

**Part 2A of Form ADV: *Firm Brochure***

**Molewski Financial Partners, LLC.**

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This brochure provides information about the qualifications and business practices of Molewski Financial Partners, LLC. (“our”, “we”). If you have any questions about the contents of this brochure, please contact us at 610-865-2600 or [mmolewski@molewskifinancial.com](mailto:mmolewski@molewskifinancial.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.

Molewski Financial Partners, LLC. is a registered investment advisor. 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 our firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 109437.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 12/13/2011 is our disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content that we have previously filed, and includes some additional information that was not previously required.

After our initial filing of this Brochure, we will provide our clients with a copy of this document.

In addition, if there are material changes we will provide this Brochure to our clients by April 30 of each year. In addition, we will provide clients with interim updates about material changes as necessary.

Since our last annual update on 12/31/10, the following changes were made to our Firm Brochure: On page 8 under Private Client Portfolio Management Services, we have clarified that we manage these advisory accounts on a fully discretionary basis and in limited situations on non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., conservative, moderate and aggressive) as well as tax considerations.

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#### **Item 4     Advisory Business**

Molewski Financial Partners, LLC. is a SEC Registered Investment Adviser with its principal place of business located in the Commonwealth of Pennsylvania and began conducting business in 2000.

Listed below are the firm's principal members:

Michael D. Molewski, Managing Member, President, and Chief Compliance Officer

Jimmy D. Edwards, Member

William E. Schantz, Member

Christopher D. Butz, Member

The firm offers the following Investment Supervisory Services to its clients:

- **INSTITUTIONAL PORTFOLIO MANAGEMENT SERVICES**
- **PRIVATE CLIENT PORTFOLIO MANAGEMENT SERVICES**
- **DEFINED CONTRIBUTION RETIREMENT PLAN SERVICES**

## INSTITUTIONAL PORTFOLIO MANAGEMENT SERVICES

We provide independent and objective advice to individuals, committees, trustees, and boards who have a fiduciary responsibility for managing their investment portfolios. Our clients include institutions, endowments, foundations, defined benefit pension plans, corporations, and religious organizations.

Our services also include financial consulting and modeling that analyzes cash flow, coordinates investment planning with major portfolio initiatives, takes into account potential or pending liabilities and integrates these with our investment consulting services.

Our investment consulting services include: development and/or adherence to the client's Investment Policy Statement (IPS), portfolio construction and proactive asset allocation, money manager selection and oversight, performance monitoring, and risk reduction strategies.

### ***Develop Investment Policy:***

We formulate investment policy recommendations based on analysis of the following factors: the client's goals and objectives; expected future cash inflows and outflows; time horizon; and the client's willingness and ability to bear capital risk. We then summarize the recommended investment policy in an Investment Policy Statement (IPS), which serves as a guide for the management and oversight of the portfolio.

### ***Portfolio Construction & Proactive Management of Asset Allocation:***

We construct portfolios based on an assessment of each client's requirements for return and risk management. In recommending a portfolio that we believe to be appropriate for a client's needs, we determine the following, in order of importance: asset allocation, portfolio structure, and investment manager selection.

We define asset allocation as the overall mix of stocks, bonds, cash, and alternative investments in a portfolio. We believe this to be the most significant determinant of a portfolio's performance over time. Our asset allocation strategy for a client is primarily determined by our planning process, which derives a targeted long-term average rate of return for the portfolio to allow the client to achieve its financial goals. We recommend an asset mix that is intended to achieve this required rate of return based on our estimates of potential long-run future returns of stocks, bonds, cash, and alternative investments. At the same time, we seek to balance the need to achieve return with the need to manage risk, and we therefore recommend an asset allocation strategy to the client that we believe provides an acceptable combination of potential capital appreciation and downside risk.

Once an overall asset allocation strategy is determined, we recommend a portfolio structure that seeks to provide diversified exposure to the broad asset classes of stocks, bonds, cash, and alternative investments by investing in various sub-asset classes within each asset class. For example, within the equity asset class we seek to hold strategies that provide exposure to different investment styles (e.g. growth and value), market capitalizations (e.g. large cap and small cap), and regions (e.g. US and foreign markets).

On an ongoing basis, we seek to determine the relative attractiveness of each asset class and sub-asset class in the portfolio based on a valuation assessment that takes into account general market price

levels and our views on the economic outlook. When we determine that an asset class or sub-asset class is unusually under-valued or over-valued, we may recommend an adjustment to its weighting in the portfolio in order to take advantage of the opportunity to attempt to earn additional return or reduce risk.

### ***Money Manager Selection and Oversight:***

Money managers, mutual funds, closed end funds, 40 Act Hedge Funds and/or ETFs (collectively, “managers”) are selected for specific roles in the portfolio: for each asset class/sub-asset class in the portfolio’s target asset allocation, a manager is selected to invest a portion of the portfolio’s assets in securities which provide exposure to that asset class. We seek managers who may produce long-term outperformance on a risk-adjusted net-of-fee basis relative to an asset class (as measured by an appropriate market index), while maintaining a level of risk that is consistent with that of the asset class.

The managers that we recommend to clients are evaluated in terms of their strategies, organizations, and people that have contributed to their past performance. We seek to obtain an educated judgment about their potential to produce attractive future performance.

As part of this process we seek to distinguish between factors which contributed to a manager’s performance that we believe to be repeatable, and factors that we believe are more temporary in nature. We believe that managers who have built an attractive track record based on repeatable factors (including, but not limited to, a disciplined and sound investment process, a stable team of professionals, and reasonable fees) exhibit a higher probability of generating acceptable future performance than do managers whose past performance does not appear to be a function of such repeatable factors.

Once selected, we oversee the managers in our clients’ portfolios on an ongoing basis. Quarterly, we review each manager’s performance relative to an appropriate benchmark and peer group to determine if the managers are meeting performance expectations. .

### ***Performance Reporting:***

On a quarterly basis, we provide a performance report which lists the performance of the portfolio relative to appropriate benchmarks.

### ***Other Information Relating to Institutional Portfolio Management Services:***

While remaining independent and objective we utilize financial service providers that range from global financial service providers to boutique investment firms that offer specialized services and products.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETF's)
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Interests in partnerships investing in real estate
- Interests in partnerships LLC's etc.
- Alternative Investments
- Real Estate Investments

In addition to the above we may utilize other types of securities. Different types of investments involve different degrees of risk. Generally investments will be implemented/recommended when consistent with the client's stated investment objectives.

We providing continuous fee based investment advice to institutions and make investment recommendations based on the needs of the client.

## **PRIVATE CLIENT PORTFOLIO MANAGEMENT SERVICES**

During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a fully discretionary basis and in limited situations on non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., conservative, moderate and aggressive) as well as tax considerations.

### ***Investment Policy, Portfolio Construction & Proactive Management of Asset Allocation:***

We formulate investment portfolios and/or policy recommendations based on analysis of the following factors: the client's goals and objectives; expected future cash inflows and outflows; time horizon; and the client's willingness and ability to bear capital risk. We then recommend a portfolio that we believe appropriately fits with our assessment of the client's needs. In recommending a portfolio we determine the following, in order of importance: asset allocation, portfolio structure, and investment manager selection.

We define asset allocation as the overall mix of stocks, bonds, cash, and alternative investments in a portfolio. We believe this to be the most significant determinant of a portfolio's performance over time. Our asset allocation strategy for a client is primarily determined by our planning process, which derives a targeted long-term average rate of return for the portfolio to allow the client to achieve their financial goals. We recommend an asset mix that is intended to achieve this required rate of return based on our estimates of potential long-run future returns of stocks, bonds, cash, and alternative investments. At the same time, we seek to balance the need to achieve return with the need to manage risk, and we therefore recommend an asset allocation strategy to the client that we believe provides an acceptable combination of potential capital appreciation and downside risk.

Once an overall asset allocation strategy is determined, we recommend a portfolio structure that seeks to provide diversified exposure to the broad asset classes of stocks, bonds, cash, and alternative investments by investing in various sub-asset classes within each asset class. For example, within the equity asset class we seek to hold strategies that provide exposure to different investment styles (e.g. growth and value), market capitalizations (e.g. large cap and small cap), and regions (e.g. US and foreign markets).

On an ongoing basis, we seek to determine the relative attractiveness of each asset class and sub-asset class in the portfolio based on a valuation assessment that takes into account general market price levels and our views on the economic outlook. When we determine that an asset class or sub-asset class is unusually under-valued or over-valued, we may recommend an adjustment to its weighting in the portfolio to seek additional return or reduce risk.



### ***Manager Selection and Oversight:***

Money managers, mutual funds, closed end funds, alternative investments and/or ETFs (collectively, “managers”) are selected for specific roles in the portfolio: for each asset class/sub-asset class in the portfolio’s target asset allocation, a manager is selected to invest a portion of the portfolio’s assets in securities which provide exposure to that asset class. We seek managers who may produce long-term outperformance on a risk-adjusted basis relative to an asset class (as measured by an appropriate market index).

The managers that we recommend to clients are evaluated in terms of their strategies, organizations, and people that have contributed to their past performance. We seek to obtain an educated judgment about their potential to produce attractive future performance.

As part of this process we seek to distinguish between factors which contributed to a manager’s performance that we believe to be repeatable, and factors that we believe are more temporary in nature. We believe that managers who have built an attractive track record based on repeatable factors (including, but not limited to, a disciplined and sound investment process, a team of professionals, and reasonable fees) exhibit a higher probability of generating acceptable future performance than do managers whose past performance does not appear to be a function of such repeatable factors.

Once selected, we oversee the managers in our clients’ portfolios on an ongoing basis. Periodically, we review each manager’s performance relative to an appropriate benchmark and peer group to determine if the managers are meeting performance expectations.

### ***Performance Reporting:***

For most clients we provide a quarterly performance report which lists the performance of the portfolio relative to appropriate benchmarks.

***Other Information Relating to Private Client Portfolio Management Services:***

While remaining independent and objective we utilize service providers that range from global financial institutions to boutique investment firms that offer specialized services and products.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETF's)
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Interests in partnerships investing in real estate
- Interests in partnerships LLC's etc.
- Alternative Investments
- Real Estate Investments

In addition to the above we may utilize other types of securities that we believe would be beneficial to our clients over time. Generally, investments will be implemented/recommended when consistent with the client's stated investment objectives.

We provide continuous fee based investment advice to clients' and make investment recommendations based on the needs of the client.

## **DEFINED CONTRIBUTION RETIREMENT PLAN SERVICES**

We provide defined contribution retirement plan fiduciary and non-fiduciary advisory services to participant directed profit sharing, 401(k), 403(b), and 457(b) plans. Retirement plan fiduciary and non-fiduciary services are provided to each client through a written service agreement that indicates the specific services, the character (i.e. fiduciary or non-fiduciary), fee and timeframe in which the services will be provided. We serve as a limited scope fiduciary under ERISA Section 3(21) for the investment selection, monitoring and de-selection process for participant directed retirement plans.

Clients may choose to engage us for some or all of our services.

Our fiduciary services are primarily investment advisory services and we do not assume fiduciary responsibility for trustee, record keeping, or administrative services.

### ***Retirement Plan Committee:***

We assist plan sponsors and/or board of directors in the development of a retirement plan committee ("committee") anticipated to serve in a fiduciary role to oversee the selection and retention of plan investment options and administrative functions. The final selection of the committee members and the implementation of recommendations for plan governance practices is the responsibility of the client.

This service is provided under the terms of our written service agreement with client.

### ***Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We assist plan fiduciaries in the development of a written IPS for the plan, setting forth an appropriate mix of asset classes, investment styles, investment structure (mutual fund, collective trust, etc) and number of investment options based on the employee demographics, committee objectives and plan expense philosophy. The IPS criteria recommended to committee is intended to comply with the requirements of an "ERISA Section 404(c) plan" within the meaning of Labor Reg. § 2550.404c-1. We assist plan fiduciaries in determining an appropriate investment menu that reflects the needs of the plan demographics and the committee's stated investment objectives.

We continuously monitor the continued appropriateness of the IPS and its selection and monitoring criteria. If changes are warranted we will recommend changes to the selection, monitoring and other IPS provisions as needed. The final selection of the IPS criteria is typically the responsibility of the committee.

This service is provided under the terms of our written service agreement with client.

### ***Selection of Investment Options:***

Based on investment selection criteria identified within the plan's IPS, we perform a review of investment options available to the plan which may include the entire investment universe (mutual funds, collective trusts, separate accounts, etc) or a limited menu of investment options made available through the plan record keeper platform. We make recommendations to the committee regarding the selection or retention of investment options, or changes with respect to such options. When recommending investment options to the committee we take into consideration both active and passive management, appropriate share class based on plan expense philosophy, and selection criteria documented within the plan's IPS. We make recommendations to the committee regarding the selection of investment options, or changes with respect to such options through a written report. The final selection of the investment option(s) for the plan will be the responsibility of the committee.

This service is provided under the terms of our written service agreement with client.

***Monitoring of Investment Performance:***

We provide continuous and regular supervision of the investment options offered by the plan. We monitor the plan investment options in accordance with the monitoring criteria set forth in the plan's IPS. However, we are not involved in any way in the purchase or sale of these investments, or in monitoring the performance of individual plan participant accounts.

This service is provided under the terms of our written service agreement with client.

***Performance Reporting:***

We prepare and send to clients electronically our independently prepared plan investment performance report. The plan investment performance report typically includes: market review, plan asset allocation, IPS monitoring methodology, IPS dashboard, watch list status, investment style matrix, investment performance summary, and an expense analysis.

This service is provided under the terms of our written service agreement with client.

***Performance review meetings:***

We are committed to maintaining a high level of communication with committee's through regular investment performance and review meetings in person and/or via teleconference.

This service is provided under the terms of our written service agreement with client.

***Employee Communications:***

We assist clients with the creation and implementation and ongoing monitoring of targeted education and communication campaigns and initiatives in coordination with the plan service provider throughout the year based on current plan goals and objectives, plan trends, industry trends, and participant demographics.

In addition, we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered is mutually agreed upon and intended to comply with the educational guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized/tailored investment advice, or individualized/tailored asset allocation recommendations.

This service is provided under the terms of our written service agreement with client.

***Fee and Expense Review:***

We prepare for our committee's a fee and expense diagnostic review to benchmark existing service provider's recordkeeping and investment management fees/expenses against "peer" service providers for the purpose of determining the reasonableness of plan fees and expense.

This service is provided under the terms of our written service agreement with client.

***Vendor Search, Fee & Expense Benchmarking, Plan Design Benchmarking:***

We assist committees through the vendor search and selection process ('RFP') as requested or engaged by the committee from time to time. We may also assist committees with a benchmarking analysis (RFI) of plan service provider's service offering, and plan fees and expenses to determining the reasonableness of plan fees and expense and services of the current plan service provider as requested or engaged by the client from time to time. In addition, we may also produce for client a plan design benchmarking analysis to determine the competitiveness of the plan design from time to time as

requested or engaged by the client.

This service is provided under the terms of our written service agreement with client.

***Vendor Management & Oversight:***

We assist committees with ongoing vendor management and oversight to ensure plan service provider is completing tasks and projects in a timely manner. In addition, we review services of plan service providers periodically to determine if new products or service are available. If plan service provider offers new plan services or products, we discuss the application of the new product or service with designated client representatives to determine if new products or services are applicable to their retirement plan operation.

This service is provided under the terms of our written service agreement with client.

***Other Plan Services and Support:***

We assist the clients with periodic service requirements such as plan amendment review, compliance and regulatory oversight. However, we do not practice law and do not intend for our advice to be construed as ERISA legal advice. In addition, we may assist the client on a reasonable basis with daily administrative needs.

This service is provided under the terms of our written service agreement with client.

**AMOUNT OF MANAGED ASSETS**

As of 09/30/2011 our total amount of managed assets was \$1,747,002,922. We were actively managing \$484,791,003 clients' assets on a discretionary basis plus \$1,262,211,919 of clients' assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### INSTITUTIONAL PORTFOLIO MANAGEMENT SERVICES

Our fee for Institutional Portfolio Management is charged as a percentage of assets, according to the following Standard Fee Schedule. The fee structure is determined at the commencement of the relationship and may change over time as agreed upon.

First Tier:	\$0	to	\$10,000,000	.50%
Second Tier:	\$10,000,001	to	\$25,000,000	.30%
Third Tier:	\$25,000,001	to	\$50,000,000	.17%
Fourth Tier:	\$50,000,001	to	\$100,000,000	.05%
Fifth Tier:	\$100,000,001	to	above	.03%

### PRIVATE CLIENT PORTFOLIO MANAGEMENT SERVICES

Our fee for Private Client Portfolio Management is charged as a percentage of assets, according to the following Standard Fee Schedule. The fee structure is determined at the commencement of the relationship and may change over time as agreed upon.

First Tier:	\$0	to	\$500,000	1.00%
Second Tier:	\$500,001	to	\$2,000,000	.75%
Third Tier:	\$2,000,001	to	\$10,000,000	.50%
Fourth Tier:	\$10,000,001	to	\$30,000,000	.20%
Fifth Tier:	\$30,000,001	to	above	.10%

Our fees are generally invoiced quarterly in advance based on the ending market value of the account on the last day of the previous quarter. In most cases, fees shall be debited directly from clients' accounts and client will be sent a copy of the invoice. Some clients require payment from outside funds

and in those instances, fees are billed and received directly from the client .In the event there is insufficient cash funds in the clients account a partial liquidation of securities may be necessary.

The specific manner in which fees are charged will be established in the clients' written Advisory Agreement.

Please see the General Information section on page 16 for other fees and/or expenses which may be incurred.

**Conditions for Managing Accounts:** We typically require a minimum of \$1,000,000 in assets under management in order to establish a Private Client advisory relationship and \$10 million for an Institutional Client. Clients below these amounts may be accepted.

**Limited Negotiability of Advisory Fees:** Although we have established the stated fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client circumstances may be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts and grouping; portfolio style, account composition, reporting needs, and other factors. The specific client fee schedule will be identified in Investment Advisory agreement.

## DEFINED CONTRIBUTION RETIREMENT PLAN SERVICES

Our fee for Retirement Plan Consulting fiduciary and non-fiduciary services can be structured as either a percentage of plan assets, or a flat dollar fixed fee. The fee structure is determined at the commencement of the relationship and may change over time as agreed upon. The standard fee schedule below is based on a combination of fiduciary and non-fiduciary services.

If plan assets are:	Up to		\$5,000,000	.50%
If plan assets are:	\$5,000,001	To	\$25,000,000	.30%
If plan assets are:	\$25,000,001	to	\$50,000,000	.20%
If plan assets are:	\$50,000,001	To	\$75,000,000	.10%
If plan assets are:	\$75,000,001	To	\$250,000,000	.05%
If plan assets are:	Above		\$250,000,001	.0025%

We may agree to negotiate fees other than those reflected in our standard fee schedule based upon certain factors including plan complexity, number of investment options, fiduciary or non-fiduciary services, a la carte services, the number of onsite investment review meetings, the number of onsite participant education meetings, and the number of client locations, client geography, and other client needs.

Our fee may be paid directly by client, or at the direction of client paid from plan assets. If paid by client our fees are generally invoiced quarterly in advance based upon the terms and conditions agreed upon in the client's service agreement. If client directs our fee to be paid by from the plan we may be paid directly from an ERISA account (established by the trustee and funded through excess revenue sharing), which our fee is generally invoiced quarterly in advance. If our fee is paid from plan assets where there is no ERISA account, our fee calculation is typically based on the plan service providers system and capabilities.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** The Investment Advisory Agreement may be terminated by either party upon thirty (30) days written notice delivered to the parties. In addition, the Agreement may be terminated by the non-breaching party if the other party breaches or fails to perform any material provisions of this Agreement and such breach is not cured within thirty (30) days after receipt of written notice to the breaching party.

Clients and Advisor may negotiate an alternative termination arrangement that would be specified in their Agreement.

We shall provide a refund of any unearned fees prorated by the number of days from the beginning of the quarter to the receipt of termination request.

***Mutual Fund Fees:*** All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm 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. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees:*** If client assets are invested with third party investment manager(s), client will be required to pay, in addition to our fee, a fee charged by each investment manager. Client understands and agrees that our fee is not contingent upon investment results and that we are not responsible for monitoring fees other than fees we charge for our own services.



***Other Fees and Expenses:*** In addition to our fees, clients are also responsible for the fees and expenses charged by trustees, record keepers, actuaries, custodians and fees imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts:*** We are deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

## **ADDITIONAL COMPENSATION**

Executive officers and other employees, as insurance agents/brokers for various insurance companies, or registered representatives of a broker/dealer, are able to purchase investment products, as a broker or agent, including traditional insurance and, annuities, variable annuities, variable life insurance, for any client requesting these additional services.

However, clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. If certain securities such as variable annuities are purchased through us then that employee is acting as a registered representative of a broker/dealer, such individuals obtain additional compensation through commissions.

While our firm endeavors at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the individuals noted above when making recommendations.

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

We do not charge any performance-based fees (which are fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7    Types of Clients**

We provide advisory services to the following types of clients:

- High net worth individuals
- Families
- Institutions
- Trusts
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

We provide an investment process which may involve advising on asset allocation, portfolio structure, money managers, mutual funds, closed end funds, etc, alternative investments and/or ETFs (collectively, "managers") selection, portfolio performance reporting, and ongoing monitoring of progress vs. client objectives.

We will generally recommend a diversified portfolio involving multiple “managers” as an implementation solution. The “managers” that we recommend are evaluated in terms of their strategies, organizations, and people that have contributed to their past performance. We seek to obtain an educated judgment about their potential to produce future performance.

From time to time, we may also evaluate individual equity or fixed income securities on behalf of a client. In such circumstances, securities are evaluated using fundamental analysis. This means that we attempt to measure the intrinsic value of the security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company or issuer itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

***Risk of Loss:*** Investing in securities involves various types of risk. Clients should be aware of these risks and ask for clarification if they are unsure. We ask that clients work with us to better understand their tolerance for risk.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

***Broker-Dealer:*** Executive officers and certain other employees are Registered Representatives of M Holdings Securities, Inc., a registered broker-dealer. Registered Representatives occasionally purchase mutual funds and clear these trades through Pershing, who provides all trading resources for M Holdings Securities, Inc.

***Insurance Agent/Broker:*** Our firm is licensed as an insurance agency. Consequently, the executive officers and other employees may be agents and/or brokers for various insurance companies. Therefore, we may receive commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While our firm endeavors at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the individuals noted in above paragraph when making recommendations.

Our firm is a member firm of the M Financial Group, (M Group), a network of financial professionals serving the affluent and corporate executive markets. The M Group provides administrative, technical and market support to its member firms. Michael D. Molewski, Jimmy D. Edwards, William E.

Schantz, and Christopher D. Butz and/or our firm own stock in M Financial Holdings, Inc, which is the parent corporation of the M Financial Group.

### **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. We owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our firm's policy prohibits the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [mmolewski@molewskifinancial.com](mailto:mmolewski@molewskifinancial.com), or by calling us at 610-865-2600.

Our firm and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

### **Item 12 Brokerage Practices**

While we may purchase and sell securities on behalf of our clients, we do not commonly trade individual securities such as stocks and bonds. Rather, our clients' portfolios are generally invested in mutual funds, sub-advised managed accounts, and/or other types of professionally managed investment vehicles.

For accounts that hold mutual funds and exchange traded funds (ETFs), transactions are ordered through the account's custodian. In recommending a custodian to each client at the outset of our relationship, we consider the full range and quality of the custodian's services, including transaction costs.

To the extent that we may trade individual securities for clients, we have a responsibility to seek best execution in selecting broker-dealers with whom to transact. In recommending a broker-dealer, we will seek to identify one or more broker-dealers that we reasonably believe will provide best execution under the circumstances, and may consider, among other things, the cost, quality, and reliability of brokerage services, the broker-dealer's execution capabilities, reputation and access to the markets for the securities being traded.

For client accounts that are managed by a sub-advisor, we may monitor our clients' sub-advisors to evaluate their efforts in seeking to obtain best execution; however, the sub-advisor has a responsibility to seek best execution in selecting broker-dealers for the transactions it places in our clients' accounts.

We do not have any arrangements or relationships with any broker-dealer that involves the receipt of

third party soft dollar benefits. We may receive proprietary research from some broker-dealers. If we do receive proprietary research in connection with clients' securities transactions, we receive an economic benefit since we do not have to produce or pay for the research.

### **Item 13    Review of Accounts**

#### **INSTITUTIONAL PORTFOLIO MANAGEMENT SERVICES**

**Reviews:** We will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances. Reviews may also include changes in market value by account and by position, account activity, purchases and sales, as well as accuracy checks of client information as reported on the custodian statement.

**Reports:** In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their custodian, clients may be provided with an investment performance report that provides a summary of the asset allocation as well as investment performance of the account versus the investment benchmark.

#### **PRIVATE CLIENT PORTFOLIO MANAGEMENT SERVICES**

**Reviews:** Client investment objectives or guidelines are reviewed on a periodic basis for consistency with client investments/portfolios. Reviews may also include changes in market value by account and by position, account activity, purchases and sales, as well as accuracy checks of client information as reported on the custodian statement.

**Reports:** In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their custodian, clients may be provided with an investment performance report that provides a summary of the asset allocation as well as investment performance of the account versus the investment benchmark.

#### **DEFINED CONTRIBUTION RETIREMENT PLAN SERVICES**

**Reviews:** We will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances. We will also review the investment options of the plan according to the agreed upon time intervals established in the client service agreements. Such reviews will generally occur at least annually or more frequently as defined in the written services agreement.

**Reports:** We will prepare and send to clients at least annually an independently prepared plan investment performance report. The plan investment performance report typically includes: market review, plan asset allocation, IPS monitoring methodology, IPS dashboard, watch list status, investment style matrix, investment performance summary, and an expense analysis.

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

We may enter into a joint venture relationship with a non-affiliated Registered Investment Adviser through either a Solicitor's Agreement or other joint venture agreement wherein the non-affiliated adviser may refer a qualifying client to us for advisory services. In such relationships, we may share advisory fees with the non-affiliated adviser pursuant to a written agreement. In such cases, fees shall not be increased to the client and Solicitor's or joint venture relationships shall always be disclosed, in advance, to the client.

Conversely, we may refer certain clients to a non-affiliated advisor for services under the non-affiliated where advisory fees may be shared with us. Again, in such cases, referrals shall be made under a written agreement to a qualified Registered Investment Adviser, fees, shall not be increased to the client and disclosure regarding any joint venture or Solicitor's arrangement shall be disclosed to the client in advance.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure we may directly debit our fees from client accounts.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients should carefully review such statements and compare official custodial records to the reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements and contact us directly if there may be an error on their statement.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary or non-discretionary asset management services. For discretionary accounts, we have the authority to select the identity and amount of securities to be bought or sold in the account without notifying or obtaining prior permission from the client.

Please refer to (Item 12) Brokerage Practices for a detailed explanation on what our clients' portfolios are generally invested in.

If Investment discretion is granted to us by the client, then it is done as trading authority which includes trading and disbursement authorization and also as a limited power of attorney. On a discretionary account, the power of attorney is included in our Investment Advisory Agreement and the account applications. Such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Limitations, if any that are mutually agreed upon by the client and us regarding investment guidelines and restrictions must be agreed by us in writing.

**Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies or offer advice or guidance in class action suits on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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, (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets and (3) completing, filing and administering class action lawsuit paperwork. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets, and completing class action paperwork.

We do not offer any consulting assistance regarding proxy issues to clients.

**Item 18 Financial Information**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.