

# Wrap Fee Brochure

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## **Goodstein & Associates, LLC**

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This wrap fee brochure provides information about the qualifications and business practices of Goodstein & Associates, LLC (hereinafter "G & A"). If you have any questions about the contents of this brochure, please contact please contact Sandra E. Goodstein at (215) 619-4635. 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 Goodstein & Associates, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Goodstein & Associates, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This section of the G & A's wrap fee brochure discusses only the material changes that have occurred since its last annual update to the wrap fee brochure. G & A has the following material changes to disclose:

Since its last annual amendment, all of G & A's *Supervised Persons* (as defined below), who were registered representatives of a broker-dealer, as previously disclosed, have ceased acting in such a capacity. As such, none of G & A's *Supervised Persons* currently receive commissions from the sale of any securities products.

*Supervised Persons* are any of G & A's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on G & A's behalf and is subject to G & A's supervision or control. While this wrap fee brochure describes the business of G & A, certain sections will also described the activities of its *Supervised Persons*.

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## Item 4. Services, Fees, and Compensation

The Goodstein & Associates Wrap Program (the “Program”) is an investment advisory program sponsored by G & A. The Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges.

To join the Program, a client must:

- (1) Complete an investor profile that describes the client’s financial needs, investment objectives, time horizon, and risk tolerance, as well as any other factors relevant to the client’s specific financial situation and any other supporting documentation the Program requires;
- (2) Complete the investment advisory wrap fee agreement (the “*Agreement*”) with G & A;
- (3) Complete a new account agreement with Pershing, LLC through Pershing Advisor Solutions (“*Pershing*”) or another broker dealer G & A approves for participation in the Program (“*Financial Institution*”); and
- (4) Open a securities brokerage account with the *Financial Institution* and deposit those assets designated for participation in the Program into the account.

After an analysis of any information provided by the client to G & A, G & A assists the client in developing an appropriate investment strategy for the assets in their accounts. Thereafter, all clients are encouraged to discuss their needs, goals, and objectives with G & A and to keep G & A informed of any changes thereto. G & A contacts ongoing clients at least annually to review its previous services and/or recommendations and to determine whether changes should be made to their investment strategy.

### Management of Your Portfolio

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All clients in the Program grant G & A discretionary authority to buy, sell, and otherwise trade in the type of securities described in Item 6, below for their accounts and to liquidate previously-purchased securities that the client has transferred to their Accounts. Assets are managed by G & A, Sandra E. Goodstein, but may also be managed by an investment adviser representative under her supervision.

### Fees for the Program

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Clients in the Program pay a single annualized fee for participation in the Program (the “*Program Fee*”). The *Program Fee* is prorated and charged quarterly, in arrears, based upon the average daily value of the assets being managed by G & A under Program during the prior quarter. The *Program Fee* varies (between 0.50% and 1.50%) depending upon the market value of the assets under management of the client and the type of investment management services to be rendered.

G & A, in its sole discretion, may negotiate to charge a lesser *Program Fee* based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to

be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### Fee Comparison

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Under the Program, clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee, the *Program Fee*. Participation in the Program may cost the client more or less than purchasing such services separately. The number of transactions made in the client's accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The *Program Fee* may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

### Other Charges

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Clients may incur certain charges imposed by third parties in addition to the *Program Fee*, charges imposed directly by a mutual fund or exchange-traded fund in the account, which is disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## Item 5. Account Requirements and Types of Clients

The Program participants include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities

## Item 6. Portfolio Manager Selection and Evaluation

G & A acts as the sponsor and portfolio manager to the Program. Certain wrap programs involve the services of multiple parties in these capacities, which may involve additional conflicts of interest that the sponsor would be required to disclose in this section. G & A has no disclosures to make under this section.

### Advisory Business

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Sandra Goodstein founded G & A in March 2004 on the principles of providing complete personal service, a single-minded dedication to understanding an individual's needs, and a determination to deliver unquestioned value.

G & A provides financial planning, consulting, and investment management services. Prior to engaging G & A to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with G & A setting forth the terms and conditions under which G & A renders its services (collectively the “*Agreement*”).

### **Performance-Based Fees and Side-by-Side Management**

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G & A does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

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

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G & A's primary methods of analysis are fundamental and cyclical.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. G & A will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Cyclical analysis* is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that G & A is recommending. The risks with cyclical analysis are similar to those of technical analysis.

The foundation of G & A's comprehensive process is built on the understanding that each and every client requires a personalized asset allocation plan. It is G & A's strong belief that by using a variety of asset classes, it creates a large measure of overall portfolio protection when economic and market conditions turn turbulent.

G & A uses asset allocation software to develop a personalized asset allocation design for each client. The asset allocation incorporates clients' goals, tax positions, time frame, and risk tolerance. G & A primarily utilizes mutual funds and ETFs to implement a portfolio strategy for a client, but may incorporate other types of securities. G & A reviews the portfolios on an ongoing basis and generally rebalances them semi-annually when it reviews and updates the client's financial plan. Clients' portfolios may be updated more frequently based on market conditions or changes to an individual client's needs.

#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains,

as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Market Risks*

The profitability of a significant portion of G & A's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that G & A will be able to predict those price movements accurately.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Voting of Client Securities**

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G & A is required to disclose if it accepts authority to vote client securities. G & A does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## **Item 7. Client Information Provided to Portfolio Managers**

G & A acts as the sponsor and portfolio manager to the Program. Certain wrap programs involve the services of multiple parties in these capacities. In those circumstances, the sponsor is required to disclose how and what type of information about client that it provides to portfolio managers. G & A has no disclosures to make under this section.

## Item 8. Client Contact with Portfolio Managers

There are no restrictions on a clients' ability to contact and consult with G & A.

## Item 9. Additional Information

### Disciplinary Information

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G & A is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. G & A does not have any required disclosures to this Item.

### Other Financial Industry Activities and Affiliations

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Certain of G & A's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While G & A does not sell such insurance products to its investment advisory clients, G & A does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that G & A recommends the purchase of insurance products where G & A's *Supervised Persons* receive insurance commissions or other additional compensation.

### Code of Ethics

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G & A and persons associated with G & A ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with G & A's policies and procedures.

G & A has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by G & A or any of its associated persons. The *Code of Ethics* also requires that certain of G & A's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in G & A's *Code of Ethics*, none of G & A's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of G & A's clients.

When G & A is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision



has been made not to purchase such security. Similarly, when G & A is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact G & A to request a copy of its Code of Ethics.

### **Review of Accounts and General Reports**

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G & A monitors assets as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* for assets. Participants also receive a report from G & A that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a semi-annual basis. Clients should compare the account statements they receive from the *Financial Institutions* with those they receive from G & A.

### **Client Referrals and Other Compensation**

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G & A is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, G & A is required to disclose any direct or indirect compensation that it provides for client referrals.

### **Financial Information**

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G & A does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, G & A is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. G & A has no disclosures pursuant to this Item.

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