



MARKOWSKI INVESTMENTS

Markowski Investments Portfolio Management Fees and Services Brochure Registered Investment Advisor

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This brochure provides clients with information about Markowski Investments and the various types of services and managed account programs that should be considered before becoming a client of one of these programs. This information has not been approved or verified by any governmental authority.

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Advisory Services

Markowski Investments (hereafter, "Markowski") provides personal financial planning services and portfolio management services to individuals, corporations, trusts, estates, charitable organizations, and retirement plans including pensions, IRAs, and profit sharing plans. The object of these services is to assist the client in ascertaining the client's financial status and, through a thorough analysis, to assist the client in establishing financial and investment goals and objectives and achieving such goals and objectives. In a typical situation, Markowski will gather data from the client, utilizing a client financial profile and an objective and risk questionnaire. Using the data gathered Markowski will prepare financial recommendations. The prepared financial recommendations will be based upon the individual needs, net worth, investment history and experience, current and future income, and risk tolerance of the client, and will address such issues as the client's tax status, retirement planning, estate planning, and other areas deemed relevant.

In addition, Markowski also provides portfolio management for the client's funds on either a discretionary or non-discretionary basis. Paramount to Markowski is to place emphasis upon the individual needs and goals of the client. Any recommendations and actions concerning investments are based upon the results of individual analysis, including the client's liquidity, time frame, income, tax, and other constraints, as well as an evaluation of the client's risk tolerance and return objectives.

Markowski has the capability to use a full spectrum of investment alternatives to meet the needs of a client, and once a strategy for the client has been devised, any of the following may be used:

- Exchange Listed Equities
- Over-the-Counter Equities
- Foreign Equities
- Variable Life Insurance
- Variable Annuities
- Mutual Fund Shares
- Unit Investment Trusts
- Options
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Limited Partnerships

Securities and investments are analyzed using technical, fundamental, charting, and cyclical analysis, with research acquired from outside vendors, news services, on-line databases, newspapers and magazines, and in some cases, from the companies themselves.

Investment strategies recommended are generally intermediate to longer term in nature; however, depending on the client's needs, financial situation, risk tolerance, and investment objectives, short term purchases and trading, option writing, purchasing, and spreading, and margin transactions may be used, especially in times of greater market volatility.

Markowski also offers two investment company management services. These portfolio management programs invest primarily in both open-end and closed-end mutual funds, variable and fixed annuities, and unit investment trusts. Mutual funds purchased through these services may be no-load or load, including Class A, B, or C shares. A prospectus is always provided to the client upon purchase of any fund, and updates are sent annually.

Portfolio Management & the Review Process

Markowski requires that those individuals involved in the financial consulting process have educational and/or business backgrounds which give them expertise in the financial planning area. As a result, the individuals involved will either have professional degrees, or designations such as an attorney, accountant, CFA, CFP, CLU, etc., and/or are engaged in such educational pursuits, and will have experience in counseling clients in financial matters. A college degree or equivalent experience in the financial consultation field is required.

All of the individuals associated with Markowski provide investment advice to clients. The individuals responsible for their supervision are as follows:

- Matthew Markowski CFP®, born 8/26/76, Bachelors in Math & Economics from Hamilton College and MBA from Seton Hall University in Finance
- Michael Markowski, born 3/17/73, Bachelors in Business from Hartwick College

Reviews of each individual client's portfolio management account utilizing stocks, bonds, options, margin, and/or short sales will be made on a weekly basis. The underlying positions are monitored on a daily basis, with respect to economic, fundamental, and technical analysis. A registered sales supervisor and/or registered compliance officer will monitor these accounts. Matthew and Michael perform the daily and weekly reviews. Supervision is performed by the supervisory personnel listed above. Investment Policy Committee meetings are held weekly to discuss strategy and to review performance. Clients may communicate directly with any of the portfolio managers, although clients are encouraged to speak first with their personal financial consultant. Clients should be aware that at times, purchases and sales of securities will be done on a block allocation basis, whereby a security is purchased or sold for several clients in one transaction. This is done to ensure equitable pricing for all of the clients of Markowski. The basis for allocating block trades is by average cost, so that all clients receive the same price. In some cases, transactions may be crossed between two unrelated client accounts. The client should be aware that the interests of both clients are paramount, and both will be treated fairly and without bias.

Reviews with the client are made on an annual basis or more frequently in the event of a request by the client, a change in tax laws, a change in the securities in which the client is invested, or other such extenuating circumstance. Such reviews will be conducted by a qualified financial consultant.

Performance Reporting

Comprehensive tax reporting and performance accounting reports are created by Markowski for the client. Known as the "Markowski Investments Wealth Manager Statement", the service provides the following reports:

- Performance Reports (optional at discretion of client)
- Realized Gains and Losses
- Unrealized Gains and Losses
- Transaction Confirmations
- Monthly Statements

These reports include the cost basis, market value, and expected income of the assets, as well as other relevant data pertaining to the client's investments. The objective of this service is to assist the client in tracking the assets, activity, and performance of the account, presented in an easily understandable form, as well as to simplify tax preparation.

The performance reports are produced on the NetExchange PES (Portfolio Evaluation Service) using discounted cash flows, and are in compliance with the AIMR's (Association for Investment and Management Research) Performance Presentation Standards. Clients may request an update on their account at any time. The reports are reviewed for accuracy prior to their mailing.

The clients will receive regular reports, as well as transaction confirmations, directly from the mutual fund, insurance company or other investment company or clearinghouse handling the investment. Accounts maintained by Markowski will receive regular monthly account statements as well as quarterly reports.

Program Fee Structures

The fees for creating and preparing a comprehensive financial plan are as follows:

- | | |
|--------------------------------|-------------------|
| ■ Senior Financial Consultant: | \$150.00 Per Hour |
| ■ Financial Consultant: | \$100.00 Per Hour |
| ■ Associate: | \$50.00 Per Hour |

In Addition to the aforementioned planning fee, a fee based on a percentage of assets under management will be charged. Fees are billed in advance to the client or his custodian at the beginning of each quarter based on the value of all funds and securities under management. When billed to the client's custodian, the client should be aware that verification of the accuracy of the fee charged is their responsibility, and not their custodians. In addition, the account pays other costs such as brokerage commissions and custodial costs.

Fee and Commission Program

Brokerage commissions are charged in addition to the fee schedule outlined below. Brokerage commissions may, however, be negotiated prior to execution of the advisory contract. The commissions charged are similar to those of other institutions of comparable size. Larger or smaller discounts may be obtained depending on the amount of research required or the size of the order placed. All of the aforementioned and following fees other than custodial and other administrative costs may be negotiable depending on such factors as the strategy selected, the account size, historical factors, and relationships. They may be increased or decreased depending on the specific situation of a given client.

The following delineates the fee schedules in effect at Markowski Investments. Fees may be higher or lower than those shown due to special client situations, other services performed, or other extraordinary circumstances, and are negotiable. The client is always informed in writing of the fee structure in place on their account. The following fee schedules are currently applicable:

Equities

| <u>Principal Amount</u> | <u>Annual Fee</u> |
|----------------------------|-------------------|
| \$0 - \$250,000 | 1.25% |
| \$250,001 - \$3,000,000 | 1.00% |
| \$3,000,001 - \$10,000,000 | 0.75% |
| Above \$10,000,000 | Negotiated |

Balanced/Utility Income

| <u>Principal Amount</u> | <u>Annual Fee</u> |
|----------------------------|-------------------|
| \$0 - \$250,000 | 1.00% |
| \$250,001 - \$3,000,000 | 0.90% |
| \$3,000,001 - \$10,000,000 | 0.75% |
| Above \$10,000,000 | Negotiated |

Fixed Income

| <u>Principal Amount</u> | <u>Annual Fee</u> |
|----------------------------|-------------------|
| \$0 - \$250,000 | 0.75% |
| \$250,001 - \$3,000,000 | 0.65% |
| \$3,000,001 - \$10,000,000 | 0.55% |
| Above \$10,000,000 | Negotiated |

Mutual Fund Management

While Markowski may use mutual funds for diversification and other purposes in the two programs explained above, there are two programs available for clients for whom the benefits of investment company shares, including mutual funds and annuities, are deemed to be the most prudent investment. The programs and their fee structures are explained below.

The first program utilizes open-end funds (Class A, B, C, or no-loads), closed-end funds, and fixed and variable annuities. The client's account pays all commission and transaction fees. A prospectus is sent upon execution of any new purchase in the client's account, and updated annually thereafter. These accounts may be managed on either a discretionary or non-discretionary basis. All commissions paid are disclosed to the client in the prospectus for the investment, or on the trade confirmation mailed to the client. The fee structure is as follows:

| <u>Principal Amount</u> | <u>Annual Fee</u> |
|----------------------------|-------------------|
| \$0 - \$250,000 | 1.25% |
| \$250,001 - \$3,000,000 | 1.00% |
| \$3,000,001 - \$10,000,000 | 0.75% |
| Above \$10,000,000 | Negotiated |

The second program utilizing investment company shares is similar in most respects, but does not involve any transaction fees or commission charges. This program involves mainly no-load mutual fund shares. A prospectus is always provided to the client and updated annually, as in the above program. This no transaction fee program has the following fee structure:

| <u>Principal Amount</u> | <u>Annual Fee</u> |
|----------------------------|-------------------|
| \$0 - \$250,000 | 2.00% |
| \$250,001 - \$3,000,000 | 1.50% |
| \$3,000,001 - \$10,000,000 | 1.00% |
| Above \$10,000,000 | Negotiated |

Combinations of the above two programs are also utilized. The client should be aware that the funds chosen in the above investment company share programs would have their own underlying management fee structures, in addition to those charged by Markowski. The prospectus for each fund will state this amount.

Regarding the two no-transaction fee portfolio management structures described above, the client should be aware that the financial consultant recommending the program receives compensation as a result of the client's participation in the program, and that the amount of this compensation may be more than what the consultant would receive if the client participated in other programs offered by Markowski. In addition, the representatives offering these programs may also receive additional

compensation from the investment companies, such as commissions and/or 12b-1 trail commissions.

All clients are required to enter into a written advisory agreement prior to the establishment of an investment advisory relationship. The contract will specify the amount of the fees for which the client is responsible, and will be signed by an officer of Markowski. The investment advisory agreement is terminable by either party at any time upon written notice to the other party. Prepaid fees will be pro-rated using the termination date specified in the notice of termination.

Other Disclosures

Markowski Investments and/or its clients may choose to use an outside asset management company or broker-dealer. In the event that an outside advisor (no affiliation with Markowski Investments) is used, the client should refer to the Form ADV, Part II provided by that advisor. If Markowski recommends the advisor, we will be responsible for providing the client with such Form ADV, Part II in accordance with the SEC's brochure rule. In the event that an outside broker-dealer is used, Markowski Investments role would solely be the management of the client's assets.

Michael and Matthew Markowski, who are involved in the financial planning process on behalf of the applicant, are also licensed to sell securities through Westminster Financial Securities, Inc., a broker-dealer and FINRA member not affiliated with Markowski. In most cases, the transactions for a client's account will be executed through Westminster Financial Securities, Inc. The client is under no obligation to buy such products from the financial consultant. However, in the event that the client chooses to buy any such product, the financial consultants are in the capacity to execute such transactions. Commissions may be paid accordingly and the client may request full disclosure of such amounts. Matthew Markowski is also licensed to sell various insurance products which can be integral the financial planning process and will receive compensation for the sale of said insurance products.

At times, Markowski Investments and its representatives may own, buy, or sell securities that it is currently recommending to clients. In such cases, priority in all transactions is given to the clients' portfolios.

Markowski Investments will at times directly compensate others for client referrals. The people so compensated will usually be professionals, such as attorneys, accountants, or financial planners; although in some cases they may be current clients of Markowski. Markowski will also compensate other non-affiliated broker-dealers or registered investment advisors. Markowski Investments is responsible for the payment of these fees, and any client referred through such an arrangement will be fully notified in writing of the details regarding the fee and its amount.