



Form ADV Part 2A – Disclosure Brochure

Effective: March 31, 2011

This Disclosure Brochure provides information about the qualifications and business practices of Pegaesus Advisors, Inc. ("Pegaesus"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (781) 938-9200 or by email at kbrown@pegaesusadvisors.com.

Pegaesus is a Registered Investment Advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Pegaesus to assist you in determining whether to retain the Advisor.

Additional information about Pegaesus and its advisory persons are available on the SEC's website at www.adviserinfo.sec.gov.

Pegaesus Advisors, Inc.
CRD No: 128443
237 Lexington St Ste 201
Woburn, MA 01801
Phone: (781) 938-9200 * Fax: (781) 938-9250
<http://pegaesusadvisors.com>

Item 2 – Material Changes

On July 28, 2010, the U.S. Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940 (the “Advisers Act”). The amendments are designed to require a Registered Investment Advisor to provide Clients with a clearly written and meaningful disclosure, in plain English, about the advisor’s business practices, conflicts of interest and advisory personnel. The new Form ADV 2 is divided into two parts: *Part 2A* and *Part 2B*.

Part 2A (the “Disclosure Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. *Part 2B* (the “Brochure Supplement”) provides information about advisory personnel of Pegaesus.

Pegaesus believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Initial Filing

Pegaesus is an established Registered Investment Advisor; however, this is the initial filing of the Disclosure Brochure pursuant to the new regulations.

Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Pegaesus.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

To review the firm information for Pegaesus:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **128443** (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number”.
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (781) 938-9200 or by email at kbrown@pegaesusadvisors.com.

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Item 4 – Advisory Services

A. Firm Information

Pegaesus Advisors, Inc. (“Pegaesus” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission, which is organized as a S Corporation under the laws of the State of Massachusetts. Pegaesus was founded in 2003 and is owned and operated by President, Carolyn B. Howard. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Pegaesus.

B. Advisory Services Offered

Pegaesus offers investment advisory services to individuals, high net worth individuals, trusts, estates, pensions and profit sharing plans and corporations or other business entities in Massachusetts and other states (each referred to as a “Client”).

Account Portfolio Management

Pegaesus provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and consulting services. Pegaesus works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation. Pegaesus will then construct a portfolio, consisting of mutual funds and exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may also utilize individual stocks and bonds, United States government bonds, municipal securities and other assets to meet the needs of its Clients.

Pegaesus’s investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Pegaesus will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

Pegaesus evaluates and selects ETFs and mutual funds for inclusion in Client portfolios only after applying their internal due diligence process. Pegaesus may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Pegaesus may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement, which may adversely affect the portfolio. Pegaesus may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

Prior to rendering investment advisory services, Pegaesus will ascertain, in conjunction with the Client, the Client’s financial situation, risk tolerance, and investment objective[s].

Pegaesus will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Pegaesus accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client Investment Advisory Agreement.

Selection of Other Advisors

Pegaesus may periodically recommend and refer clients to unaffiliated money managers or investment advisors at Pegaesus’s discretion or Client’s request. Through this arrangement, the Client will then enter into an advisory agreement with that sub-advisor to which that sub-advisor will assist and advise the Client in establishing investment objectives and develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such sub-advisor services, the sub-advisor will receive an investment advisory fee, billed based on the fee schedule the Client establishes with the unaffiliated money manager[s] or investment advisor[s].

Pegaesus will receive a portion of the investment advisory fee for the solicitation and referral of the Client to the sub-advisor, and may assist the Client in completing their Client questionnaire and account opening paperwork.

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Pegaesus may also assist in the development of the initial policy recommendations and managing the ongoing Client relationship.

The Client, prior to entering into an agreement with unaffiliated money manager[s] or investment advisor[s], will be provided with the advisor's Form ADV 2 (or a brochure that makes the appropriate disclosures).

Financial Planning and Consulting Services

Pegaesus will typically provide a variety of financial planning services to individuals, families, and businesses pursuant to a written Financial Planning or Consulting Agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation.

Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, personal savings, education savings, business planning and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs, analysis of growth and succession issues for business owners. Pegaesus may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

Pension Consulting

Pegaesus also provides consulting to pension, profit sharing and 401(k) plans. In some instances Pegaesus may offer these services to individuals. Pegaesus assists in developing an Investment Policy Statement, the selection of investment vehicles, monitoring or investment performance and in the area of employee contributions. See Section C. "Client Account Management" for more information.

C. Client Account Management

Prior to engaging Pegaesus to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy Statement – Pegaesus, in connection with the Client, may develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives. An Investment Policy Statement generally includes specific information on the Client's stated goals, time horizon for achieving the goals, investment strategies, Client risk tolerance and any restrictions imposed by the Client.
- Asset Allocation – Pegaesus will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – Pegaesus will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Pegaesus will provide investment management and ongoing oversight of the Client's portfolio and overall account.

D. Wrap Fee Programs

Pegaesus does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Pegaesus.

E. Assets Under Management

As of December 31, 2010, the most recent date for which such calculations are provided pursuant to securities regulations, Pegaesus manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$38,012,518
Non-Discretionary Assets	\$14,908,720
Total	\$52,921,238

Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of Pegaesus and the Client.

A. Fees for Advisory Services

Account Portfolio Management

Investment Advisory Fees may be paid quarterly in advance or in arrears depending on the program selected by the client pursuant to the terms of the Investment Advisory Agreement. Investment Advisory Fees are based on the market value of assets under management at the end of each calendar quarter. Investment Advisory Fees range from 1.00% to 0.35% based on the following schedule:

Assets Under Management	Annual Rate
First \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$7,500,000	0.50%
\$7,500,001 & Above	0.35%

The Advisor may utilize other fee arrangements at its sole discretion. These fee arrangements will not exceed the 1.00% maximum in the table above.

Investment Advisory Fees in the first quarter of service are prorated to the inception date of the account to the end of the first quarter. Fees may be negotiable at the discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by Pegaesus will be independently valued by the designated Custodian. Pegaesus will not have the authority or responsibility to value portfolio securities.

Selection of Other Advisors

For Clients referred to an unaffiliated investment advisor, the Client's fee will be deducted from the Client's account[s] with the respective manager and a portion of the investment advisory fee will be provided to Pegaesus. Please see Item 14 for additional details.

Financial Planning and Consulting Services

Pegaesus offers financial planning or consulting services on an hourly basis and a fixed fee basis. For engagements performed on an hourly basis, fees generally range from \$150 to \$300 per hour, which may be negotiable depending on the nature and complexity of each Client's circumstances. An estimate for total hours will be determined prior to establishing the advisory relationship. For engagements performed on a fixed fee basis, the total fee generally ranges from \$3,000 to \$20,000 depending on the nature and complexity of each client's circumstances.

The Advisor's fee is exclusive of, and in addition to brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs. The hourly fees and fixed fees are determined after considering many factors, such as the level and scope of the services. Typically the Advisor will require the Client to pay 50% of the estimated fee at the time of the Financial Planning and Consulting Agreement is signed.

Pension Consulting

These services are provided in conjunction with The Pegaesus Group, an unaffiliated firm offering retirement plan design and third-party administration services. The Pegaesus Group will pay advisory fees to Pegaesus at the same rates listed above in Account Portfolio Management. Certain plans may request Financial Planning or Consulting Services. In these instances the Clients will pay the fees described in the Financial Planning and Consulting Services section above.

B. Fee Billing

Account Portfolio Management

Investment Advisory Fees will be automatically deducted from the Client Account by the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client Account at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Pegaesus at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Pegaesus to be paid directly from their accounts held by the Custodian as part of the Investment Advisory Agreement and separate account forms provided by the Custodian.

Financial Planning and Consulting Services

As noted above, 50% of the financial planning and consulting fee may be billed in advance. In these instances the remaining balance is invoiced by the Advisor and is due upon receipt.

C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third-parties, other than Pegaesus, in connection with investment made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Investment Advisory Fee charged by Pegaesus is separate and distinct from these custodian and execution fees.

In addition, all fees paid to Pegaesus for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of Pegaesus, but would not receive the services provided by Pegaesus which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Pegaesus to fully understand the total fees to be paid.

D. Advance Payment of Fees and Termination

Account Portfolio Management

Pegaesus may be compensated for its services in advance the quarter in which investment advisory services are rendered or at the end of the quarter after investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with Pegaesus, in whole or in part, by providing advance written notice. The Client shall be responsible for Investment Advisory Fees up to and including the effective date of termination. Upon termination, if the Client paid in advance, the Advisor will refund any unearned, prepaid Investment Advisory Fees from the effective date of termination to the end of the quarter. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

Unaffiliated Money Management

In the event that a Client should wish to terminate their relationship with a managed accounts program or unaffiliated investment advisor, the terms for termination will be set forth in the respective agreements between the Client and those third parties. Pegaesus will assist the Client with the termination and transition as appropriate.

Financial Planning and Consulting Services

In the event that a Client should wish to cancel the financial planning agreement under which any plan is being created, the Client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in the Advisor's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the Client.

Either party may terminate a planning or consulting agreement at anytime by providing written notice to the other party within five (5) days of signing the Advisor's financial planning or consulting agreement. The Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Refunds will be given on a pro-rata basis.

E. Compensation for Sales of Securities

Pegaesus does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the Investment Advisory Fees noted above.

Item 6 – Performance-Based Fees

Pegaesus does not charge performance-based fees for its investment advisory services. The fees charged by Pegaesus are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

Pegaesus does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

Item 7 – Types of Clients

Pegaesus provides investment advisory services to the following types of Clients:

- Individuals, Personal Trusts and Estates – private investors, investing their personal assets
- Pension and Profit Sharing Plans – retirement plan sponsors or company plans
- Corporations and Businesses – taxable business entities, investing cash reserves

The relative percentage each type of Client is available on Pegaesus's Form ADV Part 1. These percentages will change over time. Pegaesus generally imposes a minimum account size of \$250,000 for establishing an investment management relationship.

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

A. Methods of Analysis

Pegaesus primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from Pegaesus is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

As noted above, Pegaesus generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Pegaesus will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Pegaesus may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Pegaesus will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

Pegaesus may employ options strategies to hedge or gain additional exposure to a particular asset class or sector. Pegaesus's investment strategy encompasses active trading in concentrated portfolios. Following are some of the risks associated with certain transactions:

Concentrated Portfolios

Concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.

Frequent Trading

Frequent trading in securities can result in higher transaction costs in the Client's account[s]. For taxable accounts, frequent trading can also result in taxable transactions each year that would not be present in a buy-and-hold strategy. There are no guarantees that a frequent trading strategy will correctly time purchases and sales of any particular security.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. For more information on our investment management services, please contact us at (781) 938-9200 or via email at kbrown@pegaesusadvisors.com.

Item 9 – Disciplinary Information

There are no legal, regulatory or disciplinary events involving Pegaesus or any of its employees. Pegaesus and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **128443** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions. You may also research the background of Carolyn B. Howard by selecting the Investment Adviser Representative and entering Ms. Howard's Individual CRD# **2391466** in the field labeled "Individual CRD Number".

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Item 10 – Other Financial Activities and Affiliations

Insurance Agency Affiliations

Ms. Howard, President of Pegaesus, may serve as sales agent for various insurance companies. This activity is done separate and apart from her role with the Pegaesus. As an insurance agent, Ms. Howard may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Ms. Howard or the Advisor.

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

A. Code of Ethics

Pegaesus has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Pegaesus. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Pegaesus and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Pegaesus associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. Pegaesus has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (781) 938-9200 or via email at kbrown@pegaesusadvisors.com.

B. Personal Trading and Conflicts of Interest

Pegaesus allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

At no time, will Pegaesus or any associated person of Pegaesus, transact in any security to the detriment of any Client.

Item 12 – Brokerage Practices

A. Recommendation of Custodian[s]

Pegaesus does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize Pegaesus to direct trades to this custodian as agreed in the Investment Advisory Agreement. Further, Pegaesus does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Pegaesus does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by Pegaesus. Pegaesus typically recommends to Clients that they established their brokerage account[s] at TD Ameritrade Institutional, Schwab Institutional, or through Fidelity Institutional Wealth Services ("Recommended Custodians"). The Recommended Custodians are independent and unaffiliated SEC-registered broker-dealers and FINRA members. The Recommended Custodians offer independent investment Advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. Pegaesus receives some benefits from the Recommended Custodians through its participation in the program. Pegaesus considers a

number of factors in selecting and/or recommending brokers and custodians for its Clients' accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. Pegaesus is not affiliated with, or related to, any Recommended Custodians.

Following are additional details regarding the brokerage practices of the Advisor:

1. **Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Pegaesus does not participate in soft dollar programs sponsored or offered by any broker-dealer.**
2. **Brokerage Referrals** - Pegaesus does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
3. **Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Pegaesus will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the custodian, Pegaesus will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Pegaesus will execute its transactions through an unaffiliated broker-dealer selected by the Client. Pegaesus may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade 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 in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

Item 13 – Review of Accounts

A. Frequency of Reviews

Accounts are monitored on a regular and continuous basis by Ms. Howard, President of Pegaesus. Formal reviews are generally conducted at least quarterly or more or less frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Pegaesus if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 - Client Referrals and Other Compensation

A. Compensation Received by Pegaesus

Pegaesus Advisors, Inc.
237 Lexington St Ste 201 * Woburn, MA 01801
Phone: (781) 938-9200 * Fax: (781) 938-9250
<http://pegaesusadvisors.com>

Insurance Agency Affiliations

Ms. Howard, President of Pegaesus, may serve as sales agent for various insurance companies. This activity is done separate and apart from the role with the Pegaesus. As an insurance agent, Ms. Howard may receive customary commissions and other related revenues from the various insurance companies whose products are sold.

Participation in Institutional Advisor Platform

Pegaesus has established an institutional relationship with the Recommended Custodians to assist the Advisor in managing Client account[s]. Access to the Recommended Custodians Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at the Recommended Custodians. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from the Recommended Custodians: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

B. Client Referrals from Solicitors

Pegaesus does not engage paid solicitors for Client referrals.

Item 15 – Custody

Pegaesus does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Pegaesus to utilize that custodian for the Client's security transactions. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

Item 16 – Investment Discretion

Pegaesus generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Pegaesus. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Pegaesus will be in accordance with each Client's investment objectives and goals.

Item 17 – Voting Client Securities

Pegaesus does not accept proxy-voting responsibility for any Client.

Item 18 – Financial Information

Neither Pegaesus, nor its management has any adverse financial situations that would reasonably impair the ability of Pegaesus to meet all obligations to its Clients. Neither Pegaesus, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Pegaesus is not required to deliver a balance sheet along with this Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.

Item 19 – Requirements for State Registered Advisors

A. Educational Background and Business Experience of Principal Officer

The President of Pegaesus is Carolyn B. Howard. Information regarding the formal education and background of Ms. Howard is included in Item 2 of Part 2B below.

B. Other Business Activities of Principal Officer

Ms. Howard has additional business activities that are detailed in Item 10 - Other Financial Activities and Affiliations.

C. Performance Fee Calculations

Pegaesus does not charge performance-based fees for its investment advisory services. The fees charged by Pegaesus are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

D. Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Pegaesus or Ms. Howard. Neither Pegaesus nor Ms. Howard has ever been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Pegaesus or Ms. Howard.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and / or dishonest, unfair or unethical practices. *As previously noted, there are no legal, civil or disciplinary events to disclose regarding Pegaesus or Ms. Howard.*

E. Material Relationships with Issuers of Securities

Neither Pegaesus nor Ms. Howard has any relationships or arrangements with issuers of securities.

Privacy Policy

Effective: April 1, 2011

Our Commitment to You

Pegaesus Advisors, Inc. ("Pegaesus") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. Pegaesus (referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and make efforts to ensure that such information is used for proper business purposes in connection with the management or servicing of your account. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

We do not sell your non-public personal information to anyone. Nor does Pegaesus provide such information to others except for discrete and proper business purposes in connection with the servicing and management of your account as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this privacy policy.

The Information We Collect About You

You typically provide personal information when you complete the paperwork required to become our Client. This information may include your:

• Name and address	• Assets
• E-mail address	• Income
• Phone number	• Account balance
• Social security or taxpayer identification number	• Investment activity
	• Accounts at other institutions

In addition, we may collect non-public information about you from the following sources:

- Information we receive on Brokerage Agreements, Managed Account Agreements and other Subscription and Account Opening Documents;
- Information we receive in the course of establishing a customer relationship including, but not limited to, applications, forms, and questionnaires;
- Information about your transactions with us or others

Information About You That Pegaesus Shares

Pegaesus works to provide products and services that benefit our customers. We may share non-public personal information with non-affiliated third parties (such as brokers and custodians) as necessary for us to provide agreed services and products to you consistent with applicable law. We may also disclose non-public personal information to other financial institutions with whom we have joint business arrangements for proper business purposes in connection with the management or servicing of your account. In addition, your non-public personal information may also be disclosed to you, persons we believe to be your authorized agent or representative, regulators in order to satisfy Pegaesus's regulatory obligations, and is otherwise required or permitted by law. Lastly, we may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

To repeat, we do not sell your non-public personal information to anyone.

Information About Former Clients

Pegaesus does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.

Confidentiality and Security

Our employees are advised about the firm's need to respect the confidentiality of our customers' non-public personal information. Additionally, we maintain physical, procedural and electronic safeguards in an effort to

protect the information from access by unauthorized parties.

We'll Keep You Informed

We will send you notice of our privacy policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise our privacy policy, and will provide you with a revised policy if the changes materially alter the previous privacy policy. We will not, however, revise our privacy policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing. You may obtain a copy of our current privacy policy by contacting us at (781) 938-9200 or via email at kbrown@pegaesusadvisors.com.

Pegaesus Advisors, Inc.

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