

Federmann Financial Advisors Inc.

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This Brochure provides information about the qualifications and business practices of Federmann Financial Advisors Inc. If you have any questions about the contents of this Brochure, please contact us at (631) 981-1904 or lisa@fedadvisors.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Federmann Financial Advisors Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Federmann Financial Advisors Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to Federmann Financial Advisors, Inc.'s disclosure statement since last year's Annual Amendment filing on March 23, 2011.

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Item 4 **Advisory Business**

- A. Federmann Financial Advisors Inc. (“Federmann Financial”) is a corporation formed on December 15, 2005 in the State of New York. Federmann Financial became registered as an Investment Adviser Firm in 2006. Federmann Financial is owned by Lisa A. Kelly, Federmann Financial’s President.
- B. As discussed below, Federmann Financial offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Federmann Financial to provide discretionary investment advisory services on a *fee-only* basis. Federmann Financial’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Federmann Financial’s management (between negotiable and 1.25%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Up to \$1,000,000	1.25%
\$1,000,001 - \$3,000,000	1.00%
Above \$3,000,000	Negotiable

Federmann Financial’s annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Federmann Financial), Federmann Financial may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Federmann Financial *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Federmann Financial’s planning and consulting fees are negotiable, but generally range from \$2,500 to \$15,000 on a fixed fee basis, and from \$175 to \$275 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). **Federmann Financial may also charge all financial planning and/or consulting services clients an initial consultation fee of \$500. If the client engages Federmann Financial to provide investment advisory services, Federmann Financial may offset all or a portion of its fees for financial planning and/or consulting services based upon the amount paid for investment advisory services.* Prior to engaging Federmann Financial to provide planning or consulting services, clients are generally required to enter into a *Wealth Management Agreement* with Federmann Financial setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Federmann Financial

commencing services. If requested by the client, Federmann Financial may recommend the services of other professionals for implementation purposes, including Federmann Financial's Principal, Lisa A. Kelly, in her individual capacity as a Certified Public Accountant. (*See* disclosure at Item 10 C.6). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Federmann Financial. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Federmann Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Federmann Financial's previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, Federmann Financial *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Federmann Financial, nor any of its representatives, serves as an attorney or licensed insurance agent, and no portion of Federmann Financial's services should be construed as same. To the extent requested by a client, Federmann Financial may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of Federmann Financial in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Federmann Financial. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Federmann Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Federmann Financial's previous recommendations and/or services.

Other Services. Federmann Financial also may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In so doing, Federmann Financial either directs or recommends the allocation of client assets among the various investment subdivisions that comprise the variable life/annuity product or the various mutual funds (and/or other investment options) available on the retirement plan platform. Federmann Financial's recommendations/decisions are limited to the investment options available under the variable life/annuity product or retirement plan platform. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

Trade Error Policy. Federmann Financial shall reimburse accounts for losses resulting from Federmann Financial's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within Federmann

Financial's custodian firm account and Federmann Financial retains the net gains and losses.

Client Obligations. In performing its services, Federmann Financial 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 thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Federmann Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Federmann Financial's previous recommendations and/or services.

Disclosure Statement. A copy of Federmann Financial's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Wealth Management Agreement*.

- C. Federmann Financial shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Federmann Financial shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Federmann Financial's services.
- D. Federmann Financial does not participate in a wrap fee program.
- E. As of January 27, 2011, Federmann Financial had \$28,888,746 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Federmann Financial to provide discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Federmann Financial to provide discretionary investment advisory services on a *fee-only* basis, Federmann Financial's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Federmann Financial's management (between negotiable and 1.25%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Up to \$1,000,000	1.25%
\$1,000,001 - \$3,000,000	1.00%
Above \$3,000,000	Negotiable

Federmann Financial's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Federmann Financial), Federmann Financial may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Federmann Financial *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Federmann Financial's planning and consulting fees are negotiable, but generally range from \$2,500 to \$15,000 on a fixed fee basis, and from \$175 to \$275 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). **Federmann Financial may also charge all financial planning and/or consulting services clients an initial consultation fee of \$500. If the client engages Federmann Financial to provide investment advisory services, Federmann Financial may offset all or a portion of its fees for financial planning and/or consulting services based upon the amount paid for investment advisory services.*

- B. Clients may elect to have Federmann Financial's advisory fees deducted from their custodial account. Both Federmann Financial's *Wealth Management Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Federmann Financial's investment advisory fee and to directly remit that management fee to Federmann Financial in compliance with regulatory procedures. In the limited event that Federmann Financial bills the client directly, payment is due upon receipt of Federmann Financial's invoice. Federmann Financial shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Federmann Financial shall generally recommend that Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Federmann Financial's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Federmann Financial's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Federmann Financial generally requires an annual minimum fee of \$2,500 for investment advisory services. Federmann Financial, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Wealth Management Agreement* between Federmann Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Wealth Management Agreement*. Upon termination, Federmann Financial shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither Federmann Financial, nor its representatives, accepts compensation from the sale of securities or other investment products.

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

Neither Federmann Financial nor any supervised person of Federmann Financial accepts performance-based fees.

Item 7 Types of Clients

Federmann Financial's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. Federmann Financial generally requires an annual minimum fee of \$2,500 for investment advisory services. Federmann Financial, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Federmann Financial may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
 - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Federmann Financial may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Federmann Financial) will be profitable or equal any specific performance level(s).

- B. Federmann Financial's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Federmann Financial must have access to current/new market information. Federmann Financial has no control over the dissemination rate of market information; therefore, unbeknownst to Federmann Financial, certain analyses may be

compiled with outdated market information, severely limiting the value of Federmann Financial's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Federmann Financial's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, Federmann Financial primarily allocates client investment assets among various individual debt securities (bonds) and mutual funds, on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

Federmann Financial has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Federmann Financial, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Federmann Financial, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
 - 6. **Certified Public Accountant.** Federmann Financial's Principal, Lisa A. Kelly, is a Certified Public Accountant. To the extent that a client requires accounting advice and/or tax preparation services, Federmann Financial, may recommend the services of Federmann Financial's Principal. Any services performed by Ms. Kelly shall be rendered independent of Federmann Financial pursuant to a separate agreement between the client and Ms. Kelly. Federmann Financial shall not receive any of the fees charged by Ms. Kelly, referral or otherwise. No client of Federmann Financial is under any obligation to use the accounting and/or tax preparation services of Federmann Financial. **Federmann Financial's Chief Compliance Officer, Lisa A. Kelly, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Federmann Financial does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Federmann Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of Federmann Financial's overall Code of Ethics, which serves to establish a standard of business conduct for all of Federmann Financial's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Federmann Financial also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Federmann Financial or any person associated with Federmann Financial.

- B. Neither Federmann Financial nor any related person of Federmann Financial recommends, buys, or sells for client accounts, securities in which Federmann Financial or any related person of Federmann Financial has a material financial interest.
- C. Federmann Financial and/or representatives of Federmann Financial *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Federmann Financial and/or representatives of Federmann Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Federmann Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Federmann Financial's clients) and other potentially abusive practices.

Federmann Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Federmann Financial's "Access Persons". Federmann Financial's securities transaction policy requires that an Access Person of Federmann Financial must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Federmann Financial selects; provided, however that at any time that Federmann Financial has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Federmann Financial and/or representatives of Federmann Financial *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Federmann Financial and/or representatives of Federmann Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As

indicated above in Item 11.C, Federmann Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Federmann Financial's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Federmann Financial recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Federmann Financial to use a specific broker-dealer/custodian), Federmann Financial generally recommends that investment management accounts be maintained at *Fidelity*. Prior to engaging Federmann Financial to provide investment management services, the client will be required to enter into a formal *Wealth Management Agreement* with Federmann Financial setting forth the terms and conditions under which Federmann Financial shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Federmann Financial considers in recommending *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with Federmann Financial, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Federmann Financial's clients shall comply with Federmann Financial's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Federmann Financial determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Federmann Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Federmann Financial's investment management fee. Federmann Financial's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Federmann Financial may receive from *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Federmann Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Federmann Financial may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Federmann Financial in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Federmann Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Federmann Financial to manage and further develop its business enterprise.

Federmann Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by Federmann Financial to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Federmann Financial's Chief Compliance Officer, Lisa A. Kelly, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. Federmann Financial does not receive referrals from broker-dealers.
3. Federmann Financial does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Federmann Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Federmann Financial. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Federmann Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Federmann Financial.

Federmann Financial's Chief Compliance Officer, Lisa A. Kelly, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that Federmann Financial provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Federmann Financial decides to purchase or sell the same securities for several clients at approximately the same time. Federmann Financial may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Federmann Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the

purchase and sale orders placed for each client account on any given day. Federmann Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Federmann Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Federmann Financial's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Federmann Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Federmann Financial on an annual basis.
- B. Federmann Financial *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Federmann Financial may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Federmann Financial may receive an indirect economic benefit from *Fidelity*. Federmann Financial, without cost (and/or at a discount), may receive support services and/or products from *Fidelity*.

Federmann Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by Federmann Financial to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Federmann Financial's Chief Compliance Officer, Lisa A. Kelly, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. Federmann Financial does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

Item 15 Custody

Federmann Financial shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly

from the broker-dealer/custodian and/or program sponsor for the client accounts. Federmann Financial may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that Federmann Financial provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Federmann Financial with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Federmann Financial's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage Federmann Financial to provide investment advisory services on a discretionary basis. Prior to Federmann Financial assuming discretionary authority over a client's account, the client shall be required to execute an *Wealth Management Agreement*, naming Federmann Financial as the client's attorney and agent in fact, granting Federmann Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Federmann Financial on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Federmann Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Federmann Financial's use of margin, etc.).

Item 17 Voting Client Securities

- A. Federmann Financial does not vote client proxies. 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 type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Federmann Financial to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Federmann Financial does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Federmann Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Federmann Financial has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Federmann Financial's Chief Compliance Officer, Lisa A. Kelly, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.