

Brian S. Pearce, Inc.
Disclosure Brochure
02/28/2012

Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of Brian S. Pearce, Inc. (“BSP” or “Advisor”) and its owner Brian S. Pearce and staff.

If you have any questions about the contents of this brochure, please contact us at (863) 299-5808 or TisaKnox@brianpearceinvestments.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.

Brian S. Pearce, Inc. is a Registered Investment Advisor. Registration as an Investment Advisor does not imply any level of skill or training. This disclosure document is designed to grant current clients as well as potential clients the opportunity to carefully read and establish an understanding of the various investment advisory services that are offered and the respective fees and expenses of those services. The information contained in this document is important to the conduct of both parties entering an advisory contract. While investment advisors have a fiduciary duty to put the needs of clients before their own, clients likewise have a duty to investigate and maintain a basic understanding of the services offered by the Advisor. We hope this document serves as a leading educational tool to aid clients and prospective clients in understanding how Brian S. Pearce, Inc. conducts investment advisory services.

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Item 2- Material Changes

There have been no material changes to the services offered by Brian S. Pearce, Inc. over the last year. In the future, this portion of the brochure will discuss specific material changes that are made to the brochure and provide clients with a summary of such 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.

Additional information about Brian S. Pearce, Inc. is also available via the SEC web site www.adviserinfo.sec.gov. The SEC web site also provides information about any persons affiliated with Brian S. Pearce, Inc. who are registered as investment adviser representatives of BSP.

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Item 4 – Advisory Business

Brian S. Pearce, Inc. was formed in January of 1991 and is a corporation organized in the State of Florida. Brian S. Pearce is the President and Tisa Knox is the Chief Compliance Officer. Brian S. Pearce, Inc. was registered with the SEC in 2010, but due to the newly implemented registration requirements for 2011 is in the process of transitioning that registration to the State of Florida.

Brian S. Pearce, Inc. provides “fee for service” financial planning and investment advice. Areas of advice include asset allocation, investment selection, retirement planning, college funding and employee benefits and qualified plan subaccount analysis. Engagements are limited in scope based on the client’s unique circumstances.

The Advisor gathers financial data including the client’s goals, circumstances, financial condition and risk tolerance. The adviser then prepares and delivers analysis and recommendations to the client. Recommendations may be in a written/electronic format, or in the form of verbal (in-person or phone) discussion, or both.

Clients engage Brian S. Pearce, Inc. on a “pay as you go” basis. The services a client receives are dependent upon the individual needs and requests by the client, but often times the services rendered are continuous and on-going. The investment management services provided by Brian S. Pearce, Inc. often involve investment modeling where trades are conducted with the use of Advisor discretion. The Advisor will perform “active” management to a client’s account in accord with pre-described/defined goals and risk tolerances provided by the client. When discretionary authority has been given to Brian S. Pearce, Inc. or one of the IARs of BSP and company, this allows BSP to “take action” without first receiving approval from the client. The “action” is limited to purchases and/or sales of securities (Stocks/Bonds/Mutual Funds/ETFs...), but does not allow the Advisor to move funds between accounts or transfer assets from the account. All transactions occur at a qualified custodian that produces statements. These statements may be produced monthly, but must be produced at least quarterly and contain the basic account value and holdings of the managed accounts along with listing the activity that occurs within the account(s) being managed by BSP. The statement provided by the custodian will also contain the advisory fee charged by BSP. Fees charged by BSP are separate from the fees charged by Mutual Funds and other investment companies. Therefore, BSP recommends consulting the Mutual Fund prospectus for more information about their fees.

BSP also provides long term buy and hold services that do not involve active management of client accounts. Clients may choose a service that offers asset allocation services that are managed by BSP that make less active transactions and is designed to keep expenses low, while offering market related rates of return. If services are selected that do not entail discretionary authority, then clients are free to implement all, some, or none of the Advisor’s recommendations and the full responsibility of implementation rests with the client.

Item 5 – Fees and Compensation

Fees are charged on a “pay as you go” basis. Fees are negotiable and may vary from client to client. Fees are quoted in advance and must be accepted by client prior to project commencement or investment management. Executing a signature on the client agreement or paying a partial/full payment of fee acknowledges acceptance by client.

Brian S. Pearce, Inc. negotiation of investment management fees are based on one or more of the following factors:

- The number of accounts, positions, account objectives, risk tolerances and restrictions requested by the client
- The estimated amount of time expended in researching, analyzing and documenting the specific recommendation(s) and course(s) of action.
- The requests of each client regarding follow up and forms of communication requested
- The familiarity (or lack thereof) between BSP and the client based on experience and client interaction
- A competitive analysis of other advisory firm’s fees
- The total amount of assets requested to be managed

Client agrees to supply Brian S. Pearce, Inc. with the ability to deduct fees from the account(s) on a quarterly basis. This fee deduction process will occur in arrears of service provided and will be accompanied by a quarterly fee will be evidenced on the account statement produced by the qualified custodian. Quarterly fees are based on the ending value of securities on the last day of the quarter.

The following is an example of how a quarterly fee is calculated:

\$800,000.00 value of assets under management on the last day of the quarter at an annual fee of 1.5% would render the following quarterly bill.

1.5% annual fee divided by 4 individual quarterly periods = 0.00375

$\$800,000.00 \times 0.00375 = \3000.00 Fee for the quarter

Advisory fees are calculated, and billed quarterly, in arrears. Annual percentages applied currently range from 0.50% to a maximum fee of 2.20%, but are subject to change, and are subject to negotiation and individual determination based upon particular facts and circumstances of a client and the extent of advisory services anticipated. Clients may choose to pay fees by check or opt to have the fees debited directly from client's accounts as stated in the Client Services Agreement. These fees may be considered higher than average as related to other investment advisory firms, as such, clients may be able to attain similar services at a lesser cost elsewhere.

In rendering services described above, BSP makes recommendations only, these recommendations can be implemented through BSP as a licensed securities broker in the following methods: Non-discretionary or Discretionary.

Discretionary Transactions are directed by BSP for accounts that have a limited discretionary authority agreement. Clients who choose to provide BSP with discretion have empowered BSP to buy and sell securities without the client's prior knowledge or consent. Clients may, by contract, place restrictions on BSP's discretionary authority. Trail fees or 12(b)(1) fees on these discretionary accounts may be paid to BSP. BSP may act as the investment advisory client's representative in the execution of securities transactions on a normal and customary basis. The use of a registered broker/dealer for such transactions is at the client's complete discretion. The receipt of commissions creates the possibility of a conflict of interest. Advisors that can make both fee and commission must put the client's interest ahead of any personal financial gain, this disclosure is to serve notice to clients of the inherent conflict of charging fees and having the ability to also make commissions. Clients have the right to ask if commissions are also being made by the Advisor on accounts where they are charging fees. Clients may pay higher commission rates than otherwise available. BSP and its principals, and not the broker/dealer are solely responsible for the quality of investment advice provided to clients.

For the purpose of implementing recommendations and effecting transactions in the course of construction of a client portfolio and ongoing monitoring or management, BSP may direct advisory clients to a licensed securities broker-dealer with which he is affiliated as a registered representative. Advisory clients are under no obligation to effect any portfolio transaction with or through BSP or any broker-dealer with which he may be affiliated as a registered representative, and may at any time direct that portfolio transactions be effected with or through any other appropriately licensed securities broker-dealer or registered representative. Investment Advisory Representatives (IARs) who choose to effect transactions for advisory clients through a securities broker/dealer with which they are affiliated, may receive certain types of transaction-based compensation, which is in addition to the advisory fees paid to the IAR by clients.

Brian S. Pearce, Inc. has no direct relationship with any specific custodian or brokerage firm and receives no commission compensation from Fidelity Institutional Wealth Services with regard to client transactions. The platform at Fidelity Institutional Wealth Services is a quality, low fee, low ticket charge, brokerage option that has been a good fit for investment management services.

Brian S. Pearce, Inc. management programs are not considered "wrap fee program" in that clients are responsible for paying any and all transaction costs, including, but not limited to customary ticket charges, postage and service fees and annual maintenance fees that may be issued by the custodians.

Hourly Charges and Fixed Fees Charged by Advisor

Advisor provides investment planning services consistent with individual client's financial and tax statuses, risk tolerance and investment objectives. Fees are billed at a negotiated rate between the parties. Hourly fees usually range from \$200 to a maximum rate of \$400 per hour. The client may make structured payments with a portion of the fees paid up-front and the remainder of payments made upon completion of the service(s). These options are available in the client agreement. Planning fees are often paid by check, but if the client chooses, they may have the fees debited directly from accounts managed by Advisor. These services may also be negotiated as a fixed fee. Unless otherwise stated, client agreements are for a period of one year and are automatically renewed each year. The Client or Advisor may terminate the advisory agreement at any time upon thirty (30) days written notice. There is no provision for refunds when services have been rendered.

In certain instances, depending upon the client's needs and the services to be performed by the Advisor, the advisory fee may be based upon individual negotiations with the client. In such instances, the fee is stipulated and agreed upon in the advisory contract.

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

Brian S. Pearce, Inc. 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 Client

Brian S. Pearce, Inc. takes an active approach to managing the types of clients that are accepted by the firm. The clients that Brian S. Pearce, Inc. currently choose to work with are often “main street” every day people. There are some clients that have high net worth and would be considered “accredited” investors (individual net worth of any natural person, or joint net worth with the spouse of that person, at the time of purchase, is more than \$1,000,000 [as such amount is adjusted periodically by rule of the Commission], excluding the value of the primary residence of such natural person.) However, Brian S. Pearce, Inc. does not impose any account limits or restrictions for maintaining or managing an account. The firm requires clients to disclose current financial status and investment objectives to the Advisor at the time of opening an investment account. These documents are updated as needed. Clients are requested to inform the Advisor whenever the client has experienced a significant change in financial status or condition or wish to change the investment objectives on the account. (Example: Client wishes to change investment objective from Aggressive Growth to Moderate. The client would need to complete a new account form that evidences this request.) In general, most clients are residents of the State of Florida, while a few live in multiple locations largely dependent on the different seasons of the year.

BSP's clientele could be categorized as individuals, businesses and trusts. The services offered to each may vary and is largely dependent upon the client's unique circumstances. Brian S. Pearce, Inc. has each

client execute an independent agreement and each agreement offers services separately to each individual client.

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

If an Advisor is engaged to provide Investment advice, the client's current financial situation, needs, goals, objectives and risk tolerance are first evaluated. Asset allocation and security selection decisions are then made with the aid of computer models that are labeled with investment objectives: Growth, Moderate, Conservative or Bond focused. The portfolio of models may already exist or if the Advisor deems necessary, a new model portfolio may be constructed for the client individually. The model portfolios are often comprised of multiple asset categories and sectors and have the ability to perform multiple styles of asset allocation including ranges from 100% equity exposure to 100% cash exposure. Investment overlap and diversification are key components to the investment portfolio design.

While the typical asset allocation elected by a large majority of the investment advisory community would include Large Cap, Mid Cap, Small Cap, Bonds and International segments. Our growth model processes often evaluate all of those, but also may include special sectors like: financials, global/foreign, gold, commodities, natural resources, technology, health care, real estate, region specific/country specific, utilities, world bonds and more... thus allowing the models to select risk appropriate positions from a large population of investment opportunities.

There are substantial risks involved by investing in securities. It is the client's responsibility to read and review the monthly/quarterly statements and provide feedback as to their comfort or lack thereof with the then current asset allocation of their individual portfolio(s). Our method of investing is "active", so the allocation that exists one day or one week may not be representative of the allocation the following day, week, month or quarter. Therefore, we recommend establishing an electronic access to the custodian who holds or custodies your securities and provides monthly or quarterly statements. The electronic access will allow clients to view the account as frequently as they like and will offer a more recurrent analysis of the portfolio's progress.

Additionally, there are complexities and risks associated with trading securities including, but not limited to: execution or trading errors, price volatility, bid/ask spreads, order types (such as "market" and "limit" orders), deviation from net asset value and "execution price slippage" caused by lack of order or book depth. This is commonly seen in some of the more thinly traded stocks or ETFs that don't usually experience a lot of daily trading volume. An example of such a dilemma was the "flash crash" that the market experienced on May 6, 2010. On that day the Dow Jones Industrial Average plunged about 900 points only to recover those losses later in the trade day. It was the second largest point swing, 1010.14 points, and the biggest one-day decline, 998.50 points, on an intraday basis in Dow Jones Industrial Average History.¹ At current, Brian S. Pearce, Inc. heavily focuses on mutual funds that trade once per

¹ http://en.wikipedia.org/wiki/2010_Flash_Crash

day, this helps minimize problems associated with industry intra-day price deficiencies. Exchange-traded funds (ETFs) are another tool that can be used by BSP to “actively” manage client accounts, but the price execution risk is much higher with ETFs than mutual funds, because their price fluctuates like a stock and can be traded multiple times per day.

Use of leverage funds in a client’s portfolio often adds risk to the portfolio. Leveraged funds, which use futures and options to amplify returns, try to return two to three times the daily returns of a particular index. Brian S. Pearce, Inc. does not usually recommend leveraged funds to the general public as they are volatile positions that can move quickly and materially affect a client’s account value causing extensive damage to a portfolio. However, due to the liquidity that is often found as a characteristic of leveraged funds, BSP may from time to time purchase leveraged bond funds that contain 1.2 times or more the movement of the respective bond index. The use of such leverage is often conducted to accommodate specific liquidity needs of the client or to activate new investment assets that have been transferred into the client’s portfolio. Other leveraged sector funds could be used to accommodate liquidity issues as well, but the time frame for holding those volatile positions would likely be a short, usually less than 30 days.

Clients have the right to place a restriction on their account that would not allow the use of leveraged investments in their portfolio. That restriction request must be performed in writing. However, this restriction would not require the Advisor to know how the individual fund invests internally. Many mutual funds use options, futures and derivative instruments to invest public clients’ assets. This restriction would merely cause the Advisor to stay away from funds that market an investment strategy that is designed to amplify the returns of an index in a leveraged fashion.

Item 9 – Disciplinary Information

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to one’s evaluation of Brian S. Pearce, Inc. or the integrity of BSP’s management (and each supervised person providing investment advice). Brian S. Pearce, Inc. has no information applicable to this item regarding the firm or its principal owner and advisor, Brian S. Pearce, or the rest of the Investment Advisory Representative (IAR) staff.

Item 10 – Other Financial Industry Activities and Affiliations

Brian S. Pearce, Inc. does not have other industry activities or affiliations, but some of the Investment Advisor Representatives who are registered with Brian S. Pearce, Inc. are also registered representatives of Securities Service Network, Inc., a registered broker/dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer in addition to the State or Federal investment advisory rules and guidelines. The economic benefit that these dually licensed representatives can achieve is the ability to

gain a commission in addition to or in lieu of the potential investment advisory fees. This can create a conflict of interest that should be disclosed to the client prior to the sale of any security.

As such, Brian S. Pearce, Inc. tries to segregate its investment advisory business from its commission business. This is often achieved by utilizing custodial platforms such as Fidelity Institutional Wealth Services. When accounts are opened at Fidelity they are handled strictly on a fee basis. All mutual fund securities trades at Fidelity are conducted at net-asset-value (NAV), which means no commissions can be generated or received by the Advisor. Additionally, commissions called trail commissions or 12b-1 fees are not paid to the Advisor under the Fidelity custodial platform. So, the Fidelity platform can be truly considered a fee only program by BSP. However, if ETFs or other securities transactions are placed at Fidelity ticket charges or transaction costs are issued. Those charges are levied by Fidelity and IARs do not share in any portion of the ticket charges to execute transactions through Fidelity.

Depending of the client's needs, annuities might be appropriate for the living benefit riders or the tax differed nature of the investment vehicle. The companies that offer annuity products are numerous and the features of each product are often complex. Additionally, the methods of compensation vary per Annuity Company, but they often involve a commission payment to compensate the registered representative for learning and marketing the product. These commissions can be sizable and may induce a conflict of interest. When clients are found to have a need that may be best served with an annuity, the compensation of any such commission is evaluated and is considered when charging investment advisory fees.

Item 11 – Code of Ethics

Brian S. Pearce, Inc. has created a code of ethics that is designed to help educate and monitor the business conduct of our office staff. The code emphasizes the firm's fiduciary duty to clients and produces a heavy burden on the staff to maintain client confidentiality. A copy of the code of ethics is available to clients or prospective clients upon request.

Brian S. Pearce or other employees of Brian S. Pearce, Inc. may occasionally buy or sell securities for their own accounts. The firm may or may not recommend these securities to clients since recommendations vary according to an individual client's specific needs and circumstances. Additionally, staff members may use computer models that will actively allocate and may buy or sell securities without consideration of client holdings. These securities are publicly traded and it is highly unlikely that transactions in the personal accounts of the firm's employees could adversely affect the price or performance of the securities.

Should an employee become aware of any non-public information regarding a security, it is the firm's policy that the employee not act on such information for his/her own benefit or for the benefit of clients and report the information to Brian S. Pearce, Inc. management (and the proper regulatory authorities, if warranted).

Item 12 – Brokerage Practices

Brian S. Pearce, Inc. may recommend brokerage platforms based on trading and technology, the depth and breadth of services, the customer service responsiveness and brokerage transaction costs and best execution records. Currently, Brian S. Pearce, Inc. often recommends the Fidelity Institutional Wealth Services platform as its main brokerage/custodian. Such recommendation is based on the history and experience that Brian S. Pearce, Inc. has established with Fidelity, but also due to the continued industry leadership and best execution practices they display in ongoing performance.

Brian S. Pearce, Inc. has investment advisor representatives who are also registered with Securities Service Network, Inc., a registered broker/dealer, member FINRA/SIPC. While brokerage services are offered by this company, we do not currently use brokerage accounts with SSN to conduct fee based business. However, occasionally commission transactions are conducted through these accounts at SSN. This relationship is helpful on multiple levels including compliance and processing direct mutual fund or variable annuity business.

Item 13 – Review of Accounts

The reviews of client accounts in the Brian S. Pearce, Inc. program are performed periodically and/or at least quarterly or at anytime upon client request. These reviews will encompass performance evaluation, asset allocation analysis and customer suitability review. The triggering factors for evaluation may include, but are not limited to: change in product composition, change in market condition, change in management philosophy, change in client's financial condition, and any other change of which client apprises the Advisor. Levels of review include: summary review of account statements; in-depth review of statements, objectives and current performance. The client may be invited to attend a detailed review involving a meeting to discuss any and all related investment strategy and/or future planning. Brian S. Pearce conducts the review process, with occasional assistance from other office staff. The role of the office staff is largely administrative in gathering the material for review.

Item 14 – Client Referrals and Other Compensation

Brian S. Pearce, Inc. does not often enter into referral/solicitor agreements. At current, there are no relationships where BSP compensates another individual for referrals.

Item 15 – Custody

In 2010, the Securities Exchange Commission (SEC) adopted amendments to Rule 206(4)-2 (the "Custody Rule") under the Investment Advisers Act of 1940 (the "Advisers Act") which governs custody arrangements for registered investment advisers. Prior to that amendment BSP, due to various "No Action" letters and safe harbor provisions issued by the SEC, was deemed to not have custody of client

funds. However, after the amendment in 2010, the billing practices of Brian S. Pearce, Inc. are now considered to create a form of custody since advisory fees can be deducted directly from client accounts. This form of custody is very limited. Brian S. Pearce, Inc. is not permitted to take control of any client assets or transfer client assets to or from a client's account unless directed or authorized by the client to do so. BSP does not take possession of client securities or assets. They are held at places like Fidelity Institutional Wealth Services that meet the standards and requirements that include providing statements to all clients that reflect their securities activity during a given quarter.

Brian S. Pearce, Inc. is not affiliated with any custodial services and is "operationally independent" from any custodian that generates statements for clients. As such, Brian S. Pearce, Inc. merely performs the calculation of the fees and supplies that information to the custodian, who in-turn debits the fee and reports the activity on the statement. While the act of debiting the fee directly from the client account meets the new definition of custody as amended by the SEC in their 2010 amendment notice for rule 206(4)-2 under the Investment Advisers Act of 1940; the SEC carved out a provision in the rule change that exempted firms from an annual surprise audit on its books and records, if they merely met the definition of having custody due to the ability to deduct the fee from the client(s) account. The basic provisions for the exemption that Brian S. Pearce, Inc. and its members adhere to are:

- Maintain accounts at a "qualified custodian", institutions to which clients and advisers customarily turn for custodial services.
- Those custodians are subject to regulations and oversight.
- Brian S. Pearce, Inc. maintains a reasonable belief that the qualified custodians send statements directly to advisory clients.

These requirements are designed so that advisory clients will receive a statement from the qualified custodian and have the opportunity to compare and contrast with any statements or other information they receive from their advisor to determine whether account transactions, including deductions to pay advisory fees, are proper. While Brian S. Pearce, Inc. often provides individual account assessments for clients on a quarterly basis, BSP is operationally independent from Fidelity Institutional Wealth Services and other custodians. As such, we urge clients to compare the documentation provided directly from Brian S. Pearce, Inc. to the statements provided from the independent custodians.

Item 16 – Investment Discretion

Brian S. Pearce, Inc. develops active investment management portfolios. The most efficient way to execute this kind of modeling technology is through the use of discretionary authority to place trades prior to receiving instruction or confirmation from each client. The discretionary authority granted to Brian S. Pearce, Inc. when a client enters the client agreement is limited. The authority limits the discretion to purchases and sales within the account. Brian S. Pearce, Inc. members have no authority to transfer assets to or from accounts, other than when deducting fees on a quarterly basis. Therefore, the discretion is limited and may be canceled by the client at any time. However, the cancelation of the

discretionary authority would likely necessitate the client being removed from the active management program.

Item 17 – Voting Client Securities

Brian S. Pearce, Inc. does not vote proxies on behalf of clients. The proxies are sent from the custodian or Investment Company directly to the client's address of record. The client is welcome to vote proxies as they see fit. Brian S. Pearce, Inc. does not make recommendations as to how or for whom to vote.

Item 18 – Financial Information

Registered Investment Advisors are required in this item to provide you with certain financial information or disclosures about BSP's financial condition. Brian S. Pearce, Inc. has no financial commitment that impairs its ability to meet its financial obligations and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

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

Item 20 – Educational Background and Business Experience

The individuals listed below are licensed as IARs of Brian S. Pearce, Inc. As such they can offer investment advice to member of the public.

Brian S. Pearce ----DOB 02/08/1959

Formal Education After High School:

| | | |
|------------------------|-------------|---------------------|
| Polk Community College | 1978 – 1981 | Associates of Art |
| University of Florida | 1981 – 1983 | Bachelor of Science |

Business Background for the Preceding Five Years:

Brian S. Pearce is the founder and president of Brian S. Pearce, Inc. a registered investment advisory firm based in Winter Haven, FL. Brian has been registered as and IAR from 1998 to present.

Brian S. Pearce is a Registered Representative of Securities Service Network, Inc., (SSN) Knoxville, TN from 1998 to present; SSN is a registered broker/dealer member FINRA.

Lester Lee Hodges, Jr.----03/11/2942

Formal Education After High School:

Jacksonville University Graduated 1968 Bachelor of Science

Business Background for the Preceding Five Years:

Lester L. Hodges is an investment advisory representative of Brian S. Pearce, Inc., a registered investment advisory firm based in Winter Haven, FL. Lester has been with BSP from 2009 to present.

Lester L. Hodges is a Registered Representative of Securities Service Network, Inc., (SSN) Knoxville, TN from 2009 to present; SSN is a registered broker/dealer member FINRA. Registered Representative of Merrill Lynch 1996 to June, 19 2009

Supervision conducted internally at Brian S. Pearce, Inc.

Tisa Knox is the Chief Compliance Officer and is responsible for monitoring the daily activities and work produced by the IARs and employees of BSP. She works closely with the office staff conducting routine checks and balances. These compliance reviews are often conducted throughout the normal course of daily business, but some are more formal, such as the end of year annual audit and various other compliance meetings conducted with and by the broker/dealer. Tisa is responsible for maintaining the code of ethics and other regulatory requirements.

Any potential issue regarding advice, service or processes of BSP should be brought to the attention of the Chief Compliance Officer. This enables the compliance officer to be aware of the situation early in the review process and allows Tisa to take an active role in rectifying any problem or misunderstanding and resolving any potential conflict. Tisa maintains an "open door" policy and welcomes face-to-face meetings and direct phone contact. These are the best means of communication for dialog about any issues that may need to be addressed. Relationships tend to breakdown when there is a lack of communication and Tisa strives to keep the lines of communication open for both positive and negative feedback from clients.

Item 21 – Other Business Activities

Brian S. Pearce, Inc. is a registered investment advisor and its sole responsibility is offering fee based investment advice. However, Investment Advisor Representatives (IARs) who are individuals registered with Brian S. Pearce, Inc. have multiple business activities that are material to the securities industry. Many of the IARs registered with Brian S. Pearce, Inc. are also registered representatives (investment brokers) with a broker/dealer named Securities Service Network, Inc. member FINRA/SIPC.

This outside business affiliation allows those registered representatives to make commissions on various securities trades. As such, an inherent conflict of interest may exist. When working with an IAR member of Brian S. Pearce, Inc. we encourage our clients to ask about the different kinds of compensation that might be made with regard to offering investment advice or brokering a product.

While the vast majority of business conducted from this office is performed as fee based advice under BSP, there are times where a commission based product may be suitable and warranted.

Brian S. Pearce is also a registered insurance agent and as such can sell insurance products that produce commission compensation. Advisory clients are not obligated to use Brian as their insurance agent. However, if clients choose to use Brian as the insurance agent, Brian can be compensated through commission payments from the insurance companies. This potential conflict of interest has been disclosed for client consideration.

Item 22 – Additional Compensation

As disclosed in previous sections, additional compensation can be earned by members of BSP. Such compensation could include commissions from the purchase or sale of securities or insurance products, and income from outside business activities. Additionally, members of Brian S. Pearce, Inc. could be invited to due diligence meetings at the request of investment companies or other industry organizations. On occasion, travel reimbursements are made by those companies that extended the invitation. While these payments would only reimburse travel expenses, the appearance of “pay for production” may exist and as such the potential conflict of interest has been disclosed.

In order to be clear, accounts that are held at Fidelity Institutional Wealth Services do not allow for any commission payments of any kind to be paid to Brian S. Pearce, Inc. or any of its investment advisor representatives. These accounts are fee based advisory accounts. The only compensation derived from Fidelity accounts are the quarterly fees that are evidenced on each quarterly statement provided to the client directly from Fidelity.

Item 23 – Privacy Policy

In order to facilitate the servicing of your account, the Advisor may receive nonpublic personal information about you from the following sources:

- Information we receive from you on questionnaires, applications, account opening documents or other forms;
- Information about your transactions with us or others;
- Information we receive from a consumer reporting agency; and
- Information we received from other sources with your consent.

We do not disclose any nonpublic personal information about you to anyone, except as permitted by law. Such disclosure may include the following:

- Disclosures to affiliates, including affiliated service providers (for example, insurance agencies for processing of variable insurance applications on your behalf);
- Disclosures to your chosen broker-dealer firm (for example, to establish a brokerage account on your behalf);
- Disclosures to government agencies, securities regulators and law enforcement officials (for example, for tax reporting, under a court order or to protect our legal rights);
- Disclosures to other organizations, with your consent (for example, other investment advisor firms in order to open a managed account with their firm or the brokerage firm they utilize); and
- Disclosures to other persons you authorize to obtain such information (for example, a CPA who will be preparing your tax return).

The Advisor restricts access to your personal and account information to those of its employees who need to know that information to provide products or services to you. The Advisor maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

We will continue to adhere to the privacy policies and practices as described in this notice if you decide to close your account(s) or become an inactive customer.

If you have any questions concerning the Advisor's privacy policies and procedures, please feel free to contact us. Thank you.

Brian S. Pearce
President