

Disclosure Brochure

March 28, 2011

New Wealth Advisors, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of New Wealth Advisors, LLC (hereinafter "New Wealth"). If you have any questions about the contents of this brochure, please contact Jeffrey R. Arsenault at (978) 687-5869. 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 New Wealth Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

New Wealth Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since New Wealth's last annual update dated March 31, 2010. Since this is New Wealth's initial disclosure brochure, there are no material changes to report in response to this Item.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1.	Cover Page	i
Item 2.	Material Changes	ii
Item 3.	Table of Contents	iii
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	8
Item 6.	Performance-Based Fees and Side-by-Side Management	10
Item 7.	Types of Clients.....	11
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9.	Disciplinary Information.....	15
Item 10.	Other Financial Industry Activities and Affiliations	16
Item 11.	Code of Ethics	17
Item 12.	Brokerage Practices	18
Item 13.	Review of Accounts.....	21
Item 14.	Client Referrals and Other Compensation	22
Item 15.	Custody	23
Item 16.	Investment Discretion.....	24
Item 17.	Voting Client Securities	25
Item 18.	Financial Information	26

Supervised Person Brochure Supplements

Item 4. Advisory Business

Since March 2, 2004, New Wealth has been in business as a New England based registered investment adviser dedicated solely to the opportunities and challenges faced by the newly wealthy. New Wealth's largely holistic approach to personal finance aims to align its clients' wealth with their life goals, objectives, dreams and aspirations. Their financial professionals are committed to taking great care to educate, explain and help clients find comfort amid the complex challenges of new wealth.

New Wealth provides financial planning, consulting, retirement plan advisory and investment management services. Prior to engaging New Wealth to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with New Wealth setting forth the terms and conditions under which New Wealth renders its services (collectively the "*Agreement*"). Neither New Wealth nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of New Wealth is not considered an assignment.

The accounting firm of Moody, Famiglietti & Andronico, LLP is the principal owner of New Wealth. As of December 31, 2010, New Wealth had \$45,391,000 in assets under management, of which \$15,195,000 are managed on a discretionary basis and \$30,197,000 are managed on a non-discretionary basis.

This disclosure brochure describes the business of New Wealth. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of New Wealth'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 New Wealth's behalf and is subject to New Wealth's supervision or control.

Financial Planning and Consulting Services

New Wealth may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include tax-related and other non-investment related matters). These services may include:

- Comprehensive financial life planning;
- Cash flow management;
- Tax planning;
- Risk management and insurance consulting;
- Retirement planning;
- Inheritance, estate and gift planning;
- Education planning; and
- Charitable giving.

New Wealth Advisors, LLC Disclosure Brochure

In performing its services, New Wealth is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. New Wealth may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if New Wealth recommends its own services. The client is under no obligation to act upon any of the recommendations made by New Wealth under a financial planning or consulting engagement or to engage the services of any such recommended professional, including New Wealth itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of New Wealth's recommendations.

Clients are advised that it remains their responsibility to promptly notify New Wealth if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising New Wealth's previous recommendations and/or services.

Retirement Plan Advisory Services

New Wealth's retirement plan advisory services are based on specialized engagements individually negotiated with each plan sponsor based upon their specific needs. New Wealth consults on the administration and participation of qualifying and non-qualifying plans, addressing the following areas:

Plan Investment Advisory Services. New Wealth's investment consultants support ERISA administrative committees by confirming and monitoring ERISA fiduciary compliance, conducting investment manager evaluations (search and selection), and monitoring and reporting on plan and manager performance on an ongoing basis.

Provider Search. New Wealth provides comprehensive and objective management of the search process, including administration needs assessment, provider review and negotiations, selection and conversion. This allows the plan sponsor to focus on the best service options available and significantly reduces the time required to complete a search for a new retirement plan provider.

Plan Design & Compliance. New Wealth consults and guides sponsors through the complex plan design and related regulatory environment. New Wealth works directly with the sponsor's ERISA counsel to address options and issues proactively.

Financial Education. New Wealth organizes workshops and individual counseling sessions, which are designed to help employees understand and weigh the financial implications of certain actions and the additional costs of inaction. The goal of these workshops is to motivate participants to take charge of their personal finances.

Employee Communications. New Wealth's consultants develop clear, concise, cohesive communications essential when promoting plan features, benefits and changes. Working with plan sponsors, New Wealth produces communication strategies and materials that reinforce the

value of the company's benefits program and seek to enable employees to make decisions with confidence.

Investment Management Services

Clients can engage New Wealth to manage all or a portion of their assets on a discretionary or non-discretionary basis. New Wealth provides these investment management services for equity, fixed income, cash management and blended portfolios.

New Wealth primarily allocates clients' investment management assets among *Independent Managers* (as defined below) in accordance with the investment objectives of the client. New Wealth may also allocate asset among exchange-traded fund ("ETFs"), mutual funds, and individual debt and equity securities. New Wealth may also provide investment advice about any legacy securities otherwise held in a client's account.

In addition, New Wealth may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. New Wealth also provides advice about any type of investment held in clients' portfolios.

New Wealth also may render non-discretionary investment management services to clients relative to their individual employer-sponsored retirement plans or other products that may not be held by the client's primary custodian. In so doing, New Wealth either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

New Wealth tailors its advisory services to the individual needs of clients. New Wealth consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. New Wealth ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients may impose reasonable restrictions or mandates on the management of their assets (e.g., require that a portion of their assets are invested exclusively in socially responsible funds) if, in the sole discretion of New Wealth, these conditions will not adversely impact the performance of a portfolio or the administration of its management services. Clients are advised to promptly notify New Wealth if there are changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon New Wealth's management services.

Use of Independent Managers

As mentioned above, New Wealth recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers

("Independent Managers"), based upon the stated investment objectives of the client. Clients may engage the *Independent Managers* either directly or through a wrap fee program. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between the client and the designated *Independent Managers* and/or wrap fee program sponsor. New Wealth renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. New Wealth also monitors and reviews the account performance and the client's investment objectives. New Wealth receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, New Wealth reviews information about the *Independent Manager* such as its disclosure brochure, the relevant wrap fee program brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that New Wealth considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, New Wealth's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by New Wealth, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to New Wealth's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*, as well as the wrap fee brochure for the program in which the client is participating (if applicable). Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than New Wealth. In such instances, New Wealth may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to New Wealth's right to terminate an account. Clients may withdraw account assets on notice to New Wealth, subject to the usual and customary securities settlement procedures. However, New Wealth designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5. Fees and Compensation

New Wealth offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

New Wealth charges a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis and/or from \$100 to \$330 on an hourly basis, depending upon the level and scope of the services and the professional engaged to render the services. If the client engages New Wealth for additional investment advisory services, New Wealth may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging New Wealth to provide financial planning and/or consulting services, the client is required to enter into a written agreement with New Wealth setting forth the terms and conditions of the engagement. Either party may terminate the agreement by written notice to the other. In the event the client terminates the engagement, the balance of New Wealth's unearned fees (if any) is refunded to the client.

Investment Management Fee

New Wealth provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by New Wealth. New Wealth's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. New Wealth does not, however, receive any portion of these commissions, fees, and costs. New Wealth's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by New Wealth on the last day of the previous quarter. The annual fee varies (between 0.35% and 1.00%) depending upon the market value of the assets under management and the type of investment management to be rendered.

New Wealth, in its sole discretion, may negotiate to charge a lesser management 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.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), New Wealth generally recommends that clients utilize the brokerage, clearing, and custody services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

New Wealth Advisors, LLC Disclosure Brochure

New Wealth may only implement its investment management recommendations after the client has arranged for and furnished New Wealth with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by New Wealth, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to New Wealth's fee.

New Wealth's *Agreement* and the separate agreement with any *Financial Institutions* may authorize New Wealth or the *Independent Managers* to debit the client's account for the amount of New Wealth's fee and to directly remit that management fee to New Wealth or the *Independent Managers*. Any *Financial Institutions* recommended by New Wealth have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to New Wealth. Alternatively, clients may elect to have New Wealth send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between New Wealth and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. New Wealth's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that New Wealth reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. New Wealth may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

New Wealth 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.

Item 7. Types of Clients

New Wealth provides its services to individuals, trusts, estates, charitable organizations, corporations and other business entities.

Minimums Imposed By Independent Managers

New Wealth does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than New Wealth. In such instances, New Wealth may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Primary Methods of Analysis

New Wealth's investment plans contains assets in classes that it believes, based upon historical data, have attractive combinations of return, risk and correlation. These investments plans are crafted using a combination of fundamental and technical research methods, derived from a variety of commercially available investment information and evaluation services.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. New Wealth 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.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that New Wealth will be able to accurately predict such a reoccurrence.

Investment Strategy

New Wealth utilizes a rigorous client interview process to determine an appropriate investment asset allocation mix to target stated return goals and risk tolerance. Among the factors New Wealth considers when determining an appropriate strategy include account size, investment styles, strategies, portfolio diversification, risks levels and turnovers. Investment policy and overall portfolio weightings as between equities and fixed income investments are formulated based upon each client's objectives, risk tolerance, and time horizon. New Wealth places a strong emphasis on optimizing performance at the portfolio level, while attempting to control risk through diversification and asset allocation.

New Wealth utilizes both in-house portfolio managers and external *Independent Managers* to effectuate its investment plans. New Wealth targets those *Independent Managers* who specialize in the specific investment types that it is recommended to its clients.

New Wealth's portfolios are primarily designed as strategic, long-term allocations; however New Wealth may rebalance its clients' portfolios to maintain desired allocations, make short-term adjustments to respond to market conditions, or revise the allocation to reflect changes in circumstances or goals.

When necessary, New Wealth may suggest certain alternative investments, which include hedge funds or other private equity, real estate and venture capital offerings. New Wealth continues to monitor investor correspondence and advise clients as to tax, liquidity and other financial considerations pertaining to these complex investments.

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. As such, a mutual fund investor may incur substantial tax liabilities even when the fund underperforms.

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 New Wealth'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 New Wealth will be able to predict those price movements accurately.

Use of Independent Managers

New Wealth may recommend the use of *Independent Managers* for certain clients. New Wealth will continue to do ongoing due diligence of such managers, but the such recommendations relies, to a great

extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, New Wealth does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

Use of Private Collective Investment Vehicles

New Wealth may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Risk of Loss

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

Item 9. Disciplinary Information

New Wealth 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. New Wealth does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

New Wealth is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Related Certified Public Accountants

New Wealth does not render accounting advice or tax preparation services to its clients. Rather, to the extent that a client requires accounting advice and/or tax preparation services, New Wealth, if requested, will recommend the services of a Certified Public Accountant, all of which services are rendered independent of New Wealth pursuant to a separate agreement between the client and the Certified Public Accountant. New Wealth does not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise. Specifically, New Wealth is under common ownership with Moody, Famiglietti & Andronico, LLP ("*MFA*"), a Certified Public Accounting Firm.

As discussed above, to the extent that *MFA* provides accounting and/or tax preparation services to any of New Wealth's clients, all such services are performed by *MFA*, in its separate capacity, independent of New Wealth, for which services New Wealth does not receive any portion of the fees charged by *MFA*, referral or otherwise. Although New Wealth does not receive referral fees from *MFA*, certain individual with both *MFA* and New Wealth are entitled to receive distributions / dividends relative to their respective ownership interests in *MFA*.

It is also expected that these members of New Wealth, solely incidental to their respective practices as Certified Public Accountants with *MFA*, recommend New Wealth's services to certain of *MFA*'s clients. New Wealth may compensate certain members of *MFA* for client referrals, as discussed further in response to Item 14. Although *MFA* does not receive referral fees from New Wealth, these individual members of *MFA* are entitled to receive distributions / dividends relative to their respective ownership interests in New Wealth.

Receipt of Insurance Commission

New Wealth is under common control with New Wealth Insurance Advisors, LLC, a duly licensed insurance agency. Certain of New Wealth's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with New Wealth Insurance Advisors, LLC and various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While New Wealth does not sell such insurance products to its investment advisory clients, New Wealth 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 New Wealth recommends the purchase of insurance products where New Wealth's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

New Wealth and persons associated with New Wealth (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with New Wealth’s policies and procedures.

New Wealth 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 New Wealth or any of its associated persons. The *Code of Ethics* also requires that certain of New Wealth’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 New Wealth’s *Code of Ethics*, none of New Wealth’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 New Wealth’s clients.

When New Wealth 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 New Wealth 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 New Wealth to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, New Wealth generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which New Wealth considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables New Wealth to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by New Wealth's clients comply with New Wealth's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where New Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. New Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

New Wealth periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct New Wealth in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and New Wealth will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by New Wealth (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, New Wealth may decline a client's request to direct brokerage if, in New Wealth's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless New Wealth decides to purchase or sell the same securities for several clients at approximately the same time. New Wealth may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among New Wealth's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among New Wealth's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that New Wealth determines to aggregate client orders for the purchase or sale of

securities, including securities in which New Wealth's *Supervised Persons* may invest, New Wealth shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. New Wealth shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that New Wealth determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, New Wealth may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist New Wealth in its investment decision-making process. Such research generally will be used to service all of New Wealth's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because New Wealth does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

New Wealth may receive from *Schwab*, without cost to New Wealth, computer software and related systems support, which allow New Wealth to better monitor client accounts maintained at *Schwab*. New Wealth may receive the software and related support without cost because New Wealth renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit New Wealth, but not its clients directly. In fulfilling its duties to its clients, New Wealth endeavors at all times to put the interests of its clients first. Clients should be aware, however, that New Wealth's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence New Wealth's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

New Wealth Advisors, LLC Disclosure Brochure

Additionally, New Wealth may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab 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.

Item 13. Review of Accounts

For those clients to whom New Wealth provides investment management services, New Wealth monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom New Wealth provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of New Wealth’s investment adviser representatives.

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with New Wealth and to keep New Wealth informed of any changes thereto. New Wealth contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom New Wealth provides investment advisory services will also receive a report from New Wealth that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from New Wealth.

Those clients to whom New Wealth provides financial planning and/or consulting services will receive reports from New Wealth summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by New Wealth.

Item 14. Client Referrals and Other Compensation

New Wealth 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, New Wealth is required to disclose any direct or indirect compensation that it provides for client referrals.

New Wealth may compensate certain persons – particularly certain persons associated with *MFA* – for client referrals. If a client is introduced to New Wealth by either an unaffiliated or an affiliated solicitor, New Wealth may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from New Wealth's investment management fee, and does not result in any additional charge to the client.

If the client is introduced to New Wealth by an unaffiliated solicitor, the solicitor provides the client with a copy of New Wealth's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure brochure containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of New Wealth shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of New Wealth's written disclosure brochure at the time of the solicitation.

Item 15. Custody

New Wealth's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize New Wealth through such *Financial Institution* to debit the client's account for the amount of New Wealth's fee and to directly remit that management fee to New Wealth in accordance with applicable custody rules.

The *Financial Institutions* recommended by New Wealth have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to New Wealth. In addition, as discussed in Item 13, New Wealth also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from New Wealth.

Item 16. Investment Discretion

New Wealth may be given the authority to exercise discretion on behalf of clients. New Wealth is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. New Wealth is given this authority through a power-of-attorney included in the agreement between New Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). New Wealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

New Wealth is required to disclose if it accepts authority to vote client securities. New Wealth does not vote client securities on behalf of its clients.

Item 18. Financial Information

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

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