



# **FORM ADV-Part II BROCHURE**

***March 27, 2012***

(Prior update: 03/29/11)

**Item 1 – Cover Page**



**EPG, Incorporated**

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**[www.EPGADV.com](http://www.EPGADV.com)**

**MARCH 27, 2012**

**(Form ADV Part II – Brochure)**

This Brochure provides information about the qualifications and business practices of EPG, INCORPORATED. If you have any questions about the contents of this Brochure, please contact us at 781-235-2666 and/or [ddube@epgadv.com](mailto:ddube@epgadv.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.

EPG, INCORPORATED is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about EPG, INCORPORATED also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. Beginning with our Brochure dated March 29, 2011; this is a new document prepared according to the SEC’s new requirements and rules. As such, the Document is materially different in structure and requires certain new information that our previous brochure did not require.

In this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Material changes since the March 29, 2011 annual update:

- Item 10-EPG no longer has a consulting agreement with Wasmer, Schroeder & Company. EPG has entered into a consulting agreement with Municipal Market Advisors (MMA), of Concord MA.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Daniel Dube, CCO at 781-235-2666 or [ddube@epgadv.com](mailto:ddube@epgadv.com). You may also send a written request to the address on the cover page, also free of charge.

Additional information about EPG, INCORPORATED is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with EPG who are registered, or are required to be registered, as investment adviser representatives of EPG.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	3
Item 7 – Types of Clients .....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	4
Item 9 – Disciplinary Information.....	5
Item 10 – Other Financial Industry Activities and Affiliations .....	5
Item 11 – Code of Ethics .....	6
Item 12 – Brokerage Practices .....	7
Item 13 – Review of Accounts .....	8
Item 14 – Client Referrals and Other Compensation .....	8
Item 15 – Custody.....	9
Item 16 – Investment Discretion .....	9
Item 17 – Voting Client Securities .....	9
Item 18 – Financial Information .....	9
Item 19 – Requirements for State-Registered advisers.....	9

#### Brochure Supplements

- David L. Thomas, President
- Stella W. C. Pang, Executive Vice President
- Lawrence Teitelbaum, Executive Vice President
- Allan R. Dwyer, Executive Vice President

## Item 4 – Advisory Business

Founded in 1984, EPG, Incorporated is a strategic investment and interest-rate risk business advisory firm that is located in Wellesley, MA. Acting as a partner to community-based financial institutions, EPG works with clients ranging in asset size from \$100 million to several billion; integrating investment management, balance sheet analytics, regulatory compliance and strategic counsel. As EPG, Inc., an SEC Registered Investment Advisor, the company provides investment advisory as well as Asset/Liability management and strategic consulting to New England community banks. In addition, EPG provides investment advisory/financial consulting services to individuals and select high net - worth individuals across the country. David Thomas, president & principal owner, joined EPG in 1988. In 1994, Mr. Thomas became the Managing Director of EPG and in 1996, President.

Bank Investment Advisory Services: EPG Incorporated offers comprehensive asset management services, principally to banks; involving giving advice with respect to equities, fixed income securities, and options on a non-discretionary basis.

Individual Investment Advisory Services: EPG also provides investment advisory services to individuals (including trusts, charitable foundations and 457 plan) and high net worth individuals on a limited basis with respect to equities and fixed income securities. An individual client may terminate its investment advisory contract, effective at the end of the month, by giving written notice to EPG at least fifteen (15) days prior to the end of such month. Fees prepaid for a calendar quarter, during which a contract is terminated, will be refunded to an individual client on a pro-rated basis.

Asset Liability Management Advisory Service (ALM): EPG offers asset/liability modeling and consulting services to banks, thrift institutions and credit unions.

Long Range Strategic Planning: EPG offers long range planning services to banks, thrift institutions and credit unions.

Option Service: EPG offers advisory services with respect to covered call options, on a client by client basis.

Quarterly Meetings: EPG offers quarterly meetings with a client's board of investment.

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The amount of client assets managed (assets under management) as of December 31, 2011:

	<i>U.S. Dollar Amount</i>
<i>Discretionary:</i>	<i>0.00</i>
<i>Non-Discretionary:</i>	<i>3,004,993,882.00</i>

## Item 5 – Fees and Compensation

Bank Investment Advisory Services Fees: The negotiable fees charged to bank customers for the provision of the basic management service are billed monthly, in arrears and are based on the asset size reflected on the customer bank's most recent statement of condition, capped at the rates indicated below:

<u>Bank Asset Size (\$millions)</u>	<u>Monthly Cash Fee</u>	<u>Annual Cash Fee</u>
50-74	\$2,250	\$27,000
75-99	\$2,500	\$30,000
100-124	\$2,750	\$33,000
125-149	\$3,000	\$36,000
150-174	\$3,208	\$38,500
175-199	\$3,417	\$41,000
200-224	\$3,583	\$43,000
225-249	\$3,750	\$45,000
250-274	\$3,917	\$47,000
275-299	\$4,042	\$48,500
300-324	\$4,167	\$50,000
325-349	\$4,292	\$51,500
350-374	\$4,417	\$53,000
375-399	\$4,542	\$54,500
400-424	\$4,667	\$56,000
425-449	\$4,792	\$57,500
450-474	\$4,917	\$59,000
475-499	\$5,000	\$60,000
500-524	\$5,083	\$61,000
525-549	\$5,167	\$62,000
550-574	\$5,250	\$63,000
575-599	\$5,333	\$64,000
600-624	\$5,417	\$65,000
625-649	\$5,500	\$66,000
650-674	\$5,583	\$67,000
675-699	\$5,667	\$68,000
700-724	\$5,750	\$69,000
725-749	\$5,833	\$70,000
750-774	\$5,917	\$71,000
775-799	\$6,000	\$72,000
800-824	\$6,083	\$73,000
825-849	\$6,167	\$74,000
850-874	\$6,250	\$75,000
875-899	\$6,333	\$76,000
900-924	\$6,417	\$77,000
925-949	\$6,500	\$78,000
950-974	\$6,583	\$79,000
975-999	\$6,667	\$80,000
1,000-1,099	\$6,917	\$83,000
1,100-1,199	\$7,167	\$86,000
1,200-1,299	\$7,417	\$89,000
1,300-1,399	\$7,667	\$92,000
1,400-1,499	\$7,917	\$95,000
1,500-1,599	\$8,167	\$98,000
1,600-1,699	\$8,417	\$101,000
1,700-1,799	\$8,667	\$104,000
1,800-1,899	\$8,917	\$107,000
1,900-1,999	\$9,167	\$110,000
Over 2,000	\$10,000	\$120,000

Individual Service Fees: Individual client fees are charged based on assets under management and are billed quarterly, in advance, upon the following negotiable schedule:

Assets in Account, Annual Percentage Fee:

First \$1 million	1.00%
\$1 million to \$2 million	0.85%
Over \$2 million	0.75%

ALM Fees: Fees for these services are charged either on a project basis or pro-rated on an annual basis. The negotiable annual base fee for the Registrant's comprehensive asset/liability management advisory service is \$25,000 to \$50,000, based on the level of service provided.

Long Range Strategic Planning Fees: Fees for those services are charged either on a project basis or pro-rated basis, annually. The negotiable annual base fee for the Registrant's long range strategic planning service is \$15,000 to \$95,000, based on the level of service provided.

Option Service Fees: A separate charge may be assessed, and determined, based on the degree of work required.

Quarterly Meeting Fees: Charges for quarterly meetings with a client's board of investment may be billed separately, for each visit, at a negotiated percentage of the annual basic management fee.

All fees are subject to negotiation. The specific manner in which fees are charged by EPG is established in a client's written agreement with EPG. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

EPG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to EPG's fee, and EPG shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that EPG considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

EPG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7 – Types of Clients

EPG provides portfolio management services to individuals, high net worth individuals, charitable foundations, trusts, institutions, and one 457 plan.

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

EPG provides ALM and Investment Advisory Services\* and our recommendations are customized to the risk/reward profile of our investment clients. Within the investment advisory services, EPG provides both fixed income and equity management. Investment decisions are based on relevant research obtained from external sources, in-house expertise, ratings of acceptable financial ratings services and the evaluation of relevant factors pertaining to the type of security under consideration.

### **Fixed Income Management**

EPG works with the client to implement high-performance fixed income investment recommendations designed to enhance overall returns. EPG employs fundamental analysis to determine an economic and inflation outlook, which in turn, drives an interest rate outlook. The level of interest rates, the shape of the yield curve, and targeted sector spreads are evaluated on an ongoing basis.

Prior to recommending a purchase, an assessment is made of each security to determine its appropriateness given the client's investment objectives and policy parameters. As with all clients, bond purchases would be rated investment grade or better. EPG considers the interest rate and credit risk embedded in the overall balance sheet and ALM modeling discipline with each purchase or sale recommendation we make, and select securities that optimize net interest income, consistent with liquidity, interest rate risk and credit tolerance.

A client's portfolio is constructed from our selected securities and, consistent with the profile and policy parameters, is structured to consist of the following:

- **Liquidity Holdings:** Highest rated, shortest dated fixed income securities that provide near-term liquidity.
- **Total Return Holdings:** High quality fixed income securities that have the potential for gains realization prior to maturity.
- **Foundation Holdings:** High quality securities characterized by incremental yield for maturity, incremental yield for credit, incremental yield for option risk, and the likelihood of being held to maturity.

### **Equity Management**

EPG's equity investing portfolio management is client focused and complements institutional client's strategic/business objectives. It is an active process consisting of quality selection criteria and ongoing security evaluation.



The buy discipline begins with fundamental analysis in determining appropriate buy candidates. Prior to making a buy recommendation, an assessment is made of each security to determine its appropriateness given the client's investment policy parameters.

A pre-purchase rationale outlining the suitability and rationale of an investment recommendation is submitted for client approval. Pre-purchase documentation also consists of relevant security information, which may include, where applicable, security description, earnings estimates, yield analysis and other pertinent data.

### **Active Portfolio Management**

EPG actively manages the investment process by employing a buy/sell discipline based on:

- **Target Price:** For fixed income securities, a target spread and/or price is created to benchmark what EPG believes to be full valuation. For equities, a target price is set based on the client's earnings, outlook, and portfolio objectives.
- **Security Outlook:** EPG monitors and assesses changes in interest rates and credit ratings to capture potential changes that may impact security performance. EPG monitors the changes in the overall sector, fundamentals of the company and market conditions to determine a buy, sell or hold position.
- **Client Objectives:** We recommend buy or sell actions that integrate investment management practices with client objectives.

*\* Investing in securities involves risk of loss that clients should be prepared to bear.*

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of EPG or the integrity of EPG's management. EPG has no information applicable to this Item.

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

EPG has entered into a consulting agreement with Municipal Market Advisors (MMA), of Concord MA for the benefit of all of EPG's clients. No material conflict has been created. EPG employs the consultant to provide credit review/oversight of certain securities as determined by the scope of the agreement. Only non-discretionary advice is provided to EPG and is not tailored to the needs of any EPG clients. EPG will not provide any client information including, but not limited to; any names, investment objectives & restrictions, and financial circumstances of their clients. Further, the consultant will not communicate with EPG's clients, either orally or in writing. Under no circumstances will the consultant be considered a sub-advisor.

EPG has entered into a consulting agreement with Sarah Burzillo of Clarity Business Consulting, Inc. The scope of duties as outlined in the agreement includes accounting services for EPG and ALM service for clients of EPG. No material conflicts of interest have been created.

## **Item 11 – Code of Ethics**

### Code of Ethics:

As a fiduciary, EPG Incorporated (“EPG”) has an affirmative duty to act solely in the best interest of all clients and EPG to make full and fair disclosure of all material facts, particularly where EPG’s interests may conflict with those of our clients. All EPG employees must be guided in their actions by the highest of ethical and professional standards. All employees must adhere to the following Code of Ethics and Professional Standards as a condition of employment with EPG. All EPG Employees are required to adhere to the policies set forth in this statement, as well as those detailed in the Compliance Policies and Procedures Manual. Disciplinary action up to and including dismissal will be imposed for violations.

A copy of this code is furnished to all employees annually as part of the EPG Personnel Manual in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. Employees are responsible for signing a receipt of acknowledgement. The chief compliance officer will furnish employees with amendments to this policy, immediately upon revision. The Chief Compliance Officer reports all activity, and reviews all compliance materials with the President.

EPG’s Code of Ethics will be provided to any client or prospective client upon request by contacting Daniel Dube at 781-235-2666 or ddube@epgadv.com.

### Personal Trading:

Employees may not purchase securities that have been recommended for purchase to a client or the client base until two days after the recommendation has been disseminated. Similarly, Employees may not sell securities that have been recommended for sale to a client or the client base(1) until two days after the recommendation has been disseminated.

The equity manager maintains an online folder that includes: 1.) All individual and bank client buy and sell recommendations and 2.) All general buy and sell recommendations that have been added to a client or client base. A recommendation is considered “Disseminated” or “Distributed” on the day the recommendation has been added to the online folder. All employees are required to review this recommendation folder prior to trading in their own account to ensure compliance with EPG’s Personal Trading Policy.

Further, in the event EPG is establishing a new position in client accounts by introducing a security to the client base for the first time, employees must first confirm with EPG’s Equity Manager that all clients have had an opportunity to purchase the security before it can be purchased in their own account.

EPG’s Personal Trading Policy extends to all accounts that are managed by an EPG employee, where the employee makes investment decisions and/or executes trades, to include a spouse, child, or family member account.

Finally, employees may not purchase an IPO or Limited Placement Security without the explicit consent of the president. Community Bank stocks will not be allowed for trading.

EPG reviews quarterly, employee's personal trades and annually, brokerage statements to ensure compliance of this policy. Should any part of this policy be violated, the president will take appropriate action up to and including termination.




## **Item 12 – Brokerage Practices**

EPG Inc. provides Institutional clients with a list of Brokers at the time of the execution of any advisory agreement. However, clients may direct EPG to execute transactions through a specified broker-dealer, aware that we may be unable to achieve most favorable execution of their transactions or cost them more money. Further, EPG does not have any soft-dollar agreements with any brokerage firms or brokers. EPG deals only with established firms of national reputation. Each firm has a strong financial condition and lengthy operating history. EPG has longstanding relationships with sales representative (s) at each firm listed. Generally, we deal only with the most experienced representatives at a given firm; thus their expertise is quite strong. EPG does not deal with individual brokers who have been restricted to trade by State or Federal regulators (or by self-regulatory organizations). Broker/dealers with whom we become dissatisfied are eliminated from our list.

### **Procedure**

EPG interviews brokerage firms before adding them to the broker list, to determine their financial condition, and expertise. EPG obtains broker Identification numbers for the Central Registration Depository. This allows EPG to search the database on the FINRA site for any restrictions or disclosures against the firm or trader.

In an effort to assist Institutional Clients with requirements designated by State and Federal authorities, EPG Incorporated makes the following information available:

-  Resume and Central Registration Depository (CRD) identification number for the trader, at specified brokerage firm, with whom EPG executes client transactions;
-  Instructions for the Financial Industry Regulatory Authority (FINRA) Broker Check;
-  List of current quarterly Standard & Poor's ratings for all appropriate brokers.

This service allows Clients to obtain background information concerning formal enforcement actions against the dealer, its affiliates or associated personnel.

## **Item 13 – Review of Accounts**

For Institutional Clients, informal reviews are conducted by EPG staff and implemented on an ongoing basis. Each account is priced monthly and portfolios are updated as needed. Meetings with Institutional Clients are at the client's request and/or at EPG's recommendation.

For Individual Clients, accounts are reviewed at least quarterly, and managed on an ongoing basis by qualified Senior Management. At present, EPG's Senior Management members are responsible for reviewing all individual accounts. EPG has no Individual Clients with accounts managed on a discretionary basis.

Pricing information for client accounts is reviewed by the President and entered into Axys by the portfolio accounting system manager. Only these two positions have access to the information manual and related access codes etc. to enact any changes to pricing or position descriptions. These manuals and related data will be kept in a secure position. The portfolio reports are reviewed by clients for accuracy at the beginning of each month comparing EPG prices against their custody statements. (the client receives a "Market Value Report" on the first day of the month which prices all securities the client holds) Also, portfolio reports will be reviewed by the Fixed Income manager at EPG as well as the Equity manager at EPG, on a monthly basis. Any discrepancies will be documented and brought to the President and portfolio accounting system managers attention. Follow up on the discrepancies will then be undertaken by the fixed income and equity managers to ensure corrections were made. For any client identified discrepancies, research is immediately undertaken, the proper price is verified and changes made, if necessary. Once the pricing is completed, a hard copy of the price file is printed as back-up, for reference as needed. The President of EPG will also periodically spot check prices listed for securities in the portfolio, comparing listed prices to IDC information as well as brokerage source to ensure accuracy of pricing and to verify that ongoing review is occurring by the fixed income manager, equity manager, and portfolio accounting system manager.

For Institutional Clients, reports are issued periodically, providing all pertinent data regarding a client's securities holdings and account activity that has been received during the prior month. This information includes cost, market value; various yield calculations and quality ratings, as well as percentage distributions and maturity patterns. Clients periodically receive an investment letter.

For Individual Clients, monthly statements from the custodian are mailed directly to the client. EPG maintains their portfolios in the Axys system, reviewed monthly against the custody statement, and used for internal purposes only.

EPG offers each client an investment strategy for fixed income and equity securities and specific buy and sell recommendations and reasons supporting such recommendations.

EPG's account executives engage in regular phone contact with the clients for the purpose of presenting and monitoring the implementation of recommended investment strategy. Clients may elect to meet quarterly with personnel of the Registrant for the purpose of reviewing portfolio strategy.

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

EPG does not compensate any person directly or indirectly for client referrals. Nor does EPG receive any economic benefits, sales awards, or other prizes from non-clients.

## **Item 15 – Custody**

EPG does not have custody, either directly or indirectly, of any client funds or securities nor has the authority to obtain possession of them. For institutional clients, should they elect, EPG will maintain their investment portfolio on the AXYS portfolio system. For Individual Clients, monthly statements from the custodian are mailed directly to the client. EPG maintains their portfolios in the Axys system and is used for internal purposes only. Furthermore, EPG will only engage in client relationships which do not create a situation where it could be considered to have direct or indirect custody of client assets. Custody of client's funds must be maintained with qualified custodians.

## **Item 16 – Investment Discretion**

EPG has institutional and individual clients. Within these types, accounts are classified as only non-discretionary. Non-discretionary accounts require that EPG obtain approval from a client before executing trades in their account. When recommending securities and determining amounts, EPG observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to EPG in writing.

## **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, EPG does not have any authority to and does not vote proxies on behalf of advisory clients. The Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. EPG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered advisers**

No additional information to disclose.