalents in order to protect capital from loss, and that additional flexibility is intended allow us to outperform significantly in down markets.

The Colby Small Cap Portfolio (SmallCaps) : No Minimum Investment

- *Small Cap* offers *Clients* a stock portfolio designed to outperform the S&P 600 in *both* up and down markets. *Small Cap* is based on *Colby's* updated version of the *Screening Method for Analysis of Relative Strength* (described above). In computer simulations, *Small Cap* has been delivering consistently superior returns. The 600 stocks from the S&P 600 are analyzed weekly and investments are made in the top 20, best-performing stocks. An attempt is made to diversify the holdings by industry and sector.
- *Small Cap* is not a short-term trading system, but it will be updated continuously in order to respond to changes in the *major* trends in a timely manner. In bull markets, when the equity markets are in well-defined uptrends according to *Colby's* objective methods, the *Small Cap* portfolio is fully invested in approximately 20 stocks. Because prolonged major bear market trends offer a very different set of challenges, *Small Cap* may convert up to 50% of the portfolio to cash or cash equivalents in order to protect capital from loss, and that additional flexibility is intended allow us to outperform significantly in down markets.

The Colby Fixed-Income Portfolio: No Minimum Investment

- The goal of the Colby Fixed-Income Portfolio is to achieve capital appreciation while controlling risk, primarily by selecting various Exchange Traded Funds (ETFs) at advantageous times, according to *Colby's* comprehensive analysis, which may include *Colby's* updated version of the *Screening Method for Analysis of Relative Strength*, other objective research methods, and considered judgment based *Colby's* estimates of Potential Reward compared to Potential Risk going forward.

- The Colby Fixed-Income Portfolio is not designed to track the general bond market, and so it may not be highly correlated to the broad bond market indexes. Rather, it is designed with an objective to potentially perform relatively well in any market or economic environment, including periods of expansion, contraction, inflation, deflation, etc., unlike the broad bond market indexes, which passively track the general market, even when bond prices are in protracted downtrends. *Colby* attempts to obtain consistent quarterly returns that exceed those of the bond market and to protect capital against significant risks. This program is maximally flexible: at times, achieving the objective may require concentration in volatile high-yield bonds; and at other times it may require *Colby's Bear Market Protection*, which is concentration in fixed-income instruments that appear to offer the greatest degree of safety and protection against anticipated market risks, such as U.S. Government Treasury Securities and cash.

Dynamic Allocation Shifts

- *Colby* has the ability to shift *Client* assets from one trading strategy to another, given certain market conditions, in an effort to preserve capital or to realize additional gains. For example, in bullish market conditions, a *Client* may be invested in the Stocks *Plus* portfolio, but if the bull market weakens and ultimately turns bearish, *Colby* can shift client assets out of the Stocks *Plus* Portfolio and into the Safety First Portfolio, automatically and incrementally, using *Colby's* discretion. As market conditions improve, assets will be shifted back to the original trading program, again, automatically and incrementally. *Clients* specify their desire for Dynamic Allocation Shifts in writing.

The Colby MAX Program (MAX): $1,000,000 Minimum

This section pertains to the ***Colby*** MAX Program (MAX) ***only***, and not to any of ***Colby's*** other programs.

- MAX is only available to "qualified clients" who have at least $1 million of assets under management with ***Colby***. In addition, the investor needs to establish a margin account at an independent broker/dealer custodian that meets our requirements for security and active trading.
- MAX focuses on maximizing returns while minimizing risks through aggressive short-term trading, including buying long, selling short, trading derivatives (options and futures), using margin, and day trading.
- MAX Trading Strategies: MAX employs a variety of aggressive trading strategies for maximum trading flexibility. MAX does not invest for the long term. Rather, MAX uses techniques of professional traders in multiple time frames, including trading with trends and also trading against trends (that is, buying price pullbacks and selling rallies) in anticipation of trend reversals. Typical holding periods range from seconds to weeks. Major differences between our Asset Management program and MAX are that with MAX we can employ aggressive trading tactics to take advantage of minor, short-term moves, including day trades; we can use leverage, margin, and derivatives; and we can sell short to profit from bearish market trends.
- MAX may generate several trades per day, or none at all some days. MAX will generate higher commissions, fees, and other trading costs than our other programs.

THE COLBY SAVINGS PLAN ALERT SYSTEM (*Alerts*)

- Since it is not practical for ***Colby*** to directly manage ***Clients'*** current 401(k) accounts, ***Colby*** provides monthly ***Alerts*** to help ***Clients*** manage their 401(k) accounts themselves. ***Alerts*** is based on ***Colby's*** tested proprietary algorithms. ***Clients*** receive very specific investment instructions via an ***Alerts*** email report every month. ***Alerts*** is intended to empower ***Clients*** to manage their own 401(k) accounts using ***Colby's*** research, while eliminating uncertainty and guesswork.

- On a regular basis each month, ***Clients*** receive ***Alerts*** from ***Colby***. ***Clients*** then make the recommended changes themselves in a timely manner, preferably the same day that a new ***Alerts*** message is sent, or as soon as practical.
- Occasionally, to warn of significant high risk or high reward developments, ***Colby*** may send a special ***Alerts*** to ***Clients*** between normal monthly ***Alerts***.
- ***Clients*** provide ***Colby*** with lists of available investment options in their accounts, a statement of risk tolerance, age, and approximate net worth.
- ***Colby's Alerts*** system is not a short-term trading program. Major market trends generally take many months or years to develop and unfold. Therefore, ***Colby*** believes that the maximum benefit of the program will be realized over a full market cycle, including both up trends and down trends. ***Colby*** recommends that ***Clients*** view their accounts as long-term investments with the objective of seeking capital appreciation over a period of several years.

INVESTOR PROFILE

Colby's Safety-First Portfolio is most appropriate for the patient investor with a reasonable objective of above average risk adjusted returns over longer periods of time measured over many months and years. This program is not designed for short-term speculation. Although ***Colby*** strives to anticipate and respond to significant market movements in a timely manner, the timing and volatility of returns are not entirely controllable, especially in the short term. Significant increases and decreases in the value of portfolios can occur suddenly without warning due to unpredictable news events. Some of the Exchange Traded Funds used in ***Colby's*** strategy may be more volatile than a broad market index. Therefore, the source of funds in a ***Colby*** managed account should be steady and long term, not short term, and not based on any form of debt or loan.

Colby's FLEX **Program** is most appropriate for the patient investor with a reasonable objective of above average risk adjusted returns over longer periods of time measured over many months and years. This program is not designed for short-term speculation. Although ***Colby*** strives to anticipate and respond to significant market movements in a timely manner, the timing and volatility of returns are not entirely controllable, especially in the short term. Significant increases and decreases in the value of portfolios can occur suddenly without warning due to unpredictable news events. Some of the Exchange Traded Funds used in ***Colby's*** strategy may be more volatile than a broad market index. Therefore, the source of funds in a ***Colby*** managed account should be steady and long term, not short term, and not based on any form of debt or loan.

Colby's Stocks **Program** is most appropriate for the risk-tolerant investor with a reasonable objective of above average risk adjusted returns. Significant increases and decreases in the value of portfolios can occur suddenly without warning due to unpredictable news events. Some of the stocks used in ***Colby's*** strategy may be more volatile than a broad market index. Therefore, the source of funds in a ***Colby*** managed account should be steady and long term, not short term, and not based on any form of debt or loan.

Colby's MAX **Program** is most appropriate for the risk-tolerant investor with a reasonable objective of above average risk adjusted returns over shorter periods of time measured over days or weeks. This program is designed for short-term speculation. Although ***Colby*** strives to anticipate and respond to significant market movements in a timely manner, the timing and volatility of returns are not entirely controllable, especially in the short term. Significant increases and decreases in the value of portfolios can occur suddenly without warning due to unpredictable news events. Some of the investments used in this strategy are more volatile than a broad market index. Therefore, the source of funds in a ***Colby*** Aggressive Trading Strategy account should be steady and long term, not short term, and not based on any form of debt or loan.

PERFORMANCE RECORD

When reviewing Robert W. ***Colby*** Asset Management's performance record, prospective ***Client*****s** should be aware that different accounts can and have had varying investment results, even though they have been traded according to the same general trading approach. The reasons for this may include the following material differences between accounts:

1) The period during which the accounts were active.
2) The fee structure of the custodian; flat fee trading versus a per-trade commission.
3) Trading restrictions at the custodian, including but not limited to trading windows, settlement dates, and trading of fractional shares.
4) The size of the account. For example, fixed custodial and trading fees at Folio Institutional are 0.25% per year, or $200, whichever is higher. This means accounts smaller than $80,000 would pay higher fees as a percentage of account size, and so such smaller accounts would show lower performance after fees. Specifically, a $100,000 account would pay custodial fees of $250, which is 0.25% per year as a percentage of the account size. In contrast, an account one-tenth that size would pay $200, which is 2.0% of the $10,000. This higher percentage cost would reduce the percentage performance net of all fees for the small account.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Quarterly results will be documented on our letter to ***Clients***, or on our web site at www.ColbyAssetManagement.com, or by request.

PRINCIPAL RISK FACTORS AND OTHER CONSIDERATIONS

Prospective ***Clients*** should consider all of the risk factors described in this Disclosure Document before making a decision to participate. Results of investing in financial markets can be volatile. Price movements for financial instruments are influenced by, among other things, changing supply and demand relationships; trade, financial, monetary, and exchange control programs; policies of governments and monetary authorities; economic and financial events in the United States and internationally; changes in national and global interest rates; inflation; deflation; currency reevaluations; natural disasters; and emotions of the market place. None of these factors can be controlled by ***Colby***, and no assurance can be given that any advice will result in profitable trades for ***Clients*** or that ***Clients*** will not incur losses.

Non-Diverse Portfolios

Colby's trading strategies do not seek a widely-diversified portfolio of investments. Rather, strategies focus on select financial instruments that ***Colby*** believes offer the best combination of favorable rates of return versus risk. ***Colby*** cannot guarantee that its trading strategies will be successful or profitable. And any losses may be compounded to the extent that ***Clients'*** investment portfolios may be concentrated in a few financial instruments or investment styles, rather than diversified across a wide array of financial products or strategies.

Trading

Adjustments are made to ***Clients'*** portfolios, whenever deemed necessary or advantageous, by buying and selling securities. ***Colby*** strives for the best execution of trades for ***Clients*'** accounts but cannot guarantee any specific outcome.

Capital Gains

Short-term capital gains and losses may be significant for taxable accounts. ***Clients*'** should consult their tax advisers. ***Colby*** does not offer tax advice.

FEES AND EXPENSES

Applicable fees for each account are specifically described in each ***Client's*** Investment Management Agreement. Robert W. Colby Asset Management, Inc. reserves the right to offer a fee structure that differs from the table below, based on a ***Client's*** individual needs.

Management Fees

New Clients after 3/5/2015:

Our fee structure is *Tiered*: when a breakpoint is surpassed, the fees assessed are reduced only for the assets above each breakpoint.

Our annual fee is:
0% of assets under management for the first $10,000,
1.0% for the next $490,000, and
0.75% for the amount over $500,000.00 at Folio Institutional.

Existing Clients prior to 3/5/2015:

Our previous fee structure was *Tapered*, that is, breakpoint pricing is 'retroactive': when a breakpoint is surpassed, the fee assessed will be applied starting at the first dollar for all assets.

For existing clients prior to 3/1/2015, our annual fee is:
1% of assets under management for amounts up to $500,000, and
0.75% for amounts over $500,000.00 at Folio Institutional.
Existing clients will be assessed the fee structure that results in the lowest fee.

Our fee is doubled if the account is held at another broker-dealer custodian due to the fact that we will be forced to enter trades manually, send invoices manually, etc., resulting in higher operating costs.

The management fee will be paid whether or not the account has a profit.

Fees for the Colby *MAX* Program Only:

Colby charges a fee of, "1.5 and 15", that is, an annual management fee of 1.5% of the fund's net assets *plus* a 15% performance fee (15% of the trading profits), both payable after the end of each quarter. One fourth of the 1.5% annual fee is due in January, April, July, and October.

No Other Fees:

The management fee outlined above is the only fee Robert W. Colby Asset Management, Inc. will charge a ***Client***. No other fees will be charged by ***Colby***.

Fees Paid to Custodian Brokerage Firm:

The ***Client*** pays all brokerage commissions, other transactional costs, and any additional services charged by the ***Client's*** brokerage firm or custodian.

OTHER CONSIDERATIONS

Proprietary Trading

Colby reserves the right to trade for its own accounts. Any trading activity in these accounts may differ from the trading activity in ***Clients'*** accounts. There is no assurance that any trading results in the Advisor's/Principal's proprietary accounts will be the same as the performance in ***Clients'*** accounts, since the Advisor and/or the Principal may trade more aggressively in their own accounts.

Litigation

Neither Robert W. Colby Asset Management, Inc., nor any or the principals have ever been party to securities litigation. There are no past or pending administrative, civil, or criminal proceedings or actions.