

## 1st Worldwide Advisors, LLC

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CRD #133225

June 26, 2012

This Brochure provides information about the qualifications and business practices of 1st Worldwide Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (732) 924-4100. 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.

1st Worldwide Advisors, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

Additional information about 1st Worldwide Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

There have been no material changes since our last Brochure dated March 26, 2012.

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 provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting John Mahoney, Chief Executive Officer, at the numbers above.

Additional information about 1st Worldwide Advisors, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with 1st Worldwide Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of 1st Worldwide Advisors, LLC.

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#### **Item 4 – Advisory Business**

1st Worldwide Advisors, LLC (“1WA”) was established in 2004 and approved as a Registered Investment Adviser in January of 2005. John Mahoney is its CEO, Founder, and 45% owner. Donald Donahue is also a shareholder and has a 37% ownership. Please refer to item 10 for more information on 1st Worldwide Financial Partners, which is an affiliated Broker-dealer and under common control.

1WA also offers a wrap fee program, which is disclosed in separate Wrap Fee Brochure. This wrap program includes portfolio management services including mutual funds and exchange traded funds (ETF’s), along with high quality individual fixed income and equity securities. Pershing, LLC provides custody, transaction and banking services through the 1WA affiliated broker-dealer, 1st Worldwide Financial Partners, LLC.

In a wrap fee program, clients are charged an all-inclusive wrap fee on Program Assets that covers advisory, execution, custodial and reporting services on Eligible Assets. A portion of these fees will be paid to 1WA for advisory services. In a non-wrap fee program, 1WA’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to 1WA’s fee, and 1WA shall not receive any portion of these commissions, fees, and costs.

Currently, the following non-wrap advisory services are offered to clients:

- I. 1st Worldwide Advisory Services (WAS)
- II. 1st Worldwide Sub-Advisory Services (WSS)
- III. 1st Worldwide Consulting Program (WCP)
- IV. Financial Planning

**I. 1st Worldwide Advisory Services (WAS):** 1st Worldwide Advisors (the Firm or Company) provides Investment Supervisory Services, defined as giving continuous advice based on the client’s individual needs. Through personal discussions in which goals and objectives based upon the client’s personal objectives are established, the firm will develop a personal investment policy based upon an investment objective questionnaire and manage the portfolio according to the criteria. Accounts may be managed on a discretionary or non-discretionary basis. Account supervision is managed by the stated objectives of the client (i.e. capital appreciation, growth, income or growth and income). WAS may include investment supervision services of client accounts held at other custodians or brokerage firms. These include separate managed accounts and/or retirement (401k and 403b) accounts. The account/s are supervised and managed on a continuous and regular basis. Ongoing reviews include analytical analysis of the accounts as well as performance information compared to benchmarks consistent with the client’s risk tolerance, objectives and specifications.

**II. 1st Worldwide Sub-Advisory Services (WSS):** The Firm also will act as sub advisor for accounts of other Registered Investment Advisors (the Advisor). The firm is responsible for the investment and reinvestment of those assets per the instruction of the other Advisor. These services are specifically

limited to the management of the assets and do not include financial planning or any other related or unrelated services.

The Advisor will be responsible for forwarding Advisor and/or client directions, notices and instructions to the firm, which shall be effective upon receipt by the firm. The firm shall be fully protected in relying upon any such direction, notice, or instruction until it has been duly advised in writing of changes thereto.

The Adviser shall provide information and/or documentation to the Firm relative to their respective client's (Adviser client's) investment objectives. The Firm cannot adequately perform its services unless the Adviser and the Adviser's client each perform their responsibilities applicable to the Investment Advisory Agreement between the Adviser and the client. The Adviser will be responsible for forwarding Adviser and/or Adviser's client directions, notices, and instructions to the firm, which shall be effective upon receipt by the respective Adviser. The firm shall not be required to verify any information and/or directions obtained from the Adviser, Adviser's client, client's attorney, accountant or other professional and is expressly authorized to rely thereon until it has been duly advised in writing of changes thereto.

The Adviser is responsible for determining each client's financial situation and investment objectives, formulating the client's investment program, and directing the firm to manage the client's assets according to the firm's stated investment program. The Adviser is responsible for determining the suitability of recommending the firm to the client.

**III. 1st Worldwide Consulting Program (WCP):** Selected Registered Investment Advisers are evaluated by the firm for client use. WCP services may include assisting clients in identifying their investment objectives and matching personal and financial data with a select list of investment advisors that meets the WCP minimum quantitative and qualitative criteria. The intent of the program is to have a selected list of high quality and recognizable investment management firms from which a client selects one or more managers to handle the day-to-day management of the client's account(s). Following such recommendations, client will have final authority to select an advisor. The firm may assist the client in completing appropriate documents. Following selection of such advisor, the firm will have a member of the investment committee approve the appropriateness of such investment.

Advisors selected for use by clients under the WCP program need to meet several quantitative and qualitative criteria. Among these criteria that may be considered may be the manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level and the general investment process. Prior to selection, all managers are interviewed by a member of the investment committee. Each client must have a profile that matches the advisors stated objectives.

An advisor relationship may be terminated at the client's discretion. The firm may at any time terminate the relationship with an advisor that manages clients' assets. The firm will provide notifications to clients that have invested with any advisor that the firm has terminated its relationship. The firm will not conduct on-going supervisory reviews following such termination.

Factors involved in the termination of an advisor may include a failure to adhere to management style or clients' objectives, a material change in the professional staff of the advisor, unexplained poor

performance, and dispersions of client account performance or the firm's decision to no longer include the advisor on its list of WCP managers.

Clients are advised and should understand that:

- An advisor's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely affect any advisor's objectives and strategies, and could cause a loss in a client's account(s); and
- Client risk parameters or comparative index selections provided to the firm are guidelines only - there is no guarantee that they will be met or not be exceeded.

All accounts are managed by the selected independent advisors and the firm does not have any discretionary trading authority with respect to such accounts. Information collected by the firm regarding WCP managers is believed to be reliable and accurate but the firm does not necessarily independently review or verify it on all occasions. All performance reporting will be the responsibility of the respective advisors. Such performance reports will be provided directly to the clients and the firm. The firm does not audit or verify that these results are calculated on a uniform or consistent basis as provided by an advisor directly to the firm or through the consulting service utilized by the advisor.

The minimum account size will vary from Advisor to Advisor. All such minimums will be disclosed in the respective advisors ADV document. The firm may have the ability to negotiate such minimums. A client may terminate his relationship in accordance with the respective managers' disclosure documents. If a client terminates his participation in the Program within five business days of inception, the client will receive a full refund of the Fee. Pre-paid fees will be refunded in accordance with the respective manager's agreement and disclosure documents.

**IV. Financial Planning:** The firm may also provide advice in the form of a Financial Plan. Clients will receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives. In general the plan will address any or all of the following:

- Personal: Family records, budgeting, personal liability, estate information and financial goals
- Tax and Cash Flow: Income tax spending analysis and planning for past and future years.
- Death and Disability: Cash needs at death, income needs of surviving dependents, estate planning
- Retirement: Strategies and investment plans to help client achieve their retirement goals
- Investments: Analysis of investment alternatives and their effect on a client's portfolio.

Information on clients will be gathered by in-depth personal interviews and review of personal financial information. Gathering data concerning current financial status, future requirements, risk appetite and goals is essential. Based upon this thorough review, a written plan is prepared for the client and it is recommended that the client review this plan with tax accountants, attorneys and other professional service providers.

1WA currently may manage client assets on a discretionary or non-discretionary basis. As of December 31, 2011, 1WA held non-discretionary assets under management of \$28,500,000.

### Item 5 – Fees and Compensation

The specific manner in which fees are charged by 1WA is established in a client's written agreement with 1WA and are detailed below. All receipts of fees and/or charges assessed by Pershing are processed through to our affiliated broker dealer 1<sup>st</sup> Worldwide Financial Partners. Fees are based on a percentage of assets under management and calculated at an annual rate and billed in advance on a quarterly basis. Fees are based on the assets in the account per the schedule below and in some instances, may be negotiated.

#### FEE SCHEDULE

|                         | <b>Equities &amp; Mutual Funds</b> | <b>Fixed Income</b> | <b>Cash</b> |
|-------------------------|------------------------------------|---------------------|-------------|
| Up to \$499,999         | 1.50%                              | 1.00%               | 0.30%       |
| \$500,000-\$999,999     | 1.25%                              | 0.85%               | 0.25%       |
| \$1,000,000-\$1,999,999 | 1.00%                              | 0.75%               | 0.20%       |
| Above \$2,000,000       | 0.85%                              | 0.75%               | 0.20%       |

The initial fee is due in full one business day after the client's account is accepted and opened with the minimum account balance and will be based on the asset value of the account on that date. The initial fee will be prorated according to the number of days remaining in the calendar quarter. Thereafter, the fee will be based on the account asset value on the last day of the previous calendar quarter and is payable quarterly in advance of service. Deposits and/or withdrawals of \$10,000 or more made during the calendar quarter will be prorated and charged or rebated in arrears, as applicable. Upon termination of an account, any prepaid, asset-based fees will be prorated and refunded to the client.

Fees are debited directly from client accounts and are calculated using the total assets in the account as shown on the client custodial statement, including any assets purchased on margin. If there is a net debit cash balance in the account as a result of using margin, the cash balance will be excluded from the fee calculation. Net positive cash balances in type 1 (cash account) and type 2 (margin account) are included in the fee calculation. The minimum annual fee is \$1,000. Accordingly, a client may pay an effective rate greater than the rate specified in the fee schedule shown above. 1WA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Pershing, LLC does charge brokerage transaction based fees or "ticket charges" that vary by security and type of transaction and are passed to the client. Additionally, 1WA may be charged an administrative fee by Pershing to cover expenses associated with the administration of the program. Some mutual funds are part of a "No Transaction Fee" program and have lower or no ticket charges but may still have a \$5 administrative charge per transaction. Transaction fees for exchanges of one mutual fund for another within the same fund family have lower transaction fees and hence are more commonly used for making adjustments to the portfolio. Some mutual funds within this program pay 12b-1 service fees (normally 0.25% per year) to Pershing, LLC. Because the accounts in this program are thru 1<sup>st</sup> Worldwide Financial Partners, those "indirect" service fees are passed on to 1WA and/or the Advisor. Indirect fees received from mutual funds are considered and anticipated when net fees are set.

1WA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to 1WA's fee, and 1WA shall not receive any portion of these commissions, fees, and costs.

1WA and/or 1WFP receive compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, 1WA and/or 1WFP receives compensation based on the value of assets in these funds as broker-dealer. Thus, 1WA and/or 1WFP have an incentive to recommend that clients select money market funds as a sweep vehicle that pays more compensation to 1WA or 1WFP than other funds.

**1st Worldwide Consulting Program (WCP):** Fees are outlined in each respective manager's Advisory Contract. The firm will be paid an on-going solicitor fee based upon a percentage of each client's assets under management with respect to each advisor. Each client will receive a copy of such solicitor agreement which will disclose the fee. The firm negotiates each solicitor fee with the advisor. The firm has a potential conflict of interest to recommend selections of management style and advisors that would result in a lower percentage of advisory fees. The firm will make all recommendations independent of such fee consideration and based solely on its obligations to consider a client's objectives and needs.

### **Financial Planning**

The firm also will provide advice in the form of a Financial Plan. Clients will receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives. Recommendations are not limited to services provided by the firm or its affiliates nor is it limited to any other exclusive providers. Financial planning fees will be charged on an agreed upon fixed fee, ranging from \$1,000 to \$5,000, or an hourly basis, ranging from \$100 to \$275 per hour, depending on the nature and complexity of each client's circumstances. An estimate for the total hours will be determined at the start of the advisory relationship. Up to 50% of the estimated fee may be due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client. Typically the financial plan will be presented to the client within 90 days of the contract date, provided that all of the relevant information needed to prepare the financial plan has been promptly provided by the client. The client may terminate its arrangement at any time, in writing, and will be refunded a portion of the fee based upon a pro-rated calculation related to the time and expense expended by the firm.

### **Account Termination**

If the ADV disclosure document was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or in the case of an oral contract otherwise signified their acceptance, any other provisions of this contract notwithstanding.



Upon written receipt of notice to terminate its Client Agreement and unless specific transfer instructions are received, 1WA and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. 1WA and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

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

1WA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

1WA provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates, trusts, and other U.S. and international institutions. The minimum account size is \$50,000. 1WA has the discretion to waive the account minimum. For example, accounts of less than \$50,000 may be set up when the client and the advisor anticipate the client will add additional funds to the account in a reasonable time frame.

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

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term purchases of stock portfolios, mutual funds and fixed income securities.

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. Security analysis methods may include the following:

- **Fundamental analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors to determine if the company is underpriced or overpriced. 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 stock.
- **Technical analysis and charting:** We attempt to determine the trend of a security by studying past market data, including price and volume. This presents a potential risk, as the price of a security can change directions at anytime and past performance is not a guarantee of future performance.

- Cyclical analysis: We attempt to identify the industry cycle of a company to determine whether the company is in a market introduction phase, growth phase or maturity phase. Generally projected revenues, growth potential and business risk may fluctuate based on the company's cycle phase.

Information for this analysis may be drawn from financial newspapers and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases and corporate ratings services.

It is important to note that investing in securities involves a risk that clients should be prepared to bear. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of 1WA or the integrity of 1WA's management. 1WA has no information applicable to this Item.

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

1st Worldwide Financial Partners, LLC is affiliated through common control and is effectively registered as a Broker-dealer. 1<sup>st</sup> Worldwide Advisors maintains consolidated financial records with its affiliated broker-dealer, 1<sup>st</sup> Worldwide Financial Partners, LLC (“1WFP”). Additionally, some individuals are separately licensed as insurance agents with 1<sup>st</sup> Worldwide Services, LLC (“1WS”). See individual Brochure Supplements showing which state(s), if any, your Investment Advisor is licensed in. 1WS is registered as an insurance agency engaging in Life, Health, Long Term Care and Variable Insurance business. 1WS is affiliated with the firm through common control. Variable products will be offered through the broker dealer. Non-variable products will be offered through the insurance agency. Compensation will be paid directly by these entities.

When applicable, these individuals may recommend insurance or broker-dealer transactions for advisory clients. All related compensation is separate from advisory services. On average individual Investment Advisor Representatives and the principals of 1WA spend 50% of their time on other such activities. If a trade error were to occur, it may result in profit or loss to the firm. The firm has controls in place to limit such trade errors. Investment Advisers will not participate in any profits resulting from such errors.

1WA recommends that clients establish brokerage accounts with Pershing, LLC, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Although 1WA may recommend that clients establish accounts at Pershing, it is the client’s decision to custody assets with Pershing. 1WA is independently owned and operated and not affiliated with Pershing.

#### **Item 11 – Code of Ethics**

1WA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and 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 the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at 1WA must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of 1WA may buy or sell securities that are recommended to clients. 1WA’s employees and persons associated with 1WA are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of 1WA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for 1WA’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of 1WA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of 1WA’s clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between 1WA and its clients.

Advisors may recommend and trade in the same securities with clients and/or related accounts at or about the same time. Generally, this would pose a conflict if the Advisor or related account were given a better price than the client. To mitigate this conflict, it is procedure to not trade an Advisors account or related persons account on the same day as a client unless the client gets the better price. Trades may be done on an aggregated basis when consistent with 1WA's obligation of best execution. In such circumstances, the Advisor (or related account) and client accounts will share commission costs equally and receive securities at a total average price. 1WA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

1WA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting John Mahoney at our main number.

#### **Item 12 – Brokerage Practices**

For 1WA client accounts maintained in its custody, Pershing generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Pershing or that settle into Pershing accounts. Pershing may make products and services available to 1WA that benefit 1WA but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of 1WA accounts. Some of these products and services provided by Pershing includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of 1WA fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting. 1WA does not have any commitments or understandings to trade with Pershing to generate a specified level of brokerage commission in order to receive the products and/or services referenced above. The products and services may benefit 1WA over the client; however, it is our intent to proportionately provide the benefits provided to all clients as part of our services. 1WA receives a benefit because we do not have to pay for these services. This creates a conflict of interest by giving us an incentive to recommend Pershing.

1<sup>st</sup> Worldwide Financial Partners as the Fully Disclosed Introducing Broker Dealer provides 1WA direct access to Pershing, LLC. Pershing is recommended to advisory accounts due to the services that they provide. Recommendations regarding Pershing, LLC and 1<sup>st</sup> Worldwide Financial Partners are consistent with the firm's duty to obtain best execution. Factors that are considered include a historical relationship with 1WA, financial strength, reputation, execution capabilities, pricing and service. Although the brokerage and/or transaction fees paid by clients shall comply with the firm's duty to obtain best execution, a client may incur costs that are higher than another qualified broker-dealer might charge to effect the same transaction, specifically where the Adviser determines, in good faith, that the costs are reasonable in relation to the value of the brokerage and services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the service and cost represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including execution capability, stability, reliability, and responsiveness.

On occasion, 1WA may aggregate orders for a client's account with orders for other 1WA clients for whom the transaction is appropriate, even though the accounts are individually managed. Aggregating orders may allow the participating accounts to receive volume discounts that would not be available when orders are executed separately. In addition, aggregated orders are executed together. If more than one price is paid for securities in an aggregated transaction, each client participating in the transaction will typically receive the average price paid for the block in the aggregated transaction for that day. Although this averaging is aimed at treating all participating clients fairly, it may adversely affect the results for any particular participating client.

Aggregation of orders may give rise to actual or potential conflicts of interest among the accounts for whom the transaction may be appropriate, and among the accounts actually selected to participate in the transaction if the order is only partially filled. In the event that less than the full order is executed (partial fills) the executed amount will be allocated across all the accounts in the bunched order on a pro-rata basis according to the target amount on the initial (full) trade allocation. Exceptions to this are allowed when adherence to this policy could unfairly benefit or harm certain accounts. Exceptions might include, but not be limited to: 1) instances when adhering to the policy would not allow an account to reach a trading lot minimum, 2) when the account is underweighted in a security, it may receive a higher allocation in order to bring it in line with other accounts of similar strategy (and vice versa on sell orders), 3) when an account is low on cash and does not have sufficient liquidity to fund a particular allocation, or 4) when restrictions arise at the firm maintaining custody of the account if the trade was executed at a different firm. Exceptions are only permitted after their review and approval by 1WA's Chief Compliance Officer.

#### **Item 13 – Review of Accounts**

Accounts are assigned to Investment Advisors who are responsible for performing periodic reviews and consulting with the respective client. Following these reviews, reports are prepared to assist principals in supervising and monitoring the accounts. Factors that are considered include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, number of trades, monthly distributions, concentrated positions, diversification, and outside holdings. At least annually, the firm will contact the client and request current information to determine whether there have been any changes in the information provided in the client's investment questionnaire. Client agrees to inform the firm in writing of any material changes to the information included in their investment questionnaire or any other change in the client's financial circumstances that might affect the manner in which the client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s). All managed accounts are delivered quarterly performance reports.

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

1WA does not receive an economic benefit by anyone other than the client for providing investment advice and other advisory services. 1WA does not compensate for client referrals.

#### **Item 15 – Custody**

Clients should receive statements at least quarterly from Pershing or other selected qualified custodian that holds and maintains your investment assets. 1WA urges you to carefully review such statements and compare the official custodial records to the account statements that we may provide you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

1WA usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Clients must authorize such discretion in the advisory agreement. When selecting securities and determining amounts, 1WA observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to 1WA in writing.

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

As a matter of firm policy and practice, 1WA does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. 1WA may provide advice to clients regarding the clients' voting of proxies. Clients will receive their proxies directly from their custodian or transfer agent.

#### **Item 18 – Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about 1WA's financial condition. 1WA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

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

John Mahoney (b. 1/3/1958) serves as CEO of 1WA. The following describes his formal education and business background.

CRD # 2198689

##### Education Background

Georgetown University – BSBA, Accounting (1980)

New York University – MBA, Executive Management Program (1990)

##### Business Background

| <b>Firm</b>                           | <b>Position</b>          | <b>Dates</b> |
|---------------------------------------|--------------------------|--------------|
| 1st Worldwide Advisors, LLC           | CEO                      | 2004-Present |
| 1st Worldwide Financial Partners, LLC | CEO                      | 2004-Present |
| M Management Group, LLC               | President                | 2000-Present |
| New York University                   | Adjunct Professor        | 2002-Present |
| Fuji Futures                          | Executive Vice President | 1998-2000    |

On average, Mr. Mahoney spends an average of 50 hours a week equally divided between 1<sup>st</sup> Worldwide Advisors and 1<sup>st</sup> Worldwide Financial Partners, LLC. Mr. Mahoney does general business consulting for M Management Group, Inc. and he generally spends 50 hours a month on such activities. He also works as an Adjunct Professor at NYU and he spends approximately 5 hours a week on such activities.

Mr. Mahoney or the Advisors of 1WA are not compensated with performance based fees. There are no disciplinary proceedings against Mr. Mahoney that would require disclosure. Mr. Mahoney has no other relationship or arrangement with any issuer of securities.

### Privacy Policy

We collect nonpublic personal information about you from the following sources: Information we receive on applications or other forms and information about your transactions with our affiliates, others, or us. We do not disclose any non-public information about our current or former customers to anyone, except as permitted by law or in order to provide the current services. Our employees have limited access to your personal information based on their responsibilities to provide products or services to you. Be assured that we maintain physical, electronic and procedural safeguards in compliance with federal standards to protect your information.

If our representative servicing your account leaves us to join another firm, he/she is permitted to retain copies of your information so that he or she can assist with the transfer of your account and continue to serve you at their new firm.

“Opting-out” of Third Party Disclosures: If you do not want your account representative to retain copies of your client sensitive information when he or she leaves us to join another firm, you may contact our Compliance Department by calling (732) 924-4100.