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**March 9, 2012**

**Form ADV Part 2A  
Brochure**

**This brochure provides information about the qualifications and business practices of McCabe & Associates, Inc. If you have any questions about the contents of this Brochure, please contact us at (708) 479-7755 and/or [Marilyn@tcmccabe.com](mailto:Marilyn@tcmccabe.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about McCabe & Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for McCabe & Associates is 106588.**

**Any references to McCabe & Associates, Inc. as a registered investment adviser or its related persons as registered Advisory Representatives does not imply a certain level of skill or training.**

## **MATERIAL CHANGES**

### **Item 2**

At least annually, this section will discuss only specific material changes that are made to the McCabe & Associates, Inc. Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The changes made to our initial Brochure dated March 31, 2011 are as follows:

#### Item 4

- We have designed various model portfolios for those clients at or near retirement and for those clients still accumulating assets while working towards retirement.
- As of December 31, 2011, we have approximately \$130.7 million of client assets under our discretionary management and approximately \$18 million of non-discretionary client assets under management. McCabe manages accounts for approximately 129 clients.

#### Item 5

- You may make additions to the account or withdrawals from the account, provided the account continues to meet minimum account size requirements. Your advisory fee is based on the average monthly ending value of your account. The fee calculation is not based on the precise day of the additional deposit or partial withdrawal.
- If the account is established or closed during the middle of a billing cycle month, you will pay an advisory fee based upon the average monthly balance when the account was under McCabe's management.

A copy of our updated Brochure may be requested by contacting us at (708) 479-7755 and/or [Marilyn@tcmccabe.com](mailto:Marilyn@tcmccabe.com). Our Brochure is available to you free of charge.

Additional information about McCabe & Associates, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD number for McCabe & Associates, Inc. is 106588. The SEC's web site also provides information about any persons affiliated with McCabe & Associates, Inc. who are registered, or are required to be registered, as Advisory Representatives of McCabe & Associates, Inc.

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## ADVISORY BUSINESS

## Item 4

McCabe & Associates, Inc. (hereinafter referred to as “McCabe”) is a financial planning and investment advisory firm offering wealth management services customized to your individual needs.

A. McCabe is a corporation formed under the laws of the State of Illinois in 1980 and filed for investment adviser registration with the Securities and Exchange Commission in August of 1995. Timothy McCabe, CRD number 724176 is the President. Tim has been in the financial services industry since 1981. Additional business information about Tim and the other Advisory Representatives who work with clients is disclosed on the Supplemental Brochures attached to this Brochure.

B. McCabe offers the following advisory services, with each service more fully described below:

- Asset Management
- Financial Planning
- Wealth Management, which is a combination of financial planning and investment management
- Retirement Planning
- Analysis, Recommendation and Monitoring of Third Party Managed Programs

### Asset Management Services

When McCabe completes its analysis of your situation, our Advisory Representative will determine an asset allocation customized to your financial goals, objectives and risk tolerance. We have designed various model portfolios for those clients at or near retirement and for those clients still accumulating assets while working towards retirement. The composition of the models will be adjusted based on market conditions. After evaluating the information gathered by your Advisory Representative, we will determine which model portfolio would be most suitable for you. From there, we customize your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

Your Advisory Representative will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, we will implement the initial portfolio allocation. After we implement the initial portfolio allocation, with your written approval as indicated in the Advisory Agreement, we will provide continuous and ongoing management of your account using our own discretion to determine any changes to the account. Unless otherwise expressly requested by you, McCabe will manage the account and will make changes to the allocation as deemed appropriate by the firm and your Advisory Representative. McCabe will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. Depending on your specific goals and objectives, we will generally hold positions in your account for a long term, even more than a year, or we may actively trade some securities holding such positions for periods of 30 days or less.

Our Advisory Representatives primarily use open-ended mutual funds including no-load and load waived or mutual funds purchased at net asset value (NAV). However, managed accounts are not exclusively limited to mutual funds and may include stocks and bonds, certificates of deposits,

government securities, exchange traded funds (ETFs), money markets, annuities, direct participation programs and REITs.

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement for each transaction.

As further described below, McCabe has entered into a relationship to offer you brokerage and custodial services through Financial Network Investment Corporation (Financial Network). Financial Network Investment Corporation provides both brokerage and custodial services. There is no affiliation between McCabe and Financial Network.

If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from McCabe. Our Advisory Representatives are dually registered with Financial Network which is a broker/dealer, member FINRA and SIPC. Advisory Representatives must adhere to FINRA rules and regulations and the policies and procedures of Financial Network. Financial Network's policies and procedures and FINRA rules prohibit our Advisory Representatives from conducting transactions at a broker/dealer for which approval has not been obtained from Financial Network.

Accounts may not be established by the deposit of securities or the depositing of additional securities into existing fee based brokerage accounts, which were purchased by you on a commission basis in the prior thirty-six (36) months through Financial Network. The purpose of this prohibition is to prevent you from paying arguably duplicative or extra charges. You are advised that you may also not want to open fee based brokerage accounts with the proceeds from the sale of commission trades since you will then bear the transaction fees on purchases and sales of the commission trades and the fees and charges associated with the fee based brokerage account.

### **Financial Planning and Retirement Planning Services**

Our Advisory Representative will schedule a meeting with you to gather financial information and history from you about your retirement and financial goals, investment objectives, investment horizon, financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies, and other applicable financial information in order to provide the planning services you request. At your request, McCabe will prepare a written financial plan and present the analysis of your situation along with our recommendations for steps to be taken to assist you to work toward your financial goals.

The Plan is based on your financial situation at the time and on the financial information you disclosed to our Advisory Representative. You need to be aware that certain assumptions may be made with respect to interest and inflation rates as well as the use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. McCabe cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based

upon changes in your financial situation, goals, or objectives or changes in the economy. If your financial situation or investment goals or objectives change, you must notify McCabe promptly of the changes. You are advised that the advice offered by McCabe may be limited and is not meant to be comprehensive. Based on your specific needs or situation, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement planning advice through McCabe or your Advisory Representative. If you do choose to implement the plan with our Advisory Representative, they may receive commissions or other compensation in addition to the advisory fee you paid for the planning services.

### **Analysis, Recommendation and Monitoring of Third Party Managed Program Services**

If appropriate, your Advisory Representative will qualify you for investment in certain Third Party Management services. In order to assist you in the selection of a Third Party Manager, your Advisory Representative will gather information from you about your financial situation, investment objectives, and reasonable restrictions you may want to impose on the management of your account. Upon review of that information, your Advisory Representative will recommend the services of a Third Party Manager with which McCabe has a solicitation arrangement. Your Advisory Representative will assist you with the completion of documents in order to utilize the services of the Manager. McCabe and your Advisory Representative will share in a portion of the Third Party Manager's fee.

Your Advisory Representative will periodically review any reports provided to you. Additionally, your Advisory Representative will contact you at least annually to review your financial situation and objectives; communicate information to the Third Party Manager managing the account as necessary and will assist you in understanding and evaluating the services provided by the Manager. You are expected to notify your Advisory Representative of any changes in your financial situation, investment objectives or account restrictions you would like to place. You may also directly contact the Third Party Manager managing the account or sponsoring the program.

Currently McCabe has a relationship with Genworth Financial Wealth Management, Inc. (formerly known as AssetMark Investment Services, Inc.). McCabe offers an asset allocation system known as McCabe Asset Management Program ("The Program") sponsored by Genworth Financial Wealth Management. McCabe will assist you in establishing a custodial clearing account with an independent third-party custodian to participate in The Program, and may, with your consent, direct the purchase of mutual funds, Exchange Traded Funds (ETF's), and Variable Annuity sub-accounts. If appropriate, your Advisory Representative may work with you in the selection of individual private account managers.

In advising clients investing in The Program, McCabe uses model portfolios of mutual funds, ETF's and Variable Annuity sub-accounts provided by a number of institutional investment strategists based on the information, research, asset allocation methodology and investment strategies of these institutional strategists.

C. We tailor the advisory services we offer to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities. We will ask you to

complete an account information form/data gathering questionnaire to assist us with obtaining information about your financial situation and history. Additionally, one or more of our Advisory Representatives will meet with you and conduct an interview and data gathering session to continue the due diligence process. The information gathered by McCabe will assist the firm in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, we will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Existing portfolio statements, including retirement account information
- Financial needs
- Tax bracket information
- Cash flow analysis
- Cost of living needs
- Savings tendencies
- Other applicable financial information required by our Advisory Representative in order to provide the investment advisory services you have requested.

D. McCabe does not participate in any wrap fee programs.

E. As of December 31, 2011, we have approximately \$130.7 million of client assets under our discretionary management and approximately \$18 million of non-discretionary client assets under management. McCabe manages accounts for approximately 129 clients.

### **General Information**

The investment recommendations and advice offered by McCabe and your Advisory Representative are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Our primary goal is to help our clients identify and pursue their financial goals, thereby enhancing the overall quality of their lives.

## **FEES AND COMPENSATION**

### **Item 5**

#### **Asset Management Services**

A. Our fees are negotiable and are not based on a share of capital gains or capital appreciation of the funds or any portion of the funds in your account. The Fee Schedule is as follows:

<b>Account Size</b>	<b>Maximum Annual Fee</b>
\$0 to \$50,000	1.50%
\$50,001 to \$100,000	1.40%
\$100,001 to \$250,000	1.25%
\$250,001 to \$500,000	1.10%
\$500,001 and above	1.00%

Your Advisory Representative will negotiate your specific fee with you, based on the fee schedule outlined above. You may pay a flat percentage based fee based on the entire value of the portfolio under management or the fee may be tiered whereby you will pay a percentage based fee based on each tier (e.g. a \$500,000 account would pay 1.50 up to \$50,000, then 1.40 from \$50,001 to \$100,000, then 1.25 from \$100,001 to \$250,000, etc.). The fees clients will pay may vary by the Advisory Representative with whom the client works. Therefore, clients receiving similar services may pay more or less than a client with another Advisory Representative. Further, some Advisory Representatives will determine the fee based on an aggregate of the client's portfolio under management while another Advisory Representative may base their fee on each account.

Also, if you have more than one portfolio under McCabe's professional services, we may elect, at our sole discretion, to aggregate the values of your portfolios for the purposes of computing our management fee.

We sometimes make exceptions to our general fee schedule under certain circumstances (e.g., responsibilities involved; accounts or groups of accounts which are expected to have significant capital additions in the future; anticipated future earning capacity; related accounts; account composition; pre-existing client; account retention; pro bono activities, etc.). In such cases, lower or higher fees or different payment arrangements can be negotiated with each client separately and will be described in the client's Investment Advisory Agreement.

You may make additions to the account or withdrawals from the account, provided the account continues to meet minimum account size requirements. Your advisory fee is based on the average monthly ending value of your account. The fee calculation is not based on the precise day of the additional deposit or partial withdrawal. No fee adjustments will be made for account appreciation or depreciation.

B. If the account is established or closed during the middle of a billing cycle month, you will pay an advisory fee based upon the average monthly balance when the account was under McCabe's management. You may either elect to have us bill you each quarter (or in some cases on a semi-annual basis) for your Asset Management fees, or depending upon the Custodian you choose, you may authorize us to deduct the Asset Management fee directly from your account. You will need to grant McCabe the authorization to debit your fee by completing an "Authorization to Debit Account" Agreement. If the fees are deducted directly from an account, the Custodian will provide you with a quarterly statement that lists the total fees deducted from the account as well as all transactions that were conducted in the account that quarter. McCabe charges a minimum annual fee of \$250. Your Advisory Representative may waive the minimum annual fee at his sole discretion.

C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. You may also pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the account. These fees are not charged by McCabe and are charged by the product, broker/dealer or account custodian. McCabe does not share in any portion of these fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. These advisory fees are not shared with McCabe and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing.



D. The asset management fee is billed in arrears either quarterly or semi-annually, based on your preference and will be noted in your agreement. The fee is calculated using the negotiated percentage rate as stated in your agreement divided by the time period. (For example, 1% annual fee billed semi-annually would be 1% divided by 2=.5% whereas quarterly would be .25% for the period.) The percentage rate is calculated against the average monthly balance for the time period. Our portfolio management system, Interactive Advisory Solutions, looks at the month-end value for each month during the applicable time period, adds them together and then divides that by the number of months.

Fee calculation examples:

- Quarterly Fee: average monthly balance: 7/31/20XX value + 8/31/20XX value + 9/30/20XX value = Total Value divided by 3.
- Semi-annual Fee: average monthly balance: 4/30/20XX value + 5/31/20XX value + 6/30/20XX value + 7/31/20XX value + 8/31/20XX value + 9/30/20XX value = Total Value divided by 6.

McCabe may change the above fee schedule upon 30-days prior written notice to you.

E. As previously indicated, Advisory Representatives of McCabe are dually Registered Representatives of Financial Network, a registered Broker/Dealer, member of the Financial Regulatory Association (FINRA) and SIPC. Advisory Representatives of McCabe who are Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Financial Network. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to Financial Network and a portion passed to the Advisory Representative. The receipt of these fees could represent an incentive for the Advisory Representative to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. Advisory fees will not be offset by any 12b-1 fees received by McCabe or your Advisory Representative, except for qualified ERISA plans.

As stated above, McCabe recommends mutual funds that pay 12b-1 fees and no-load funds. You may be able to purchase the securities recommended by McCabe directly or through other brokers or agents not affiliated with McCabe.

#### Termination Provisions

You may terminate investment advisory services obtained from McCabe, without penalty, upon verbal or written notice within five (5) business days after entering into the advisory agreement with McCabe. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon verbal or written notice to McCabe.

### **Financial Planning and Retirement Planning Services**

Fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Planning fees are negotiated at the discretion of your Advisory Representative and are based on an hourly rate agreed upon prior to initiating services. Your specific rate will be stated in your agreement but will not exceed \$300/hour. Your fees will be dependent on several factors including time spent with McCabe, number of meetings, complexity of your situation, amount of research, services requested and/or staff resources. The fee is payable prior to the initiation of the financial planning report, as services are rendered, or upon completion of the financial plan or agreed upon service. The specific payment schedule for your project will be noted in your client agreement.

### **Termination Provisions**

You may terminate planning services obtained from McCabe, without penalty, with verbal or written notice within five (5) business days after entering into the advisory agreement with McCabe. Thereafter, you may terminate planning services with verbal or written notice to McCabe. You will be responsible for any time spent by McCabe. Any unearned, pre-paid fees will be refunded to you within 30 days of the termination request.

### **Analysis, Recommendation and Monitoring of Third Party Managed Program Services**

You may terminate your Program account at any time and receive a full pro-rata refund of any unearned fees.

You will pay a total fee comprised of McCabe's fee ranging from 0.35% to 1.00% and Genworth's fee ranging from 0.25 to 0.80%. McCabe's Advisory Representative will negotiate a fee schedule with you. Clients may pay a flat percentage based fee based on the entire value of the portfolio under management or the fee may be tiered whereby the client will pay a percentage based fee based on each tier. The fees clients will pay may vary by the Advisory Representative with whom the client works. Therefore, clients receiving similar services may pay more or less than a client with another Advisory Representative. Further, some Advisory Representatives will determine the fee based on an aggregate of the client's portfolio under management while another Advisory Representative may base their fee on each account.

Fees for Program clients are payable quarterly, in advance, and are based on the amount of assets under management.

For additional information regarding fees, please refer to Genworth's Form ADV Part 2A Brochure, Appendix 1 which your Advisory Representative will provide to you.

Differences in compensation paid by Third Party Managers may create an incentive for Advisory Representatives to recommend one Manager over another. The Manager must be appropriately licensed as an Investment Adviser with the SEC or states in which they conduct business. Clients selecting a "wrap fee" program may pay fees in excess of the combined total of separate advisory fees and brokerage commissions paid on a transactional basis. If a "wrap fee" program is not selected, clients may incur fees in addition to those charged by the Third Party Manager such as

transaction fees charged by Broker/Dealers. If a “wrap fee” program is selected, the client will also receive the Form ADV 2A Brochure Appendix 1 provided by the sponsor of the program.

#### **PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT      Item 6**

This section is not applicable to McCabe since McCabe does not charge performance based fees.

#### **TYPES OF CLIENTS      Item 7**

McCabe’s services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and non high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities

The minimum investment required in the McCabe Asset Management Program is generally \$50,000 for mutual fund accounts and \$250,000 for Privately Managed Accounts. Accounts below these minimums may be accepted on an individual basis at our discretion. Such circumstances may include, but not be limited to, 1) additional assets will soon be deposited or 2) the client has other accounts with McCabe. You should be aware that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested since fluctuations in the market may affect smaller accounts more.

#### **METHODS of ANALYSIS, INVESTMENT STRATEGIES and RISK of LOSS      Item 8**

A. McCabe conducts economic analysis and attempts to analyze and determine the trends. Additionally, McCabe conducts fundamental analysis. Fundamental analysis generally involves assessing a company’s or security’s value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

B. You need to understand that investing in securities involves risk of loss, including the potential loss of the principal money you are investing. Therefore, your participation in any of the management programs offered by McCabe requires you to be prepared to bear the risk of loss as well as the fluctuating performance of your accounts. Market values of investments will always fluctuate based on market conditions.

We do not represent, warrantee or imply that the services or methods of analysis we use can or will predict future results, successfully identify market tops or bottoms or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by McCabe or our Advisory Representatives will provide a better return than other investment strategies.

C. As stated above in Item 5, McCabe primarily uses mutual funds in client portfolios. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers and/or the fund straying from its stated investment objective. Open ended

mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time McCabe will direct the client to the appropriate Web page to access the prospectus.

## **DISCIPLINARY INFORMATION**

### **Item 9**

There is no reportable disciplinary information required for McCabe or its management persons that is material to your evaluation of McCabe, its business or its management persons.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES and AFFILIATIONS**

### **Item 10**

A. , B, McCabe does not have a related person who is a: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

C. As previously stated in Item 5E, Advisory Representatives are dually registered as Advisory Representatives of McCabe and as Registered Representatives of Financial Network. You are under no obligation to purchase or sell securities through your Advisory Representative. However, if we developed a financial or retirement plan for you and you choose to implement the plan with our assistance, commissions may be earned in addition to any fees you paid for the other advisory services. Commissions may be higher or lower at Financial Network than at other broker/dealers. Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through Financial Network in that the higher their production with Financial Network the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, Financial Network has an obligation to perform supervisory functions regarding certain activities engaged in by Advisory Representatives who are also Registered Representatives of Financial Network. For such supervisory functions, McCabe may pay Financial Network a portion of the advisory fees they receive. Financial Network and McCabe are not affiliated.

Advisory Representatives are licensed with various insurance companies. Commissions may be earned if you purchase insurance products through them. You are under no obligation to purchase insurance products or services through your Advisory Representative. While insurance business is not a significant business to the Advisory Representatives, and they do not concentrate resources toward the business, because of the conflict of interest in having you purchase insurance products through them, this disclosure is provided to you.

McCabe attempts to mitigate the conflicts of interest relating to the potential receipt of commissions by providing you with these disclosures. Further, you are encouraged to consult other professionals regarding the implementation of your financial or retirement plan. Furthermore, as a Registered

Representative with Financial Network, Advisory Representatives are subject to a supervisory structure at Financial Network for all securities business.

Advisory Representatives Tim McCabe and Tom Wojcik are minority shareholders in Cetera Financial Group (Cetera), the parent company of Financial Network. Neither Tim nor Tom is involved in the management of Cetera or Financial Network.

McCabe and its Advisory Representatives are not actively engaged in any other financial industry entity.

D. As noted in Item 4B above, McCabe recommends the services of a Third Party Manager.

**CODE of ETHICS, PARTICIPATION or INTEREST in CLIENT TRANSACTIONS and  
PERSONAL TRADING** **Item 11**

**Code of Ethics**

A. McCabe has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. McCabe takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as our policies and procedures. Further, we strive to handle your non-public information in such a way to protect information from falling into the hands of anyone who has no business reason to know such information. We provide you with our Privacy Policy which details our procedures for handling your personal information. McCabe maintains a code of ethics for its Advisory Representatives, supervised persons and office staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, our Code of Ethics establishes our firm's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

B. Neither McCabe nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.

C. McCabe and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, McCabe and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. They will not put their interests before your interest. Neither McCabe nor any associated person may trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

D. McCabe is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. McCabe and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

## **BROKERAGE PRACTICES**

## **Item 12**

A. As previously stated, Advisory Representatives are Registered Representatives of Financial Network. As a result they are subject to FINRA Conduct Rule 3040 which may restrict them from conducting securities transactions away from Financial Network unless Financial Network provides them with written authorization.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer. However, the services provided by McCabe will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from McCabe.

In initially selecting Financial Network, McCabe conducted due diligence. Our evaluation and criteria included ability to service you, staying power as a company, industry reputation, ability to report to you and to us, trading platform, products and services available, technology resources, and educational resources.

Periodically, we will review alternative broker/dealers and custodians in the marketplace to ensure Financial Network and its custodians are meeting our duty to provide best execution for your accounts. The review will include a comparison to Financial Network which involves evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by Financial Network will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

Additionally, product sponsors such as variable and investment companies and limited partnerships which are recommended to you may provide support to McCabe and our Advisory Representatives. Such support includes research, educational information, and monetary support for due diligence trips and client events.

You are advised there is an incentive for McCabe and your Advisory Representative to recommend Financial Network over other Broker/Dealers based on the products and services that we will receive rather than your best interest.

Financial Network has a wide range of approved securities products for which Financial Network performs due diligence prior to selection. As Financial Network Registered Representatives, we are required to adhere to these products when implementing securities transactions through Financial Network. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another Broker/Dealer. Financial Network also provides our Advisory Representatives, and therefore McCabe, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession

planning, regulatory compliance and marketing. Such services are intended to help us and our Advisory Representatives manage and further develop its business enterprise.

Financial Network and its clearing broker/dealer, Pershing, LLC also make available to McCabe other products and services that benefit McCabe but may not directly benefit you. Some of these other products and services assist McCabe with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of McCabe's fees from your accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts.

Advisory Representatives as Financial Network Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Financial Network. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to Financial Network and a portion passed to the Advisory Representative of record. The receipt of such fees could represent an incentive for Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

B. Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

## **REVIEW of ACCOUNTS**

### **Item 13**

A. If you are participating in the Asset Management Programs you will have reviews at least semi-annually or as agreed by you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him to review the portfolio allocation and make recommendations for changes.

B. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. At least annually when you attend the annual review, McCabe will provide you with a consolidated report of your managed account. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

If you are participating in Financial and/or Retirement Planning Services you will not receive regular reviews. McCabe recommends you have at least an annual review and update to any plans.

However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

## **CLIENT REFERRALS and OTHER COMPENSATION**

### **Item 14**

A. Product vendors recommended by McCabe may provide monetary and non-monetary assistance with client events, provide educational tools and resources. We do not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. McCabe's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and us.

B. McCabe does not directly or indirectly compensate any person who is not a supervised person of our firm for referrals. Further, we do not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

Lastly, we do not compensate any person or entity for referring business to McCabe.

## **CUSTODY**

### **Item 15**

With the exception of deduction of McCabe's advisory fees from your accounts, McCabe does not take custody of your funds or securities. As noted under Item 13C above, you should compare the statement we provide you with your Financial Network statement.

## **INVESTMENT DISCRETION**

### **Item 16**

You may grant McCabe authorization to manage your account on a discretionary basis. You will grant such authority to McCabe by execution of the advisory agreement. You may terminate the discretionary authorization at any time by giving us written notice.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) If you elect to implement recommendations through your Advisory Representative, we require the use of Financial Network, the broker/dealer with which our Advisory Representatives are registered for sales in commissionable mutual funds or variable annuities,
- 4) With the exception of deduction of McCabe's advisory fees from the account, if you have authorized automatic deductions, we will not have the ability to withdraw your funds or securities from the account.



**VOTING CLIENT SECURITIES**

**Item 17**

McCabe does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact your Advisory Representative about questions you may have and opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

**FINANCIAL INFORMATION**

**Item 18**

A. McCabe will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service; therefore, a balance sheet is not required to be attached.

B. McCabe has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of McCabe's advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.

C. Neither McCabe nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

**REQUIREMENTS for STATE REGISTERED ADVISERS**

**Item 19**

This section is not applicable to McCabe. McCabe is not state registered. McCabe is registered with the Securities and Exchange Commission.