

This brochure provides investors with information about Aspetuck Financial Management, and the Risk Managed Portfolio Program™, that should be considered before you become a client. This information has not been approved or verified by the SEC or any state regulator.



Part 2 of Form ADV

Firm Brochure

January 2012

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We believe the Risk Managed Portfolio Program™ offers investors solid value in the form of skilled, experienced, investment management at reasonable costs.

*Our highly structured process has been developed over many market cycles.
It includes best business investment practices
as well as Nobel prize-winning investment concepts.*

*We invite you to give us a call to explore your goals.
Let's see how we can help you accomplish them.*

**SUMMARY OF MATERIAL CHANGES TO THE BROCHURE
SINCE THE LAST ANNUAL AMENDMENT**

Firm enrolled in the TD Ameritrade's ETF Market Center. The TD Ameritrade ETF Market Center offers clients of Aspetuck Financial Management the ability to invest in 100 ETFs chosen by Morningstar, Inc free of commission if held for at least 30 days.

The RMP Program now offers variable annuities distributed by Charles Schwab Once Source Annuity program. Schwab offers no load, low expense variable annuities.

Firm entered agreement with Morningstar Inc. to provide and deliver quarterly client reports, annual performance statements, and quarterly billing statements. Cost charged to enroll each account is 2/100 of one percent (0.02%) on assets in client account up to \$500,000. Accounts that pay an effective advisory fee of 1.25% will not be charged. Clients were given option not to enroll in new service. All new clients effective September 30, 2011 are automatically enrolled without charge.

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ADVISORY BUSINESS

Aspetuck Financial Management's RMP - Risk Managed Portfolio Program (also referred to as "RMP Program") is a service of Aspetuck Financial Management, LLC ("AFM"), a registered investment adviser. RMP Program is designed to help you invest in a suitable portfolio and manage a global portfolio of securities. RMP program provides clients with portfolio selection, portfolio construction, investment selection, and ongoing investment management on a discretionary basis.

Our investment management process seeks to manage the common reasons why investors do not do well:

- Neglectful...do not take appropriate and timely investment action
- Lack the time it takes or expertise to professionally manage assets
- Buy investments without first establishing an investment strategy. As a consequence, end up with an unsuitable portfolio
- Invest in individual securities instead of creating a diversified portfolio of securities
- Buy high & sell low, chase performance, act on "tips" & "headline news" instead of research

Our portfolio management program seeks to manage your portfolio's risk, and pursue higher income and return opportunities, by making appropriate adjustments in your portfolio as the market conditions change. Generally, assets being managed in the program are invested with a minimum investment horizon of three years. Often, equity investments are made with the intention of owning the investment for several years. We are not day traders but instead long term strategic investors. Our expectation is that over longer periods of time, we are more likely to be rewarded. However, longer holding periods do not assure investors of a profit.

Introduction To Program

The RMP Program offers four portfolio strategies to choose from with different risk & reward characteristics. Your account will be managed according to one of these four model portfolio strategies:

1. **Aggressive**

Emphasis on maximizing long-term capital appreciation. Portfolio strategy seeks to produce total returns that approximate or exceed popular US Large-cap Equity Index returns over a five year period. Principal risk and fluctuation may exceed that of US Large-cap Equity Indexes. Portfolio will almost entirely invest worldwide in equities and at times fixed-income securities.

2. **Moderate**

Primary objective is capital appreciation. Income is a secondary consideration. Portfolio strategy seeks to produce total returns that approximate common US Large-cap Equity Index returns over a five year period. Moderately lower principal risk and fluctuation than US Large-cap Equity Indexes is expected. Portfolio invests in global equities, global fixed income, and domestic cash-equivalents.

3. Conservative

Primary objective is current income and capital appreciation is secondary. Portfolio strategy seeks to produce total returns that exceed broad market bond indexes returns over a five years period. Significantly lower principal risk and fluctuation than US Large-cap Equity Index is expected. Portfolio holds global equities, global fixed income, and domestic cash-equivalents.

4. Risk Averse

Primary objective is liquidity, stability of principal, and current income is secondary. Portfolio strategy seeks to produce total returns that exceed the inflation rate over five years. Low principal risk and fluctuation is expected and acceptable over the intended investment time horizon (at least three years). Portfolio will consist of a determined allocation among domestic cash equivalents, investment grade bonds, and global equities.

In addition, RMP Program provides cash management services for small businesses and individuals seeking current income that is greater than the average money market rate listed in the Wall Street Journal. The fluctuation in returns is expected be less than two percent annually. Besides fixed-income investments, cash management accounts will include dividend paying stocks at times.

Investment Adviser Services and Responsibilities

Investment advisory services involve an evaluation of current investment holdings, preparing a personal Investment Policy Statement ("IPS") that addresses a client's portfolio objective, risk tolerance, income needs, liquidity requirements, investment horizon, tax implications, and financial circumstances.

The client's IPS determines which portfolio strategy is suitable, what investments are suitable, and how the account will be managed. Ultimately, it is the client's decision to invest in any RMP Program portfolio.

AFM is responsible for managing client accounts on a discretionary basis, executing transactions to manage client accounts. AFM is not responsible for performance of RMP accounts where client is instructing the Investment Adviser on which trades to place in an account.

Summary of Account Features

- **Portfolio Analysis and Recommendation** - Our IPM - Improving Portfolio Management™ Service reviews your current portfolio for ways to improve its performance. Our recommendations seek to manage overall portfolio risk, and enhance your portfolio's income and return opportunities over time. The service assists with the selection of a suitable portfolio based on among many factors.
- **Establishment of an Investment Policy Statement and Annual Review** - Creation of your own Investment Policy Statement. Your IPS determines a suitable portfolio strategy and guides us on how to manage your assets according to your objectives, needs, and circumstances. Annually AFM will inquire with you to determine if your IPS requires updating.

- **Dedicated Experienced Investment Adviser** - to provide ongoing investment advice, ancillary financial planning services, as well as caring responsive service. Above all else, we believe you will benefit most by having a long-term relationship with a trusted Investment Advisor.
- **Ongoing Account Management and Investment Supervision of Model Securities** – seeks to factor in global economic and market conditions, investment fundamentals, tax law changes, and your goals!
- **Account Rebalancing Tool** – Given your account is a model account, AFM may use brokerage technology to help manage risk via a periodic account rebalance.
- **Annual Account Review** – Clients may request an optional account review each year either by telephone or in person. Although, we are available anytime during business hours to speak to you.
- **Web Based Account Information** – balance, positions, transactions, and cost basis information.
- **Reporting** - Monthly brokerage account statement, Annual Client Report (performance statement), quarterly billing statement, optional on demand Quarterly Client Report, year-end tax statements, and realized sales reports.
- **Market and Portfolio Updates** – email communications, newsletter, client dinners, and meetings.
- **Planning Services** – year-end tax planning, college, retirement, stock options management, Pension Plan distribution, estate management, Small Business retirement plan selection, etc.

Assets Under Management

As of December 31, 2011, assets under management were \$36,257,031 which includes discretionary and non-discretionary brokerage accounts. Discretionary assets totaled \$35,267,868.

FEES AND COMPENSATION

The client pays an asset-based fee to participate in the program called the “Investment Advisory Fee”. The Investment Advisory Fee covers services provided by AFM and its chosen Broker/Custodian for your account, including initial portfolio analysis, Investment Policy Statement creation, initial portfolio construction, discretionary investment management, custody, record keeping, market data, research, portfolio management tools, account services, performance statements, billing statements, tax statements, brokerage statements, research costs, ongoing investment advisory counseling, annual account review meetings, and ancillary financial planning services. The Adviser will not be compensated on the basis of a share of capital gains upon or capital appreciation of client funds.

Risk Managed Portfolio Program Fee Schedule:

Account Assets	Investment Advisory Fee
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First \$500,000	1.25%
Next \$500,000	1.00%
Thereafter	0.70%

RMP Program cash management services charges 0.25% total account fee.

Additionally, there may be a nominal transaction fee/commission for execution of each trade by brokerage firm. A commission is also charged for put option contracts purchased for your account. The transaction fee or commission is charged by the brokerage firm and not by AFM. AFM is not compensated by commission or transaction fee. AFM will seek to minimize transaction costs when possible by investing in no-transaction fee mutual funds, no-transaction fee ETFs. Transaction fees incurred by a client may be added to your cost basis in non-retirement accounts thereby lowering future taxes. Clients shall pay Brokerage firm’s short term mutual fund or ETF redemptions fees if charged or short term ETF redemption fee if triggered by a sale within 30 days after a purchase.

The Investment Advisory Fee is due and payable quarterly, in advance, and is based upon the market value of the client’s account assets as determined by the custodian as of the close of business on the last day of the previous calendar quarter. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days remaining in the calendar quarter. The Investment Advisory Fee may be deducted from your account or paid for by check.

If you have more than one account, then you may request that your accounts be a “household” for purposes of calculating the fee. Accounts with either the same social security number, same address of record, and or held by immediate family may be a “household”.

Investment Advisory Fee may be negotiated only with multi-million dollar account(s). Minimum fee is 0.70% with the exception being grandfathered advisory agreements.

The mutual funds available in the RMP account incur investment management and administrative fees that are in addition to the fees you pay to participate in the RMP account. Mutual Fund fees and expenses are paid to the mutual fund company and not AFM. Clients will bear 12-b-1 fees. These 12-b-1 fees come from fund assets and therefore indirectly the client’s assets. AFM does not get paid any 12-b-1 fees. All 12-b-1 fees paid by a mutual fund are paid to the Custodian of a client’s account. Those fees

and expenses are reflected in performance numbers.

The RMP Program also manages College America 529 Plan offered by American Funds and College America. The 529 Plan account's market value is subject to the RMP Total Account fee. Investment Advisory fees may be paid by check or deducted from a brokerage account at one of AFM's custodians. All mutual funds will be purchased and sold without incurring commissions or surrender charges. By using Class F-1 shares the client avoids sales charges associated with Class A shares of up to 5.75%. American Funds Class F-1 mutual funds have mutual fund expenses. Please read carefully College America 529 Plan documents to understand all expenses and charges.

The RMP Program also manages variable annuities offered by Charles Schwab Once Source Annuity. The variable annuity market value is subject to the RMP Investment Advisory Fee and may be paid by check or deducted from a brokerage account at one of AFM's custodians. All variable annuities will be purchased and sold without incurring commissions or surrender charges. Variable annuities have M&E expenses as well as mutual fund expenses. Please read carefully annuity plan documents to understand all expenses and charges.

The program may cost a client more or less than purchasing such services separately. For example, they may purchase mutual funds, ETFs, and individual securities themselves for less. You may be able to obtain some or all of the types of services available through the program on a stand-alone basis through another firm. Although account minimums might be higher and so may be the fees. The services may not be the same or of equal quality. AFM Investment Advisers have a financial incentive to recommend the RMP Program. They are compensated based on client assets they have participating in the program.

If an Account is liquidated as a result of a termination notice, proceeds will be payable to Client upon settlement of all transactions in the Account and any related fees or transaction costs due to liquidation. Client will be entitled to a pro-rated refund, payable to the Account where debit occurred, of any pre-paid quarterly Investment Advisory Fee based upon the number of days remaining in the quarter after the termination date.

No advisory relationship exists between Adviser and Client once Agreement is terminated.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Not applicable.

TYPES OF CLIENTS

We are a conservative investment management firm specializing in managing assets for people planning to retire. We are very skilled at managing retirement accounts for individuals and small businesses. We are conservative because we don't use margin, leverage, concentration strategies, rely exclusively on the performance a few individual stocks and or bonds, and invest in speculative mirco-cap securities. Instead, we seek to diversify your assets among multiple asset classes and hundreds of securities principally through marketable diversified ETFs.

Who We Serve Well:

- People Planning to Retire
- Retirees Seeking Lifetime Income
- Small Business Owners and Employees

Services:

We work with talented independent professionals to execute retirement planning strategies to deal with tax management, estate planning, and insurance matters. In addition, we use Charles Schwab Inc. and TD Ameritrade Retirement Management products and services. Together, we have the breadth of services of a large firm but with personal boutique service.

Investment Management - We professionally manage retirement accounts for individuals, families, and small businesses. In addition, manage various types non-retirement accounts such as Corporate, LLC, Trust, Joint, Individual, Variable Annuities, and 529 College Savings accounts.

Retirement Planning - We provide clients with retirement planning services that seek to reduce income taxes as well as estate taxes. Our **"Find Your Numbers To Retire Once"** analysis helps you plan for retirement.

Small Business Retirement Plans - We help small businesses select appropriate retirement plans. We provide the plan through a third party plan provider such as Charles Schwab, Inc., assist with implementation, administration, and manage it.

College Planning— College cost analysis and 529 Plan account management.

You may use RMP Program for the following types of accounts: IRA Rollover, IRA, Roth IRA, SEP IRA, Simple IRA, 401k, Uni-401k, 403b, 403b(7), Profit Sharing Plan, Defined Benefit Plan, Corporate, LLC, Corporate Retirement account, Trust, Custodial, Individual, Joint, 529 Plan, and Annuity. The minimum account size is \$50,000 but exceptions can be made depending on client circumstances, and financial planning needs. For example, starting an IRA account with an initial contribution or a 529 Plan account

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We are “diversified” long term strategic investors and not short term traders. Our best results are achieved over a full market cycle of about five years. We seek to maintain a balance between strategic asset allocation strategies (investing in assets that historically have done well over five years or greater), and tactical asset allocation strategies (investing in areas in of the market favored by current market and economic conditions). We do not tactically allocate based on month-to-month swings of the market. One quarter doesn’t make a trend. Generally, it takes at least a couple of quarters for a cyclical economic trend to establish itself.

We do not let short-term market fluctuations distract us from managing portfolios to achieve long-term goals. At times we are contrarian investors. We buy equities in a recession, when valuation are attractive, and sell them in an expansion as valuations become less attractive. We expect market corrections of ten percent along the way that we ride out or consider buying opportunities. “Time Diversification Theory” states that the longer you hold a diversified portfolio, the lower your odds will be of losing money. As a basic investment principle we try to be diversified at all times. However, we do believe in managing portfolio risk by adjusting various portfolio metrics and asset allocation weightings. Our model portfolio will always own equities. Modern Portfolio Theory states that the minimum risk portfolio has a long term weighting of 28% stocks and 72% bonds. A 100% Bond portfolio is more risky than the minimum risk portfolio over the long term.

It is important to know that we are not market timers. Studies have shown that it is nearly impossible, even for professional investors, to accurately predict day-to-day market movements over the long term. Over the long run, being “out of the market” on the best performing days will dramatically reduce your overall portfolio returns. Client understands that their account is designed as a long-term investment vehicle and that asset withdrawals in down markets may impair the achievement of Client's investment objectives.

We have a professional portfolio construction process based on Modern Portfolio Theory, basic investment principles, and economic/market analysis. Generally, assets are allocated globally among equities, bonds, cash-equivalents, real estate securities, commodities, and precious metals. We believe that the way to achieve consistent results is to build a quality portfolio of Electronically Traded Funds (ETFs), individual securities, and mutual funds. Then actively manage the portfolio in an attempt to manage risk and returns.

We manage four types of model portfolios: Aggressive, Moderate, Conservative, Risk Averse. A Model approach means that the underlying investments in your account will consist of the investments in the chosen model for your account. Again, which model assigned to your account is based on your Investment Policy Statement. Moreover, it’s easier to supervise your investments using a model approach investing in ETFs and mutual funds.

We prefer using diversified investments such as ETFs rather than individual securities. It’s our belief that it’s easier to manage investment risk, return, and income of your account by investing in ETFs than individual securities. Our goal is to reduce the damaging impact specific business/security risk on your account. Studies have shown that non-diversified approaches that use a limited number of individual securities generally produce streaky results. Our goal is to produce consistent results. We believe this approach is more conservative than buying individual securities and offers a higher degree of

marketability and liquidity for your assets than individual securities.

We use a robust research process to build your portfolio. Macro-economic themes such as inflation and economic growth drive asset allocation decisions. This process involves an assessment of global economic and market conditions, and investment sector fundamentals. We monitor numerous cyclical economic and market factors that impact the performance of securities. These factors encompass monetary policy, fiscal policy, inflation trends, interest rate trends, economic growth, earnings growth, investor and consumer psychology, technical indicators, etc. Upon deciding which areas of the global market offer the best risk/value/income/growth proposition, a research driven securities selection process is applied to execute our global investment strategy.

In our analysis we utilize information provided by numerous private and public research providers. For instance, we use data provided by the Federal Reserve, Department of Labor, Standard & Poors, J.P. Morgan Chase, Ned Davis Research, T.D Ameritrade Inc., Charles Schwab & Co., OECD, major asset management firms, CNBC, Barrons, Wall Street Journal, Morningstar. Inc. and so on. AFM subscribes to leading third party research provider to help select and deselect securities from our accounts. We also use independent third party research from multiple sources to evaluate equity and fixed income securities.

Risk Management

AFM manages risk by making adjustments to your account based on economic and current market conditions and investment analysis. AFM risk management attempts to keep portfolios relatively in sync with market conditions, thereby, managing risk. What is pro-actively managed throughout a cycle?

- Asset Allocation
- Foreign Allocation
- Capitalization
- Sector Orientation
- Credit Quality
- Bond maturity
- Securities selection
- Being sensitive to investment valuations. Overpaying for an investment could result in a loss or lower return
- Limiting each position to less than 25% of your portfolio (does not apply to small size account)
- Limiting the concentration in an investment sector to less than 35% - concentration can enhance returns or losses.
- Investing a minor part of your portfolio in “low correlation” investments to major part of your portfolio
- Periodically rebalance assets by selling overvalued investments and investing proceeds into undervalued investments
- Raising cash-equivalent levels as the market valuations become excessive and or economic conditions begin to deteriorate
- Make adjustments to your account based on our market risk indicators
- No leveraging or margin used

ETF/Mutual Fund Selection Process

AFM uses a professional investment selection process to execute our investment strategy. In selecting Exchange Traded Funds (ETF) and mutual funds for your portfolio, AFM screens ETFs/funds for: solid ranking within a fund's peer group, reasonable expenses, experienced management, style consistency, and numerous other factors. Moreover, AFM determines whether a security is suitable given a particular portfolio objective. Suitability is based on numerous factors including downside risk analysis.

Program Risks

There is no guarantee that participation in the RMP Program will protect you against loss of investment or meeting your financial objectives. Past Performance is no indication (or "guarantee") of future results. Aspetuck's Risk Managed Portfolio program risk-management process includes an effort to monitor and manage risk, but should not be confused with, and does not imply, low risk, or the ability to control risk. Diversification strategies does not ensure a profit and do not protect against losses in declining markets.

Your investment policy statement has the greatest impact and control over your risks. **It's your most important decision to make in regards to risk management.** Low risk investors belong in either the Conservative or Risk Averse strategy. Conversely investors that seek higher returns accept higher risk of loss may consider more risky strategies such as Moderate or Aggressive. In general, expect higher risk strategies to fluctuate in value in line with the overall U.S. stock market and lower risk strategies to fluctuate in value less than the overall U.S. stock market. Investors seeking preservation of capital belong in the Risk Averse strategy.

Investments in the mutual funds, ETFs, individual securities involve the risk of investment losses as well as potential for gain. The prices of equity securities rise and fall daily, monthly, quarterly, and annually. Stock prices move in up and down cycles. Price movement may result from factors specific to a company, industries, securities markets, and or investor psychology.

Investments in Large-Cap, Mid-Cap, and Small-Cap stocks involve risk in which anyone of these types of stocks may suffer periods of underperformance or losses due to business conditions no longer favoring them and or excessive valuations. Generally, Small-cap stocks may experience higher volatility than Mid-cap and Large-cap stocks. Mid-cap stocks may experience higher volatility than Large-cap stocks. Greater risk is associated with higher volatility. Thus, Small-cap stocks are considered riskier than Mid-cap and Large-cap. And Mid-cap is viewed as being riskier than Large-cap.

The volatility of an investment is due to but not limited to, its sensitivity to economic swings, adverse market conditions, industry competition and health, demand for its product(s), the degree of a stock's marketability, and a slew of company operating characteristics (diversity of product lines, reliability of earnings, profitability, firm's financial condition, etc.). In general, a Small-Cap stock firm's operating characteristics (one product, more volatile earnings, smaller customer base, lower quality financial statements, smaller market for its products and stock) make them more susceptible to economic cycles and down markets. In general, certain larger size firms are less likely to be affected by economic swings and adverse market conditions because they might have globally diversified product lines, brands that help keep sales steady, multiple products that generate a reliable earnings stream, healthier balance sheets, and profit margins.

In general, International stocks may experience higher volatility than US stocks and carry special risks. Usually foreign companies in developing markets are considered lower quality companies based on

earnings reliability, profitability ratios, and financial condition and management. In addition, they may operate in less stable economy. Foreign securities have currency risk too. This is the risk that the currency in which a foreign security is dominated in drops in value. A US Investor may experience losses in investment value when the foreign security is sold and the sale proceeds in foreign currency are converted into US dollars. A country's currency may weaken when its economy falters, and or as inflation picks-up. Geopolitical risk is also greater risk factor in foreign markets. There is a greater chance of a country experiencing the following events: internal political troubles, financial problems, securities market volatility, expropriation of assets, etc.

Commodities involve the risks of changes in the market, political, regulatory, and natural conditions. REITs involve the risks of real estate investing including declining property values.

Fixed Income Risks

The principal risks associated with investing in fixed-income securities are purchasing power risk, re-investment risk, interest rate risk, and credit risk. Purchasing power risk occurs when the yield from your bond investment approximates the inflation rate. Overtime, the income you receive after inflation and taxes purchases fewer goods and services. Reinvestment risk occurs when the CD or Bond you own matures and available bond yields are lower at that time. Income investors sustain a loss in income by investing in lower yielding bonds. Interest rate risk can cause a bond to lose value. Bond prices have an inverse relationship with interest rates. As interest rates rise, bond prices in the secondary, market fall. The opposite occurs when interest rates fall. Thus, investing in bonds in a rising interest rate environment could result in losses if you sell your bonds that were bought when interest rates were lower. Credit quality risk occurs when a company's credit rating is downgraded. Any time a company's credit rating is downgraded, the prices of the bonds it issued drops in value. The greater risk is that the company may go into bankruptcy and default on interest and principal payment.

Management Risk

Asset allocation decisions may not always be correct and may adversely affect account performance. Actual account performance may vary from model performance due to numerous reasons such as variations in holdings, differences in weightings, entry point into the RMP Program, timing of individual investment inflows and outflows, individual restrictions, individual additions, inability to invest in a particular security where your account is held, individual preferences for higher income and greater liquidity. Generally, small accounts valued at less than \$100,000 may not replicate model portfolio, and therefore may not be as diversified as large accounts. Prior performance is no guarantee of future results and there can be no assurance and clients should not assume, that future results will equal past performance. Short term results may not be indicative of the returns or volatility each model portfolio will generate over a long time period.

The performance figures illustrated in the Investment Manager Record represent the model portfolio returns only for the time periods indicated. The performance figures should be viewed in the context of the various risk/return profiles and asset allocation methodologies utilized by the asset allocation strategists in developing their model portfolios. The performance of the models should also be viewed in the context of the broad market and general economic conditions prevailing during the periods covered by the performance information. Model portfolios do not reflect the actual investment results of any individual client participating in the asset allocation program, but represent the hypothetical performance of the models as initially established and as adjusted from time to time.

DISCIPLINARY INFORMATION

None to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

AFM also provides ancillary financial planning advice upon special request only by clients. Advice is general in nature, and strategies are recommended and not specific products. AFM provides advice as needed for a client. Financial planning advice encompasses but not limited to the following subject matters: insurance, investment management, limited tax management, estate planning, retirement planning, college planning, and debt management, stock options planning, pension distribution decisions, tax efficient retirement plan distributions analysis, Small Business retirement plan selection, 401k and 403b TPA selection, etc. To execute advice, AFM may refer client to other financial professionals who specialize and are licensed in the area in need of advice. For instance, estate attorney, tax accountant, or insurance professional.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT* TRANSACTIONS AND PERSONAL TRADING

AFM has a compliance/code of ethics program. The Written Supervisory Policies (“WSP”) and procedures of the Adviser, must be followed by all personnel in the conduct of their responsibilities on behalf of the Adviser. Its purpose is to help ensure that the Adviser conducts its business in compliance with all applicable federal and state laws, rules and regulations and in keeping with the highest level of professional and ethical standards.

The Adviser has adopted certain compliance procedures, such as those relating to personal trading, which are applicable to all supervised persons. All supervised persons must follow such procedures or face severe sanctions, including possible loss of employment with the Adviser.

All personnel must read our Compliance manual and to sign an acknowledgment of receipt and acceptance of responsibilities assigned to them. Copies of the written compliance/code of ethics program is maintained in our main office where supervisory activities are conducted and is available to clients only upon request.

Below are some or areas our Compliance Program addresses:

- Portfolio management processes
- Established policies to ensure that the portfolio management processes are consistent with disclosures made by the Adviser
- Trading practices
- Personal trading activities of employees
- Code of Ethics
- Advertising
- Custody
- Valuation
- Privacy policy
- Business continuity planning

BROKERAGE PRACTICES

AFM selected T.D. Ameritrade Inc. and Charles Schwab & Co. to act as its Brokers. Brokerage services assists AFM in managing and administering clients' accounts and provides essential back office functions and staff that allows AFM to focus on advising client assets. In addition, AFM relies on securities offered by Brokerage firms as its universe of investments to invest in the RMP Program. RMP program is restricted to investing in only securities that can be traded and held in custody at AFM's Brokers.

AFM considers a number of factors in selecting a Broker/Custodian at which to locate its client accounts, including but not limited to breadth of services, scope of available products, transaction cost, execution capability, statements, web-based services, technology, client services, back-office, reputation of firm, size of business, and years in business. Brokerage firm also makes available to AFM other products and services that benefit AFM but may not directly benefit its client accounts. For instance, compliance publications, mutual fund manager conference calls, research reports, etc.

AFM is independently owned and operated and not affiliated with either Brokerage firm. AFM will recommend one Broker/Custodian over another depending upon client account needs. For instance, a client that wants banking services may decide to set-up a Schwab Brokerage and Schwab Bank account that is linked together and offers free checking and online bill paying.

AFM uses brokerage technology to invest client assets so that all accounts are treated fairly in the execution of trades. Brokerage firm provides trade execution tools that allow AFM to buy and sell securities for all accounts as well as rebalance all accounts at the same time. Clients in model accounts benefit most from this technology. Nondiscretionary and Non-model accounts will not benefit from this technology and may affect the ability of AFM to immediately place a trade in client's account and or supervise account. Generally, it's our practice to invest in no-commission mutual funds and ETFs to keep cost low. Those ETFs and Mutual Funds may be offered to the public without a sales charge.

AFM, in its discretion, may aggregate purchases and sales of securities for your account(s) with purchases and sales of securities of the same issuer for other Clients of Adviser occurring on the same day. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the Account and the accounts of other participating Clients of Adviser will be deemed to have purchased or sold their proportionate shares of the securities involved at the average price so obtained.

Client acknowledges that Brokerage firm in any way assisted Client in selecting an investment objective, or in determining Client's suitability for the Program, which was solely determined by the Adviser.

In no event will AFM be obligated to effect any transaction for Client which Adviser believes would violate any applicable state or federal law, rule or regulation, or the rules or regulations of any regulatory or self-regulatory body.

Client also understands that cash awaiting investment or reinvestment may be invested in cash balances or money market funds at Brokerage firm, pursuant to an automatic cash sweep program. The brokerage firm or an affiliate may earn management fees including 12b-1 fees on client cash assets.

REVIEW OF ACCOUNTS

Investment accounts may be reviewed as often as weekly given market conditions. A change in a particular investment's fundamentals or market conditions may result in appropriate portfolio adjustments to client's account.

Securities in model portfolios are reviewed on an ongoing basis, almost daily, based on statistical information and research provided by independent sources. Periodically, we participate in investment conference calls held by various types of investment management firms. Moreover, AFM's Portfolio Strategist follows breaking news provided by news wires and business television news shows throughout each day.

The model approach towards portfolio management allows us to fulfill our fiduciary responsibilities and more effectively supervise and manage your accounts. Although we seek to supervise all securities in your account(s), if you choose, at your discretion, not to own securities held in our model portfolio, there can be no assurances that those securities will be supervised under RMP processes, and appropriate investment action will be taken in a reasonable time frame. **WE HIGHLY RECOMMEND THAT ALL CLIENTS INVESTS IN MODEL PORTFOLIOS IN ORDER TO TAKE ADVANTAGE OF OUR CONTINUOUS SUPERVISION PROCESSES.** Non-model securities will not be part of automatic rebalancing actions nor block sell/buy executions of a model security, and will not be continuously supervised but periodically reviewed.

A client may request an optional annual account review. AFM will inquire with client annually to decide if they want their Investment Policy Statement updated. Otherwise, it's the client's responsibility to contact AFM regarding any changes in your financial situation, circumstances, or Investment Policy Statement factors that may warrant reviewing, evaluating, and revising our previous portfolio recommendation. Please advise us if you would like to impose, add, or to modify any reasonable restrictions to your account.

Clients have access to a comprehensive Annual Client Report via Morningstar's web portal. The report among many things reports rolling period returns, holdings, asset allocation weightings versus target asset allocation, etc.

Your AFM Investment Adviser is responsible making sure your investment account is being managed according to your Investment Policy Statement. AFM is responsible for managing the RMP Program portfolios according to the stated Investment objective of the portfolio, and maintaining a diversified portfolio.

As a Registered Investment Adviser, we have a fiduciary duty to act in the best interests of our clients at all times.

CLIENT REFERRALS AND OTHER COMPENSATION

On occasion, we may refer our clients to another professional for financial planning services with their consent. For example, a tax accountant, estate attorney, or insurance professional. Aspetuck Financial Management does not receive any compensation for referring clients to another financial professional. Client is under no obligation to buy any product or use any services of any professional referred.

CUSTODY

Aspetuck Financial Management selected Charles Schwab & Co. Inc, and or TD Ameritrade, Inc. to act as its custodian. The Custodian in conjunction with Brokerage Firm provides all monthly account electronic or paper statement mailings, web based account information services, annual tax reporting, and account record keeping for RMP Program accounts. Custodian maintains custody of all client funds and or securities for a RMP Program account and collects and processes account fees pursuant to Adviser instructions. Selection of Brokerage and Custody for client is based on services, costs, and best trade execution. Please review statements carefully each month.

INVESTMENT DISCRETION

If you decide to participate in the RMP Program, you must sign an Investment Advisory Services Agreement, granting AFM discretionary authority to purchase or sell securities for your account. Generally, we will purchase either mutual funds or ETFs in an attempt to reduce your specific security and business risk associated with investing in individual security. Your account will be actively managed according to one of four strategies described in the Advisory Business section. Your account will be managed on an ongoing basis in an attempt to manage risk levels and pursue higher returns. Changing market conditions, economic conditions, and underlying fundamentals of the investments held in your account, will precipitate portfolio adjustments.

AFM will not consult with a client before effecting a transaction. Exceptions may be made upon request. Clients that require consultation before trades are placed risk late execution. Perhaps a week later than other accounts. Trades are guided by the client's Investment Policy Statement, stated portfolio objective of RMP Program Portfolio, and the AFM's current Investment Strategy.

Upon establishing an account it may take as long as three months to become fully invested according to your Investment Policy Statement. Current market conditions dictate how quickly an account can become fully invested. For instance we may hold more cash-equivalents than normal in down markets waiting for conditions to stabilize before investing in securities. In addition, we may delay selling securities transferred into your account from outside sources because we are waiting for a better time to sell them.

It's our goal to transform each account into an account modeled after one of four model portfolios in the RMP Program. This is a "best business practice" that makes it easier for AFM to monitor, supervise, and follow research reports of model securities. Moreover, conforming accounts to a suitable model allows for faster trade execution either through bunch trade technology or rebalance tool technology.

Almost all the securities in your account are held by your respective model portfolio with the approximately same weighting in your portfolio. There are exceptions to this rule. An investment may no longer be held in your respective model portfolio while it may be held in your account until short term redemption fee no longer applies. Accounts may own securities not found in the model portfolios but even so the RMP Program seeks to standardize and limit the variation in securities held in each account. Clients may place investment restrictions on their account but the adviser is not responsible for results that adversely affect account performance.

AFM will make every attempt to minimize the tax consequences of selling transferred securities in your new account. However, the management of the risk, income, and return on your money takes priority over the tax consequences.

VOTING CLIENT SECURITIES

Client understands and agrees that Client retains the right to vote all proxies, which are solicited for securities held in the Account. Adviser and IAR are hereby expressly precluded from voting proxies for securities held in the Account and will not be required to take any action or render advice with respect to the voting of proxies. Your custodian will mail proxies to your home address for you to vote on.

FINANCIAL INFORMATION

Not applicable

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