

**Part 2A of Form ADV: Firm Brochure**

**Genesis Investment Advisory Services, LLC**

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This brochure provides information about the qualifications and business practices of Genesis Investment Advisory Services, LLC.

If you have any questions about the contents of this brochure, please contact us at (212) 687-3600 or [g.addeo@gaddeocpa.com](mailto:g.addeo@gaddeocpa.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 Genesis Investment Advisory Services, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 126337.

## **Item 2     Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/15/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **Item 4     Advisory Business**

Genesis Investment Advisory Services, LLC is a SEC-registered investment adviser with its principal place of business located in New York. Genesis Investment Advisory Services, LLC began conducting business in 2001.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

- Gerard Addeo, CPA, Principal

Genesis Investment Advisory Services, LLC offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous and non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

The investor's objectives and constraints are maintained and reviewed periodically, at least annually, to reflect any changes in the client's circumstances.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, balanced growth, balance, conservative and fixed income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio at least quarterly, or when business or other reasons, such as a major change in market conditions, dictate more frequent review.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for

risk, liquidity and suitability.

## MODEL PORTFOLIO MANAGEMENT

Our firm provides continuous portfolio management services to clients by implementing and following model portfolios prepared by Litman/Gregory Analytics. Each model portfolio is designed to meet a particular investment goal.

Our firm offers five model portfolio types based on models designed by Litman/Gregory Analytics, each targeting a different level of downside risk and potential reward.

Within model portfolios we offer five active models and five index-based models. Active models employ the tactical asset allocation strategy using actively managed funds. Index-based models use the same tactical asset allocation approach as our active models, but implement the approach using ETFs and index funds instead of actively managed funds. Each of the index-based model portfolios is managed with consideration for tax impact.

Here is a description of our five model portfolio types:

**Defensive Balanced:** This is our most conservative portfolio. This portfolio is managed in an effort to limit losses to no more than 2.5% in any 12-month period, but we cannot guarantee that there won't be periods in which this threshold won't be exceeded. Our default allocation to equities in this model is 20%, with 80% in fixed-income. This portfolio is most appropriate for investors for whom capital preservation is a high priority and who are uncomfortable with short-term risk.

**Conservative Balanced:** The portfolio is managed in an effort to limit a maximum loss in a 12-month period to no more than 5%, but we cannot guarantee that this threshold won't be exceeded. Our default allocation to equities in this model is 40%, with 60% in fixed-income. This portfolio is most appropriate for investors who are uncomfortable with higher short-term risk and who value short-term capital preservation over higher long-term returns.

**Balanced:** This portfolio is managed in an effort to limit the maximum loss in a 12-month period to no more than 10%, but we cannot guarantee that this threshold won't be exceeded. The higher downside risk threshold allows us to have more equity exposure than in our conservative balanced portfolio (a 60% default allocation to equities), while remaining relatively conservative. This portfolio is appropriate for investors who want to participate in the equity markets, but are still somewhat uncomfortable with short-term risk.

**Equity-Tilted Balanced:** This portfolio is managed in an effort to limit the maximum loss in a 12-month period to no more than 15%, but we cannot guarantee that this threshold won't be exceeded. This portfolio has a more aggressive 75% default allocation to equities, and is appropriate for investors who are willing to accept higher short-term risk in exchange for the likelihood of higher long-term returns than what are available from our more conservative portfolios.

**Equity:** This portfolio is, as a rule, a fully invested, global stock portfolio. Consequently the ups and downs of the portfolio's returns will be as wide as the equity market. It's possible that investors could lose 20% or more of their value over 12 months (though we expect this to be rare). Along with higher risk, we expect higher long-term returns than what are available from our other, less aggressive models. This portfolio is appropriate for investors with a long time horizon and no concerns about short-term risk.

Our objective is not to exceed our risk threshold targets in the vast majority of environments, there is no guarantee that we will do so, and each investor should carefully consider their portfolio strategy in light of their risk tolerance and the possibility that losses could exceed our target levels.

Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal as well as each client's individual needs. We use *Litman/Gregory* model portfolios in a variety of ways in managing client assets. Some of portfolios follow exact models and some use them only as guidelines. We determine how well *Litman/Gregory* portfolios fit our clients' needs and risk parameters, and whether it makes sense to execute all the suggested transactions.

Clients retain individual ownership of all securities.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (maximum growth, growth, balanced growth, balanced and conservative), as well as tax considerations for Index-based models.

Once the client's portfolio has been established, we review a portfolio at least quarterly or when business or other reasons, such as a major change in market conditions, dictate more frequent reviews.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities (ETFs and index funds)
- Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

### **THIRD PARTY PORTFOLIO MANAGERS**

Our firm uses Genworth Financial Wealth Management platform to access different Model Portfolio Strategists driving assets allocations decisions. Currently our firm is working with the following Portfolio Strategists via Genworth Financial Wealth Management platform: Callan Associates, Goldman Sachs Asset Management, JPMorgan, Genworth Asset Management, Litman/Gregory and New Frontier.

We meet with the client to determine an appropriate investment strategy that reflects the investment objectives and risk tolerance. We will select a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. We will then review various Portfolio Strategists to determine which are appropriate to implement the client's IPS and sent the request to allocate funds accordingly to Genworth Financial Wealth Management.

Once we confirm suitability, the portfolio is managed by a selected Portfolio Strategist based on the portfolio's goal, rather than on each client's individual objectives. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. These advisory accounts are managed on a discretionary basis and clients retain individual ownership of all securities.

We monitor client investments continually. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client and/or change the Portfolio Strategists as market factors and the client's needs dictate.

To ensure that portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions and send written request to Genworth Financial Wealth Management to update information regarding changes in the client's financial situation and investment objectives
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the



following securities:

- Exchange-listed securities
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

### **AMOUNT OF MANAGED ASSETS**

As of 3/29/2011, we were actively managing \$50,000,000.00 of clients' assets on a discretionary basis plus \$0.00 of clients' assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### PORTFOLIO MANAGEMENT SERVICES & MODEL PORTFOLIO FEES

Our annual fees for Individual Portfolio Management Services and Model Portfolio Management Service are based upon a percentage of assets under management and generally range from 0.4% for fixed income portfolios up to 1.8% for individual and model portfolio management services.

Our fees are billed in arrears at the end of each calendar quarter based upon the average value (market value or fair market value in the absence of market value), of the client's account in the previous quarter. The average value is calculated by dividing the sum of the daily closing market values for each business day the account was open during the quarter by the number of business days in the quarter.

Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement. Genesis Investment Advisory Services, LLC's advisory fees are negotiable.

### THIRD PARTY MANAGER FEES

Our annual fee for Portfolio Management Services provided via Genworth Financial Management Service platform is based upon a percentage of assets under management and generally range from 0.5% to 1.45%.

The annualized fee for Portfolio Management Services provided via Genworth Financial Management Service platform will be charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$250,000	1.45 %
Next \$250,000	1.30 %
Next \$500,000	1.10 %
Next \$1mm	0.80 %
Over \$2mm	0.50 %

Our fees are billed in advance at the end of each calendar quarter based upon the average value (market value or fair market value in the absence of market value), of the client's account in the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

The average value is calculated by dividing the sum of the daily closing market values for each business day the account was open during the quarter by the number of business days in the quarter.

A minimum of \$50,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Genesis Investment Advisory Services, LLC may group certain related client accounts for the purposes of achieving the minimum

account size and determining the annualized fee.

Genesis Investment Advisory Services, LLC's advisory fees for third party managers are not negotiable.

### **FINANCIAL PLANNING FEES**

Genesis Investment Advisory Services, LLC's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$400 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Genesis Investment Advisory Services, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians, including, but not limited to, any transaction charges imposed by custodian with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item

12) of this Form ADV for additional information.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Genesis Investment Advisory Services, LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

Genesis Investment Advisory Services, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## ***INVESTMENT STRATEGIES***

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time,

we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## **Item 10      Other Financial Industry Activities and Affiliations**

Our firm and our related persons are engaged in other financial industry activities and have other industry affiliations.

Gerard Addeo is also sole owner and principal of Management personnel of our firm are also partners in the accounting firm of Gerard Addeo, CPA, P.C., where they are individually licensed and practicing Certified Public Accountants providing accounting services for separate and typical compensation.

Gerard Addeo, CPA, P.C. typically recommends Genesis Investment Advisory Services, LLC to accounting clients in need of advisory services. Conversely, Genesis Investment Advisory Services, LLC typically recommends Gerard Addeo, CPA, P.C. to advisory clients in need of accounting services. Accounting services provided by Gerard Addeo, CPA, P.C. are separate and distinct from our advisory services, and are provided for separate and typical compensation. There are no referral fee arrangements between our firms for these recommendations. No Genesis Investment Advisory Services, LLC client is obligated to use Gerard Addeo, CPA, P.C. for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. Gerard Addeo, CPA, P.C.'s accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf.

These individuals will spend the majority of their time on their accounting practice.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Genesis Investment Advisory Services, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Genesis Investment Advisory Services, LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [g.addeo@gaddeocpa.com](mailto:g.addeo@gaddeocpa.com), or by calling us at (212) 687-3600.

Genesis Investment Advisory Services, LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Genesis Investment Advisory Services, LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. . In the instances where there is a partial fill our employee accounts will be excluded in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s)

where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

Genesis Investment Advisory Services, LLC does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Genesis Investment Advisory Services, LLC will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Genesis Investment Advisory Services, LLC will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Genesis Investment Advisory Services, LLC's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Genesis Investment Advisory Services, LLC, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.



- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Genesis Investment Advisory Services, LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Genesis Investment Advisory Services, LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Genesis Investment Advisory Services, LLC's records and to the custodian or broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Genesis Investment Advisory Services, LLC participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Genesis Investment Advisory Services, LLC receives some benefits from TD Ameritrade through our participation in the program.

Genesis Investment Advisory Services, LLC participates in TD Ameritrade's Institutional customer program and we recommend clients to maintain accounts with TD Ameritrade for custody and brokerage services. There is no direct link between our firm's participation in the

program and the investment advice we give to our clients, although we receive benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and trade confirmations; research related products and tools; consulting services ; access to a trading desk serving adviser 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 Genesis Investment Advisory Services, LLC by third party vendors.

Some of the products and services made available by TD Ameritrade through the program may benefit Genesis Investment Advisory Services, LLC but may not benefit our client accounts. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Genesis Investment Advisory Services, LLC or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of benefits by Genesis Investment Advisory Services, LLC or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice (recommendation) of TD Ameritrade for custody and brokerage services. Genesis Investment Advisory Services, LLC's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

## **Item 13    Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Gerard Addeo, CPA, or his designee.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their custodian, Genesis Investment Advisory Services, LLC will provide quarterly reports summarizing account performance, balances and holdings.

### **MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed on, at least, an annual basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual

circumstances, or the market, political or economic environment.

These accounts are reviewed by: Gerard Addeo, CPA, or his designee.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their custodian, Genesis Investment Advisory Services, LLC will provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

Clients have also access to the website with current portfolio snapshot as well as quarterly reports.

### **THIRD PARTY PORTFOLIO MANAGERS**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed at least on an annual basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Gerard Addeo, CPA, or his designee.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their custodian, Genesis Investment Advisory Services, LLC will provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## **Item 14 Client Referrals and Other Compensation**

It is Genesis Investment Advisory Services, LLC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Genesis Investment Advisory Services, LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18    Financial Information**

Genesis Investment Advisory Services, LLC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Genesis Investment Advisory Services, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.