

FUHRMAN MANAGEMENT ASSOCIATES, INC. FIRM BROCHURE

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**Fuhrman Management Associates, Inc.
602 Office Center Drive Suite 115
Ft Washington, PA 19034
215-619-4000
www.investab.com**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

This brochure provides information about the qualifications and business practices of Fuhrman Management Associates. If you have any questions about the contents of this brochure, please contact us at: 215-619-4000, or by email at: sholin@investab.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Fuhrman Management Associates is available on the SEC’s website at www.adviserinfo.sec.gov

Material Changes

Annual Update

This brochure will be updated annually or more frequently when material changes occur after the previous update and release of this Brochure.

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Advisory Business

Firm Description

Fuhrman Management Associates, Inc. (FMA), was founded in 1985 and is a registered investment advisor with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940.

FMA provides personalized investment management and confidential advice as well as financial planning to its clients. Clients consist of individuals, their retirement accounts including IRAs and Profit Sharing Plans, trusts, estates, charitable organizations and small businesses. Investment advice and management of assets is an integral part of the advisory services provided by the firm. Ongoing analysis and consultation with the client will include: determination of financial objectives, identification of financial problems, cash flow management, investment management, insurance review, tax planning, education funding, retirement planning, and estate planning.

Although other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client on an as-needed basis, FMA maintains a dialogue with these advisors in order to ensure a comprehensive investment plan for the client. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

FMA provides management advice and ongoing management and oversight of the various assets held in clients' investment accounts. Stocks, bonds and mutual funds are the primary investment vehicles utilized in the management of accounts, although FMA will occasionally recommend various other investment vehicles such as annuities or insurance to achieve the investment goals of its clients. The firm charges a management fee based upon the assets under management and is not affiliated with any entity that sells financial products or securities.

The initial meeting, which is preferably in person is free of charge and is considered an exploratory interview to determine the extent to which FMA's services of financial planning and investment management may be beneficial to the client.

Clients receive periodic in depth reviews (at least annually) either by phone or in person which are conducted with all clients to ensure that there are no material changes in the investment objectives developed in prior meetings. More frequent contact may, and often does occur throughout the course of the year by way of phone conversations and written correspondence. These contacts may be initiated by the client as well as the advisor. Clients receive monthly statements detailing all assets held at JP Morgan Clearing Corp. (JPMCC) and quarterly statements from mutual fund providers. In addition,

FMA provides a quarterly Investab report detailing the positions held, date of purchase and cost basis (if made available.)

Principal Owners:

The principal owners of FMA are Benham Fuhrman (35%); Susan Fuhrman Holin (35%); Steven Fuhrman (20%) and John Roeckel (10%).

Types of Advisory Services

FMA's primary business is to provide investment supervisory services, also known as asset management services. Most of FMA's advisory accounts are managed on a discretionary basis. In addition, FMA provides investment advice on certain accounts (such as employee 401(k) accounts and 529 Plans) for which it does not exercise discretion, but provides quarterly advice, the implementation of which is the responsibility of the client. In conjunction with its overall management strategies, FMA also provides advice to clients on matters not directly involving the management of securities, such as financial planning matters, taxation issues, and trust services that often include estate planning and date of death estate valuations of securities.

Tailored Relationships

The goals and objectives for each client are documented in the client file and a formal Investment Policy Statement (IPS) is created for each client (or family unit) that clearly reflects the stated investment goals and objectives of each client. The IPS is reviewed annually and updated for any material changes. It is the client's responsibility to notify FMA of any material changes which would affect the recommendations and asset allocation set forth in the current IPS. A revised IPS is re-executed and acknowledged by each client every two years regardless of whether there are any material changes.

Types of Agreements

The following agreements define the typical client relationships. Agreements may not be assigned without client consent.

Investment Advisory Agreement

Clients who choose to engage FMA as their primary investment advisor do so in order to obtain ongoing in-depth investment asset management and retirement planning. At the beginning of the advisory relationship, information will be gathered in a confidential manner to determine a client's financial history, goals, objectives, and financial concerns and the advisor will assist each client in developing an asset allocation strategy based on each client's specific needs. Realistic and measurable goals are set and objectives and recommendations to reach those goals are defined. Since investment goals and objectives change over time, recommendations are

reviewed at the in depth annual meeting, agreed upon by the client and implemented on an ongoing basis.

All clients who sign an FMA advisory agreement engaging FMA to manage their assets, must establish an account with Western International, an SEC and FINRA broker/dealer (WIS), and JP Morgan Clearing Corp, (JPMCC) as clearing agent and custodian or with a mutual fund company, as appropriate and must deposit all assets to be managed in that account. The clearing firm charges certain transaction fees for stock, bond and mutual fund trades which is disclosed on the trade confirmation received by the client. FMA does not share in any portion of these charges.

Investments may include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships. Initial public offerings (IPOs) are not available through FMA.

Clients may impose restrictions on investing in certain securities or types of securities.

If the securities are held directly at a mutual fund, clients must grant FMA access to these accounts in order to provide the ability to implement investment management decisions.

Although there is no strict minimum account size for a managed account, it is recommended that a client deposit at least \$100,000 in cash and/or securities. It should be noted that accounts with less than \$ 100,000 in cash and/or securities may be charged a higher percentage of assets under management, than clients with more assets under management.

Clients are also advised that performance on smaller individual managed accounts (defined as accounts less than \$100,000), may be more greatly affected due to difficulties with diversification and the ability to minimize risk. Accounts with less than \$50,000 in assets are usually invested in mutual funds or ETFs in order to achieve greater diversification than would be possible by investing in individual securities. Performance of smaller accounts may therefore vary from the performance of larger accounts with due to fluctuations in the market that may affect smaller accounts to a greater degree. Further, smaller accounts may be more volatile due to the reduced ability to diversify.

Based on each client's investment objectives, risk tolerance, and financial situation, FMA will manage the account on a continuous basis based on the individual needs of the client. Advisory Representatives are given discretionary authority to monitor each client's account and may rebalance and reallocate the account based upon the investment objectives and instructions from the client. FMA will only accept new clients on a fee basis

with full discretion to manage the assets within each account. The managed accounts of all new clients will be billed on a fee basis in accordance with FMA's fee schedule.

Advisory representatives of FMA are also Registered Representatives of WIS. WIS is a broker/dealer and may provide commission compensation to its Registered Representatives for executing securities transactions related to the investment management of certain accounts. The investment management of a small percentage of *existing* FMA advisory accounts is compensated by the payment of commissions per transaction rather than fees. The advisors receive their compensation (in lieu of fees) directly from WIS in their capacity as registered representatives of WIS. FMA does not directly charge or collect commissions for the management of its advisory accounts and *does not* share in any commission compensation.

Investment advisory fees are billed on a quarterly basis and are deducted directly from the client's account. If a client has more than one account under management, the client and advisor will determine the appropriate account from which to deduct the fee. Clients receive a quarterly billing statement with their quarterly Investab which details the valuation and the calculation of the quarterly bill. Certain assets, including but not limited to securities which the client has determined will not be sold or certain annuities, may be deducted from the fee calculation.

Additional assets deposited into the account after the account is opened may be charged a pro-rated fee based on the number of days remaining in the quarter. Fee adjustments will not be made for partial withdrawals from the account during the quarter. No fee adjustments will be made for account appreciation or depreciation.

The annual fee is based on a percentage of assets under management and is determined by the agreed upon asset allocation for the account. A client is billed 1% of the equity allocation and .5% of the fixed. For example, an account with a 60/40 equity/fixed allocation would be billed .8% annually (.2% quarterly). Accounts with less than \$100,000 in assets are generally billed a flat 1% (.25% quarterly) until such time as the allocated fee would generate at least \$1,000 in annual fees. All fees are *negotiable*.

Although the Investment Management Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or FMA may terminate an agreement at any time by written notice to the other party. At termination, pre-paid fees will be rebated to the client on a pro rata basis for the portion of the quarter remaining. The amount billed at the beginning of the quarter is used as the basis for the fee computation, adjusted for the number of days remaining in the quarter upon notification of termination.

Investment Advisory Agreement (non discretionary)

In certain circumstances, where FMA is prohibited from exercising discretion in the direct management of assets, (such as a 401(k) Plan or certain 529 Plans), a client may engage FMA to provide quarterly investment advice. FMA reviews the quarterly account statements and prepares a quarterly analysis report with recommendations for rebalancing in accordance with the client's stated investment objectives and allocations. Implementation of the recommendations is solely the responsibility of the client.

The fee for such an arrangement is generally .5% of the assets, billed quarterly. There is an annual minimum fee of \$500.00 (\$125.00 per quarter) payment to be made upon completion and presentation of the report. This agreement may be terminated at any time by providing written notification to either party. Since payment is not made in advance, but upon completion of each quarter's written analysis report, if notification occurs after the quarterly report has been prepared, client will be responsible for payment of that quarter's fees.

Financial Planning Agreement

An individual who does not want ongoing investment management of their assets may engage FMA to prepare a financial plan which is designed to help the client with all aspects of financial planning. The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed and specific recommendations and investment advice generated in the financial plan are presented to the client in a subsequent meeting. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance history is not an indication of future performance. FMA does not guarantee that a client's financial goals and objectives will be met, but provides a written proposal with recommendations of how best to achieve these goals. The implementation of any recommendations is at the discretion of the client and client is responsible for notifying FMA of any changes in their financial situation, goals or objectives which would have an impact on the recommendations contained in the financial plan.

The fee for preparation of the financial plan is predicated upon the facts known at the start of the engagement and will be based on the amount of time anticipated to be necessary to complete the plan. In the event that the client's financial situation and requests for analysis are *substantially* different than disclosed at the initial meeting, a revised fee will be negotiated upon mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Financial plans are priced according to the degree of complexity associated with the client's situation. The minimum fee is \$ 500.00 with a maximum charge of \$ 1,200.00 (unless it is determined that the scope of the work required will significantly exceed 8-10 hours of time.) Any fees in excess of \$1,200 must be mutually agreed upon by the advisor and the client.

Fees for financial planning are payable one-half of the agreed upon fee upon execution of the engagement contract with the balance of the fee due at the time of presentation of the Plan. Clients are advised that fees for financial planning are strictly for financial planning services and not for ongoing investment advice. After delivery and review of a financial plan, future face-to-face meetings may be scheduled which will be billed separately at the rate of \$150.00 per hour. Clients are under no obligation to implement the Plan's recommendations through FMA or its Advisors. However, if after presentation of the financial plan, the client decides to engage FMA for investment management and advisory services, any fees in excess of \$ 250.00 will be rebated to the client on their first quarterly bill.

Special Situation Engagements

FMA is not in the business of tax preparation work, but does prepare returns for several clients upon request. This service is performed as a separate arrangement from the Advisory Service Agreement and the fee for preparation of the required returns is based upon the complexity of the returns and the amount of various sources of income that are required to be inputted. FMA may also, on occasion prepare estate date of death valuations for which it will charge a fee based upon the size and complexity of the estate assets.

Hourly Planning Engagements

FMA may provide hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$ 150.00 per hour. Based upon the information provided by the client, FMA will estimate the amount of time needed to provide the requested services and provide a projected range so that the client will know in advance the maximum cost that may be incurred. Payment of one-half of the estimated cost is due upon signing of the engagement contract, with the balance due upon completion of services.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying FMA in writing subject to the conditions set forth in the explanation of each contract.

FMA may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, FMA will refund any unearned portion of the advance payment.

Fees and Compensation

Description

FMA bases its investment management fees on a percentage of assets under management; taking into account the targeted asset allocation of the portfolio(s). FMA, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

It may also charge a separate fixed rate for additional services such as preparation of a financial plan (for a client whose assets are not under management with the firm) as well as for preparation of tax returns, in depth analysis of insurance policies or any other analysis requested by client and considered to be outside of the scope of the investment management agreement. Any additional fees are negotiable and agreed upon by the client. FMA does not charge fees for consultations with a client's attorney or accountant unless previously agreed upon by both the client and FMA.

All fees are negotiable.

Investment Management Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Fees are usually deducted from a designated client account to facilitate billing. In signing the FMA management agreement, the client consents to direct debiting of their investment account. If management of an account commences during a quarter, the fee will be calculated on a pro-rated basis for the remaining days left in the quarter.

Investment management fees are based upon a formula of 1% of the target equity allocation and .5% of the target fixed allocation, regardless of the actual allocation of the portfolio at the time of billing. For example a 60% equity; 40% fixed portfolio would be charged .8% on an annualized basis (.2% per quarter) This asset allocation is determined during or soon after the initial consultation with the client and is based upon the appropriate asset

allocation necessary to meet their investment objectives as well as in consideration of their risk tolerance.

Billing for Services Other than Investment Management

Fees for financial plans and hourly services are billed one-half in advance, with the balance due upon delivery of the financial plan or completion of services.

Fees for quarterly analysis of non-discretionary accounts are billed on a quarterly basis upon completion of the report. The fee is .5% of the value of the account at the end of the quarter (\$125.00 minimum per quarter) and is payable upon completion and presentation of the report.

Fees for tax preparation and estate valuation are determined prior to performance of services and are billed and payable upon completion of the services.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to FMA. FMA does not share in any of these fees.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

FMA reserves the right to stop work on any account that is more than 45 days overdue in payment of fees. In addition, FMA reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in FMA's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 45 days.

Performance-Based Fees

Sharing of Capital Gains

Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

FMA **does not** use a performance-based fee structure because of the potential conflict of interest.

Types of Clients

Description

FMA provides investment asset management services and advice to individuals, IRAs, profit sharing and other retirement plans, trusts, estates, or charitable organizations, corporations and other business entities.

Client relationships vary in scope and length of service.

Account Minimums

There is no minimum account size for management of assets. , However, clients with less than \$100,000 in assets may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Accounts of less than \$ 100,000 may qualify for the blended fee structure when the account is one of several accounts held by the client or related accounts or if the advisor anticipates the client will add additional funds in a timely manner. Generally if accounts are \$50,000 in value or less, the assets will be invested in a mutual fund or ETFs in order to achieve diversification not otherwise possible in a brokerage account purchasing individual stocks and bonds.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that FMA may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, the World Wide Web and other stock analysis newsletters.

Investment Strategies

FMA's primary investment strategy is to maintain the appropriate asset allocation between equities and fixed income investments in each client's account. We maintain our investment strategies and management discipline despite short-term market fluctuations. For each client's bond allocation, FMA utilizes a bond laddering strategy which serves to reduce both interest rate and reinvestment risk. This strategy also provides a steady source of income to meet cash flow needs or to provide funds for additional investments. On the equity side, FMA strives to achieve diversification by purchasing equities across all industry sectors, utilizing both dividend paying stocks as well as growth stocks where appropriate. In addition, most portfolios will have some exposure to various international markets. All advisory representatives are members of the firm's Investment Committee which meets at least bi-weekly to discuss current investment holdings as well as to review and analyze possible future investments.

The investment strategy for a specific client is based upon the objectives and risk tolerance stated by the client during consultations. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy. The client may change these objectives at any time.

Other investment products or strategies may be utilized in certain situations and would be discussed with the client prior to implementation.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Affiliations

FMA is not affiliated with any financial industry entity.

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

Code of Ethics

FMA has written a Code of Ethics with which all employees are required to comply. This Code is available for review by clients and prospective clients and FMA will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

FMA and its employees may buy or sell securities that are also held by clients. However, all employees of FMA are prohibited from acquiring or selling securities in their account or a related account at a better price than a client and must comply with the provisions of the FMA Supervisory Compliance Manual.

Personal Trading

The Chief Compliance Officer of FMA is Susan Fuhrman Holin. In order to ensure that all employees' trades are in compliance with the supervisory procedures, she reviews all employee trades on a daily basis and again each quarter. Any trades in her personal or related accounts are reviewed by John Roeckel in the same manner. The personal trading reviews ensure that trades in employees accounts are not executed at a better price than a client and that clients of the firm receive preferential treatment.

Brokerage Practices

Selecting Brokerage Firms

Investment advisory clients of FMA, for whom FMA exercises discretion in the management of assets must utilize JPMCC as clearing agent and custodian for execution of securities transactions. FMA does not have any direct affiliation with JPMCC and does not receive any fees or commissions as a result of this arrangement.

Best Execution

FMA reviews the execution of trades at the end of each day. Transaction fees charged by the custodian are not negotiable, but any change in fees charged will not affect the current transaction charge paid by the client as disclosed above. FMA does not receive any portion of the transaction fees.

Soft Dollars

FMA does not receive any compensation from JPMCC or WIS, also known as soft dollars.

Order Aggregation

FMA may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. FMA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent an aggregated order is not filled in its entirety, securities purchased or sold in an aggregated transaction will be allocated on a blind basis in order to fully allocate the shares purchased or sold that day. If sale or purchase of a particular security occurs over more than one trading day so that average pricing is not available, FMA will make every effort to obtain the best price for each client. In no event, will any trade made on behalf of an Advisory Representative, employee or related person in that security within a 7 day period, be done at a more favorable price than that received by a client.

Review of Accounts

Periodic Reviews

Advisory representatives review all accounts on an ongoing basis, but no less frequently than quarterly. In performing the analysis of a client's account, the advisory representative will consider the client's current security positions and the likelihood that the performance of each security will contribute to the overall investment objectives of the client. The review of the portfolio will consider among other factors, the overall asset allocation, exposure to equity sectors and on the bond side of the portfolio, the appropriate maturity and type of bond to fit into the investment strategy. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a specific portfolio review are changes in a client's own situation, changes in the tax laws, new investment information and/or investment recommendations from the investment committee. As bonds mature in a portfolio, this also triggers a review to determine whether, in accordance with the asset allocation, the bond proceeds should be invested in equities or fixed investments.

Regular Reports

Clients receive monthly statements generated by JPMCC which detail the positions and monthly transactions in each account, including receipt of dividends and interest. Clients also receive quarterly Investab reports which are generated by FMA and which show more detailed investment information including the cost basis, date of purchase, yield, and percentage exposure of all securities held in the account. Clients are encouraged to contact FMA if there is any discrepancy in valuation between the two reports.

Client Referrals and Other Compensation

Incoming Referrals

FMA has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

FMA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Account Statements

FMA does not maintain custody of any client assets. All brokerage assets are held at JPMCC as custodian, which means the custodian provides account statements directly to clients at their address of record on a monthly basis. All mutual fund accounts are held directly with each mutual fund company which also provides account statements directly to clients at their address of record at least quarterly.

Investment Discretion

Discretionary Authority for Trading

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Upon execution of the FMA Investment Advisory Agreement, client grants and FMA accepts discretionary authority to manage securities accounts on behalf of clients. FMA has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. In signing the advisory contract, the client approves the use of JPMCC as custodian and acknowledges the ticket charges and other fees paid to the custodian. All of these charges are clearly disclosed on the transaction confirmation generated for each trade and which is mailed directly to the client by JPMCC.

The amount that Advisory Representatives of FMA actually pay to their broker/dealer for transaction execution services varies depending on the type of transaction and may be higher or lower than the actual ticket charge charged to the client. FMA has determined that based upon the current transaction charges imposed by JPMCC and WIS; a \$25.00 ticket charge for equities and \$ 30.00 for bonds is an equitable amount. In their capacity as Registered Representatives of WIS, positive net differences are retained by the Advisory Representatives and negative net differences are charged to the Advisory Representatives. Consequently, the *cumulative net difference* between the ticket charge and the actual costs of transaction execution charged to the Advisory Representative represents a potential conflict of interest and a possible additional potential source of compensation to Advisory Representatives. The actual amount retained will, however, when averaged through the year, result in minimal additional compensation, if any. FMA may reduce these ticket charges in the future if the actual transaction costs charged are reduced by WIS and/or JPMCC.

Certain mutual funds charge distribution fees such as 12(b)-1 fees, a portion of which may be received by Advisory Representatives in their capacity as Registered Representatives of WIS. The amount of a mutual fund's 12(b)-1 fees, if any, are included among normal mutual fund expenses and are reflected on the fund's financial statements. Upon retaining FMA to manage their assets, clients may, on occasion deposit assets on which a commission or sales charge was previously paid. Unless an adjustment is otherwise agreed upon, the client will pay a fee on these assets in accordance with the appropriate fee schedule.

FMA does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Voting Client Securities

Proxy Votes

FMA does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, FMA will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Financial Information

Financial Condition

FMA does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because FMA does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

Business Continuity Plan

General

FMA has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

FMA does not have an official alternate office to support ongoing operations in the event the main office is unavailable. FMA does back up all information and stores it offsite so that, if necessary, FMA advisors would continue to operate from a remote site. All clients will be contacted within five days of a disaster should we move our office to an alternate location. All contact information would remain the same, ie email and phone numbers.

Information Security Program

Information Security

FMA maintains strict protocol, passwords and security of information to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

FMA is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

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

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

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier and authentication procedures in our office computer environment as well as encryption of data for all remote access.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information will be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to offer to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

FMA requires that its advisors have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management. None of its advisors have been cited for any disciplinary actions. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA.

Professional Certifications

Certain earned certifications and credentials earned by Advisors are required to be explained in further detail:

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the comprehensive 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Agree to be bound by CFP Board's Standard of Professional Conduct; which outlines the ethical and practice standards of CFP professionals
- Successfully pass the Candidate Fitness Standards and background check.
- Continuing education requirements- 30 hours every two years, including 2 hours of Ethics to maintain competence and keep up with developments in the financial planning field.

Juris Doctor: Requires 12 hours of annual continuing education to maintain legal license.

Masters in Taxation (LL.M): This graduate degree is acquired post law school and is designed to provide in depth exposure to tax practice.

Insurance Agent: Requires 24 hours of continuing education every two years.

Susan Fuhrman Holin, JD, LLM, CFP®, born 1953

Susan graduated from Ithaca College in 1975 with a double degree in Psychology and History. She graduated from Rutgers University Law School in 1978 where she concentrated on estate and tax planning. While working for a small estate planning law firm in Newark, she continued her studies and in 1981 earned a Masters degree (LLM) in tax law from New York University. She is a member of the Pennsylvania, New Jersey and Florida Bars and is licensed to sell insurance. She has been actively involved in the management of assets since 1981 when she joined Herzfeld & Stern in order to bring tax and estate planning expertise to Bud's existing investment clients. In 1985 she resigned from Herzfeld & Stern to establish Fuhrman Management Associates. Susan received her CFP® designation in 1989 and with this expertise is instrumental in the development of financial plans, implementation of tax strategies in the investment of portfolios, and the ongoing management of client portfolios. She works closely with clients and their advisers in order to provide a comprehensive investment and tax efficient portfolio strategy.

Benham (Bud) Fuhrman, born 1931

Bud has over 43 years of experience as an investment manager. Bud graduated from the University of Pennsylvania in 1953 with a B.S. in engineering. After serving in the U.S. Navy, he began his career working for a family-controlled manufacturing firm. In 1968, Bud began his professional investment career with Herzfeld & Stern. After rising quickly through the firm's leadership ranks, he resigned in 1985 to establish Fuhrman Management Associates. Bud was among the first graduates from the College for Financial Planning, earning his Certified Financial Planner (CFP) designation in 1976. In addition to his activities at Fuhrman Management Associates, Bud has taught investment courses and serves as an industry specialist on arbitration panels of the National Association of Securities Dealers (NASD).

John B. Roeckel, born 1964

John received his B.A. in Economics from Lock Haven University in 1986. John has more than 24 years of experience in the securities industry, having begun his career as an examiner with the Philadelphia Stock Exchange before joining Bear, Stearns & Co in 1989. At Bear Stearns, John spent 2 years on the stock exchange trading floor, gaining first-hand familiarity with trading operations, before moving into a risk management position as a Vice President of the firm. John joined Fuhrman Management Associates in 1997 in order to bring his expertise in risk management and bond trading to the firm. He participates in the management and review of accounts and is the primary person responsible for fixed income and option strategies. He is also

licensed to sell insurance and is instrumental in providing insurance needs analysis.

Steven M. Fuhrman, born 1962

Steven received a B.S. in Economics from the Wharton School at the University of Pennsylvania in 1984 and became a registered representative in 1984 with Herzfeld & Stern. In 1985, he resigned from Herzfeld & Stern to help establish Fuhrman Management Associates. Steven now provides accounting and technology support for Fuhrman Management and as a member of the investment committee, provides equity analysis for the firm. He is not actively involved in the ongoing management of individual portfolios, but does provide major input into the firm's ongoing investment philosophy.