

# **Morgillo Financial Management, Inc.**

855 Turnpike Street  
North Andover, MA 01845  
Phone: 978.975.3000  
Fax: 978.975.3323

[www.morgillofinancial.com](http://www.morgillofinancial.com)

March 30, 2011

*This disclosure brochure provides information about the qualifications and business practices of Morgillo Financial Management, Inc, an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Morgillo Financial Management, Inc. provides. If you have any questions about the contents of this Brochure, please contact Elaine Morgillo, President and Chief Compliance Officer of Morgillo Financial Management at 978.975.3000. or at [info@morgillofinancial.com](mailto:info@morgillofinancial.com).*

*The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Morgillo Financial Management, Inc. or any individual providing investment advisory services on behalf of Morgillo Financial Management, Inc. possess a certain level of skill or training. Additional information about Morgillo Financial Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Morgillo Financial Management, Inc. who are registered, or are required to be registered, as investment advisor representatives of Morgillo Financial Management, Inc.*

## **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. This disclosure document, also referred to as the disclosure brochure, dated March 30, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure dated April 28, 2010 did not require.

This item discusses only the material changes that have occurred since Morgillo Financial Management’s last annual update dated April 28, 2010. Morgillo Financial does not have any material changes to disclose in response to this item.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material 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 us at 978-975-3000 or [info@morgillofinancial.com](mailto:info@morgillofinancial.com).

**TABLE OF CONTENTS**

Cover Page .....	i
Material Changes .....	ii
Table of Contents.....	
Advisory Business .....	1
Investment Management Services	
Financial Consulting Services	
Assets Under Management	
Fees and Compensation .....	3
Investment Management Fees	
Direct Debiting of Client Accounts	
Financial Consulting Fees	
Additional Information on Fees	
Performance-Based Fees and Side-By-Side Management.....	4
Types of Clients.....	5
Conditions for Managing Accounts	
Minimum Annual Fee	
Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Types of Investments	
Investment Strategies	
Risk	
Disciplinary Information .....	8
Other Financial Industry Activities and Affiliations .....	9
Code of Ethics .....	10
Brokerage Practices .....	11
Investment or Brokerage Discretion	
Broker Analysis	
Brokerage for Client Referrals	
Directed Brokerage	
Aggregation and Allocation of Trades	
Trade Errors	
Review of Accounts .....	13
Investment Management Services	
Financial Consulting Services	
Client Referrals and Other Compensation .....	14
Custody.....	15
Investment Discretion.....	16

Voting Client Securities.....	17
Financial Information .....	18
Privacy Notice .....	18
Complaints.....	18
Brochure Supplement	
Elaine B. Morgillo .....	19
Kevin J. Kennedy .....	20

## **ADVISORY BUSINESS**

Morgillo Financial Management, Inc. (“MFM” or the “firm”) is a registered investment advisor that offers personalized investment management, financial planning and consulting services to its clients. Elaine Morgillo, the principal owner of MFM, founded the company in 1998.

### **Investment Management Services**

MFM provides investment management services, defined as giving continuous advice or making investments for clients based on the specific needs of each client. MFM tailors these advisory services to the individual needs of each client. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, MFM develops a client’s individual investment policy and creates and manages a portfolio based on that policy. MFM will manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income, among others). MFM will create unique portfolios designed to meet the needs, goals, objectives and risk tolerances of its clients.

Clients will retain individual ownership of all securities. They are advised to promptly notify MFM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions on the types of investments which will be made on their behalf.

As part of its investment recommendations, MFM may use investment portfolios managed on a discretionary basis by other registered investment advisors based upon the specific circumstances of an account. MFM may participate in wrap fee programs and will receive a portion of the wrap fee for their services.

### **Financial Consulting Services**

#### **PERSONAL FINANCIAL CONSULTING SERVICES**

As part of the firm’s comprehensive financial planning services, MFM provides clients with a range of financial planning and consulting services, addressing a variety of client-specific matters. The financial planning process is designed to organize financial data, identify needs and opportunities and evaluate alternative courses of action. It may include an analysis of current net worth, income taxes, cash flow and budgeting, investments and asset allocation, retirement planning, employee benefit plan analysis, estate and gift tax planning, education funding, and risk management which focuses on the cash needs at death, income needs of surviving dependents, estate planning, and health, disability and long term care analysis.

MFM gathers required information through in-depth personal interviews. Information gathered includes a client’s current financial status, future goals, time horizon and attitudes toward risk. Related documents supplied by the client are carefully reviewed. MFM conducts a financial analysis and prepares a plan that describes the client’s current situation, identifies needs and opportunities and makes suggestions designed to help the client achieve stated goals. Should a client choose to implement the recommendations contained in the analysis, MFM suggests that the client and MFM work closely with his/her attorney, accountant, insurance agent, and/or other professional advisors as appropriate.

Clients may receive financial advice on a more limited basis. This may include advice on a specific area of concern such as retirement planning, estate planning, reviewing a client’s existing portfolio, or consultation on a client’s specific investment and/or financial concern.

The client is under no obligation to act upon any of the recommendations made by MFM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including MFM. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of MFM's recommendations. Recommendations made by MFM are not limited to any specific product or service offered by a broker-dealer or insurance company.

#### **BUSINESS CONSULTING SERVICES**

MFM provides consulting services on a non-discretionary basis to business, pension and qualified plan clients. Services may include evaluation of existing asset performance, evaluation of employee benefits, service providers and/or employee educational sessions.

In performing its services, MFM shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on such information. Each client is advised that it is their responsibility to promptly notify MFM if there is ever any change in the financial situation or investment objectives for the purpose of reviewing, evaluating or revising MFM's previous recommendations and/or services.

#### **Assets Under Management**

As of December 31, 2010 MFM managed approximately \$83,500,000 of client assets on a discretionary basis and approximately \$2,000,000 on a non-discretionary basis.

## **FEES AND COMPENSATION**

### **Investment Management Fees**

MFM's annual asset-based fee is typically paid quarterly in arrears, as outlined in a contract between MFM and the client, referred to as the Investment Advisory Agreement. The asset based fee is calculated on the account asset value on the last business day of the previous calendar quarter.

The annual fee for MFM's portfolio management services is negotiable, typically ranging from .50% to 1.5% per year depending on the nature and complexity of each client's circumstances, the value of assets placed under management, portfolio style and other factors. The specific annual fee schedule will be identified in the contract between MFM and each client.

If the services of an outside investment advisor are utilized, the specific terms of the fee charged by that advisor will be outlined in the contract between the outside advisor and the client.

### **Direct Debiting Of Client Accounts**

Client assets shall be held in the custody of a bank, trust company or brokerage firm agreed upon by the client and MFM. The client agreement may authorize MFM to deduct advisory fees directly from the client's account at the custodian. MFM sends fee information to the custodian, who remits the fees to MFM. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to MFM. With the exception of the ability to debit client accounts for advisory fees, MFM does not and will not have custody of clients' funds or securities.

### **Financial Consulting Fees**

Financial Consulting Services fees are charged a rate of \$200 per hour. The length of time to complete the consulting service depends on the nature and complexity of the individual client's circumstances. The typical minimum fee for these services is \$1,000. Whenever possible an estimate for total hours is determined at the start of the consulting relationship. MFM typically requires a deposit of fifty percent (50%) of the estimated total fee. When the financial plan or consultation has been completed, all unpaid fees are due and payable. A minimum annual retainer may be charged for ongoing financial planning services and/or open-ended consulting services. Retainer fees are based on the anticipated complexity of the assignment and the amount of time expected to be required. Upon depletion of the retainer, fees are billed monthly in arrears.

### **Additional Information on Fees**

1. The investment management fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client.
2. All fees paid to MFM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and/or possible sales or distribution charges. A client may choose to invest in a mutual fund directly, without the services of MFM. In that case, the client would not receive the services provided by MFM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. When purchasing directly from fund families, clients may incur a front- or back-end sales charge. Accordingly, the client should review both the fees charged by the funds and the fees charged by MFM to fully

understand the total amount of fees to be paid by the client when evaluating the advisory services being provided.

3. Clients should also understand that certain mutual funds may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not charged nor received by MFM) to deter “market timers” who trade actively in fund shares. Clients should consider these short-term trading charges when selecting mutual funds in which they invest. These charges, as well as operating expenses and management fees, which may increase the overall cost to the client by 1%-2% (or more), are available in each fund’s prospectus.
4. In addition to MFM’s advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. These costs include (but are not limited to) transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client’s account(s). The client may also incur charges for other account services provided by their custodian not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.
5. A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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

MFM 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).



## **TYPES OF CLIENTS**

MFM provides portfolio management services to individuals, high net worth individuals, trusts, estates, corporate pension and profit-sharing plans, and corporations.

### **Conditions for Managing Accounts**

As a condition for starting and maintaining a relationship, MFM generally imposes a minimum portfolio size of \$500,000. The firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, and account retention. MFM will only accept clients with less than the minimum portfolio size if, in the sole opinion of MFM, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance.

### **Minimum Annual Fee**

In the event MFM accepts an account with assets below its stated portfolio minimum, MFM may impose a minimum annual fee of \$1,500.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Investment advice may be offered on any investment held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to publicly traded foreign and domestic equity securities, bonds, certificates of deposit, commercial paper, municipal and United States government securities, mutual funds and exchange traded funds (ETFs).

### **Investment Strategies**

MFM conducts extensive research to identify investments that possess characteristics that the firm believes provide opportunities to reach client's investment objectives. Asset allocation strategies are tailored to each client based on responses in their investment policy questionnaire and investment policy statement. MFM's goal is to invest in securities for the long term. MFM practices diversified asset allocation with periodic rebalancing. MFM considers selling a client's securities if the risks and/or potential rewards of continuing to own the security are no longer attractive.

### **Risk**

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in value. The value of an investment fluctuates based on economic, political and company-specific events. The following risks are associated with investments that MFM may purchase for a client's account:

#### **Mutual Funds**

The principal risks associated with individual mutual funds are fully described in their respective prospectus in the section called "Principal Risks" or "Primary Risks". Shareholders are also subject to mutual fund manager risk, which is poor security selection or focus on securities in a particular sector, category, or group of companies that may cause a mutual fund to underperform relevant benchmarks or other funds with similar investment objectives.

#### **Stock Mutual Funds, Common and Preferred Stocks:**

Stock mutual funds and common stocks are subject to stock market cycles, which may result in periods of rising prices and periods of falling prices, including the possibility of sharp declines. Common and preferred stock represents an ownership position in a company. An adverse event may have a negative impact on a company and could result in a decline in the price of its stock. Small company stocks may fluctuate more in price than those of large companies. Stocks of non-US companies may also fluctuate greatly and expose investors to fluctuations in currency exchange rates. The stocks of companies in emerging markets are subject to additional risks due to the unstable nature of some governments and the small and illiquid nature of their securities markets.

#### **Exchange Traded Funds:**

Exchange Traded Funds (ETFs) are securities that track an index, a commodity or a basket of assets much like an index fund, but trades like a stock on an exchange. Equity based ETFs are subject to risks similar to those of common stocks. They are subject to market risk, defined by the day to day fluctuations associated with any portfolio and defined by the perception of investors. If the stock tracked within an ETF declines due to weakening fundamentals, crumbling technical support, global events or any other market fluctuations, the value of the ETF will go down. All ETFs are purchased on an exchange with a bid and offer making them subject to liquidity risk. Fixed income-based ETFs are subject to interest rate risks. As interest rates rise and fall over time, these changes have a direct effect on the value of the ETFs. As interest rates rise, the value of an ETF invested in bonds should be

expected to fall. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when redeemed or sold, may be worth more or less than their original cost.

**Fixed Income Based Mutual Funds and Bonds:**

A bond represents a debt obligation of the issuer. Bonds are subject to interest rate risk, which is the risk of price declines when interest rates rise, as well as income risk, credit risk and call risk. Longer term bonds are more sensitive to changes in future inflation expectations than are short term bonds.

## **DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be relevant to an evaluation of MFM or the integrity of MFM's management. Neither MFM nor any of its supervised persons have ever been disciplined by a regulatory agency.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

MFM may recommend that clients establish brokerage accounts with certain registered broker-dealers to maintain custody of clients' assets and to effect trades for their accounts. Any such broker-dealer is not affiliated with MFM. These broker-dealers may provide MFM with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. These broker-dealers may also make available to MFM other products and services that benefit MFM but may not directly benefit its clients' accounts. Some of these other products and services assist MFM in managing and administering clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, provide research, pricing information and other market data, facilitate payment of MFM's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of MFM'S accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide MFM with other services intended to help MFM manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance and marketing. In addition, these broker-dealers may make available, arrange and/or pay for these types of services to MFM by independent third parties. These broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MFM. While as a fiduciary MFM endeavors to act in its clients' best interests, MFM's recommendation that clients maintain their assets in accounts with these broker-dealers may be based in part on the benefit to MFM of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by these broker-dealers which may create a conflict of interest.

## **CODE OF ETHICS**

MFM has adopted a Code of Ethics to ensure compliance with federal and state securities laws and regulations governing registered investment advisory practices. The Code of Ethics is predicated on the principle that MFM and its employees have a high standard of conduct and owe a fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, and personal securities trading procedures and reporting, among other things. MFM expects all employees to act with honesty, integrity and professionalism and to adhere to the provisions of the Code of Ethics as well as federal securities laws. At all times, MFM and its employees must place client interests first, engage in personal investing that is in full compliance with the Code of Ethics and avoid taking advantage of their position. Any employee who is not in observance with the Code of Ethics may be subject to termination.

MFM and persons associated with MFM are permitted to buy or sell securities that it also recommends to clients, consistent with the firm's policies and procedures. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MFM will not interfere with MFM's fiduciary duty to make decisions in the best interest of advisory clients. An employee of MFM shall not buy or sell securities for their personal portfolio(s) if their decision is substantially derived, in whole or in part, by reason of his/her employment, unless the information is also available to the investing public upon reasonable inquiry. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might inadvertently benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between MFM and its clients.

It is MFM's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. MFM will also not cross trades between client accounts.

MFM's clients or prospective clients may request a copy of the firm's Code of Ethics by calling (978) 975-3000 or emailing [info@morgillofinancial.com](mailto:info@morgillofinancial.com).

## **BROKERAGE PRACTICES**

### **Investment or Brokerage Discretion**

MFM does not have the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct MFM as to the broker dealer to be used to implement transactions. MFM is a registered investment advisor: the principal business of the firm and its employees is that of providing FEE ONLY advice. The employees of MFM are NOT separately licensed as registered representatives of any FINRA registered broker dealer. Therefore, employees of MFM cannot and will not receive compensation for effecting any securities transactions, including incentive fees for executing transactions through any broker dealer firm. Clients may incur additional costs for certain custodial services, exchange fees, transfer taxes or certain administrative fees, such as wire transfers or certificate issues. MFM may recommend the use of a broker dealer that is a FINRA member firm.

### **Broker Analysis**

When placing portfolio transactions for client accounts, MFM's primary objective is to obtain the best price and best execution, taking into account the costs, promptness of execution and other qualitative considerations. MFM evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker's trading costs, efficiency of execution, error rate and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving MFM. Also in consideration are such brokers' provision or payment of the costs of research and other investment management-related services. Accordingly, if MFM determines in good faith that the amount of trading costs charged by a broker is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

MFM's Chief Compliance Officer is responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for client accounts to ensure consistent quality executions. In addition, MFM periodically reviews its transaction costs in light of current market circumstances and other relevant information.

### **Brokerage for Client Referrals**

MFM and its related persons do not receive client referrals from any broker-dealer.

### **Directed Brokerage**

Certain clients may direct MFM to use particular brokers for executing transactions in their accounts. To the extent brokerage transactions are placed with particular brokers as directed by a client, MFM's ability to achieve best execution may be eliminated. Clients who direct MFM to use particular brokers may pay higher commissions than those who do not. MFM reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than one recommended by MFM, if MFM believes that the broker dealer would adversely affect MFM's fiduciary duty to the client and/or ability to effectively service the client portfolio.

### **Aggregation and Allocation of Trades**

It is the objective of MFM to provide a means of allocating trading and investment opportunities among advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, MFM may seek to purchase or sell a particular security in each account. MFM will aggregate orders only

when such aggregation is consistent with MFM's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client account that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated *pro rata* based on each account's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated *pro rata* based on the assets of each account.

**Trade Errors**

Trades are canceled and corrected in the client's account as soon as the error is discovered.



## **REVIEW OF ACCOUNTS**

### **Investment Management Services**

Reviews: While the underlying securities within the clients' accounts are continuously monitored, these accounts are formally reviewed at least quarterly by either Kevin Kennedy or Elaine Morgillo. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Reports: In addition to the statements clients receive from their custodian, clients may request an objective report from MFM summarizing account performance, balances and holdings. A summary report is mailed to each client quarterly.

### **Financial Consulting Services**

Reviews: Accounts of clients who do not utilize MFM's investment management services are reviewed as contracted for at the inception of the advisory relationship by Kevin Kennedy and/or Elaine Morgillo. Assets of consulting clients are not monitored on an ongoing basis.

Reports: Financial consulting clients receive a written report that includes MFM's conclusions and recommendations. Additional reports are typically not provided unless otherwise contracted for.

**CLIENT REFERRALS AND OTHER COMPENSATION**

MFM does not receive any compensation for client referrals. MFM does not accept any economic benefit from someone who is not a client for providing investment advice or other advisory services to its clients. MFM does not compensate any person or entity for client referrals.

**CUSTODY**

Custody of client assets will be maintained with an independent custodian selected by the client. MFM does not have custody of client funds or securities, except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize MFM to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients typically receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains custody of client's investment assets. These statements show all transactions occurring in the client's account during the period covered by the account statement. They indicate all amounts disbursed from the account, including the amount of management fees paid directly to MFM. MFM urges clients to carefully review such statements and compare such official custodial records to the account statements that MFM may provide. The values reported on MFM's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**INVESTMENT DISCRETION**

MFM usually receives discretionary authority to manage securities accounts on behalf of the client at the outset of an advisory relationship. This limited power of attorney allows MFM to select the identity and amount of securities to be bought or sold and determine when the transactions are to be executed. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Any limitations on this discretionary authority shall be included in the Investment Advisory Agreement and must be submitted in writing. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

When selecting securities and determining amounts, MFM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, MFM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. All investment guidelines and restrictions imposed by clients must be provided to MFM in writing.

**VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, MFM does not have any authority to and does not vote proxies on behalf of its clients. Therefore, MFM's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to the client's investment assets. MFM and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients may contact MFM if they have any questions regarding a particular solicitation.

## **FINANCIAL INFORMATION**

MFM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance and is therefore not required to include a balance sheet with this disclosure brochure. MFM does not have any adverse financial conditions to disclose. MFM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.

## **PRIVACY NOTICE**

MFM views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. MFM does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, MFM may share some information with its service providers, such as transfer agents, custodians, broker dealers, accountants, and lawyers. MFM restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for MFM. Clients may obtain a copy of MFM's Privacy Notice by contacting Elaine Morgillo at (978) 975-3000.

## **COMPLAINTS**

Clients may contact Elaine Morgillo at (978) 975-3000 to submit a complaint. Written complaints should be sent to Morgillo Financial Management, Inc., 855 Turnpike Street, North Andover, Massachusetts 01845.

**ELAINE B. MORGILLO**

**Morgillo Financial Management, Inc.**

855 Turnpike Street  
North Andover, MA 01845  
978.975.3000

March 30, 2011

*This brochure supplement provides information about Elaine B. Morgillo that supplements the Morgillo Financial Management Disclosure Brochure. Please contact Amy Mastromonaco at 978.975.3000 if you did not receive Morgillo Financial Management's disclosure brochure or if you have any questions about the contents of this supplement. Additional information about Elaine B. Morgillo is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**Educational Background and Business Experience**

Elaine Morgillo is the President of Morgillo Financial Management, which she founded in 1998. She is a Certified Financial Planner™ Practitioner with over twenty five years of experience in investment management and long-range planning for individuals and closely held corporations. Elaine was born in 1948 and received her B.A. from Albertus Magnus College. She attended the Georgia State University Graduate School of Business and the College for Financial Planning.

The Certified Financial Planner (CFP) designation is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards, Inc. (CFP Board).

The minimum requirements for CFP® Certification are as follows:

- Complete a CFP Board-registered education program
- Pass the certification examination(s)
- Possess at least three years of qualifying full-time work experience
- Adhere to the CFP Board's Code of Ethics and Professional Responsibility and Financial Planning Practice Standards
- Fulfill ongoing continuing education requirements.

**Disciplinary Information**

Elaine Morgillo has never been involved in a legal or disciplinary event.

**Other Business Activities**

Elaine Morgillo is not actively engaged in any other investment related business activities and does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

**Additional Compensation**

Elaine does not accept any economic benefit from non-clients for providing advisory services.

**Supervision**

Elaine Morgillo is responsible for supervising advisory activities on behalf of MFM. She may be reached at 978.975.3000 or by emailing her at [emorgillo@morgillofinancial.com](mailto:emorgillo@morgillofinancial.com).

**KEVIN J. KENNEDY**

**Morgillo Financial Management, Inc.**

855 Turnpike Street  
North Andover, MA 01845  
978.975.3000

March 30, 2011

*This brochure supplement provides information about Kevin J. Kennedy that supplements the Morgillo Financial Management, Inc. Disclosure Brochure. Please contact Amy Mastromonaco at 978.975.3000 if you did not receive Morgillo Financial Management's disclosure brochure or if you have any questions about the contents of this supplement. Additional information about Kevin J. Kennedy is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**Educational Background and Business Experience**

Kevin J. Kennedy is Vice President and Chief Portfolio Strategist of MFM. He has been with the firm since 2001. Kevin was born in 1972 and received a B.S. from Boston University. He received his M.S.P.T. from Boston University and completed the Program for Financial Planners at Boston University.

**Disciplinary Information**

Kevin Kennedy has never been involved in a legal or disciplinary event.

**Other Business Activities**

Kevin Kennedy is not actively engaged in any other investment related business activities and does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

**Additional Compensation**

Kevin does not accept any economic benefit from non-clients for providing advisory services.

**Supervision**

Elaine Morgillo, President and Chief Compliance Officer of Morgillo Financial Management, monitors the advice that Kevin Kennedy gives to clients.