

# Villanova Financial Services, Inc.

## Client Brochure

*This brochure provides information about the qualifications and business practices of Villanova Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (610) 296-6370 or by email at: [Wbmullin@villanovafs.com](mailto:Wbmullin@villanovafs.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Villanova Financial Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Villanova Financial Services, Inc.'s CRD number is 144171*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

We have a new investment advisor representative, Natalie Simon who joined the firm on 1/1/2012 and her personal CRD Number is 5894999.

Villanova Financial Services, Inc. did its last annual filing on 3-17-2011. VFS also did an Other-than-annual amendment to update its new address as part of our relocation on 8-31-2011.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

This firm was incorporated in 2002 and has been registered since October 9, 2007. The principal owner is William B. Mullin.

### **B. Types of Advisory Services**

Villanova Financial Services, Inc. (hereinafter “VFS”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

VFS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. VFS creates a Profile and/or an Investment Policy for each client, which outlines the client’s current situation (income, tax levels, time frames and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

VFS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement or the risk tolerance questionnaire.

#### ***Selection of Other Advisors***

VFS may direct clients to third party money managers. Before selecting other advisors for clients, VFS will always ensure those other advisors are properly licensed or registered as investment advisor.

#### ***Financial Planning***

When a client engages VFS for financial planning services, VFS reviews their goals and objectives with their current and future resources and opportunities. VFS uses a Morningstar report to evaluate their current snapshot and determine a course of action using any and all resources available to the clients. Annual reviews and quarterly

communication are done as VFS updates the current snapshot. Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debit/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented to the Financial Planning Agreement.

### ***Services Limited to Specific Types of Investments***

VFS limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, and government securities. VFS may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

VFS offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement or Risk Tolerance Questionnaire which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent VFS from properly servicing the client account, or if the restrictions would require VFS to deviate from its standard suite of services, VFS reserves the right to end the relationship.

### **D. Wrap Fee Programs**

VFS does not participate in any wrap fee programs

### **E. Amounts Under Management**

VFS has the following assets under management. The method for computing the amount of client assets we manage is the same as assets under management.

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0.00	\$118,400,000.00	3/01/2012

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
First \$100,000	1.25%
Next \$400,000	1.00%
Next \$500,000	0.75%
Next \$500,000	0.40%
Over \$1,500,000	0.30%

These fees are negotiable and the final fee schedule is attached to the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Selection of Other Advisory Fees*

VFS does not have a selection of other advisory fees

#### *Financial Planning Fees*

VFS does not have a financial planning fee

#### *Fixed Fees*

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$1,000 and \$7,000. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached to the Financial Planning Agreement. Clients may terminate their



contracts without penalty within five business days of signing the advisory contract.

### ***Hourly Fees***

The hourly fee for these services is \$250. The fees are negotiable and the final fee schedule will be attached to the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### ***Subscription Fees***

VFS does not have Subscription fees.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may also be invoiced and billed directly to the client with payments due upon receipt of invoice. Clients may select the method in which they are billed.

### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check or credit card in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Fixed Financial Planning fees are paid via check or credit card in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination

### ***Payment of Subscription Fees***

VFS does not have Subscription fees.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, manager, etc.). Those fees are separate and distinct from the

fees and expenses charged by VFS. Please see Item 12 of this brochure regarding broker/custodian.

#### **D. Prepayment of Fees**

VFS collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into client's account within fourteen days.

#### **E. Outside Compensation for the Sale of Securities to Clients**

All representatives of VFS are also registered representatives with Cambridge Investment Research, Inc. and they can accept compensation for the sale of securities to VFS clients. Therefore, clients and accounts are identified and separated so that clients who are paying an advisory fee do not pay commissions to the advisor.

##### ***1. This is a Conflict of Interest***

VFS and its supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients, but it will not accept both the advisory fee and commission for the same client's account. When recommending the sale of securities or investment products for which VFS receives compensation, VFS will document any conflict of interest in the client file and inform the client of the conflict of interest.

##### ***2. Clients Have the Option to Purchase Recommended Products from Other Brokers***

Clients always have the option to purchase VFS recommended products through other brokers or agents that are not affiliated with VFS.

##### ***3. Commissions are the Primary Source of Income for this RIA***

Advisory fees are VFS's primary source of compensation not commissions.

##### ***4. Advisory Fees in Addition to Commissions or Markups***

VFS charges both advisory fees and commissions. However, VFS will not charge both a commission and an advisory fee on the same product, asset and or account. This policy was considered using the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.

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

VFS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

VFS generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Retirement Plans, Pensions and Profit Sharing Plans
- ❖ Trusts

### ***Minimum Account Size***

There is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

VFS works closely with clients to determine their investment goals and levels of risk tolerance. VFS's basic investment philosophy is rooted in the belief that long-term returns are determined primarily by asset allocation. For each client, VFS constructs a portfolio of investments diversified across multiple market sectors

designed to meet that client's investment objectives and level of risk tolerance. Capital markets are monitored on a continuous basis through Morningstar, Moody's and/or other similar services.

### *Charting Analysis*

VFS does not provide charting analysis

### *Fundamental Analysis*

VFS does not provide charting analysis

### *Technical Analysis*

VFS does not provide Technical analysis

### *Cyclical Analysis*

VFS does not provide Cyclical Analysis

### *Investment Strategies*

VFS uses asset allocation, long term trading, short term trading, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

VFS reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. VFS may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice. VFS may, from time to time, recommend investments in options provided they are suitable for the client. Options that may be recommended are generally limited to covered calls, writing puts, or other conservative option strategies. Typically, such strategies may be recommended in conjunction with the clients existing portfolio in an attempt to aid the client in protecting against the downside risk.

VFS may, from time to time, offer advice regarding investments in private company stock that are issued through private placements. Advice regarding such investments is limited to clients who are "accredited investors" and are

otherwise qualified for such investments. Typically such advice is also limited to the owners of closely held businesses who invest in such businesses through the issuance/investment in private offerings. Often VFS will work closely with the client's attorneys and CPAs in the process.

### ***Methods of Analysis***

VFS does not provide any of the listed types of analysis with exception to investment strategies

### ***Fundamental Analysis***

### ***Technical Analysis***

### ***Cyclical Analysis***

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

VFS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize margin transactions and options writing. Margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

All IARs of VFS are also registered representatives of Cambridge Investment Research, Inc. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. VFS always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of VFS in their capacity as a registered representative.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither VFS nor its IARs are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

All representatives of VFS are also licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. VFS always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of VFS in their capacity as an insurance agent.

#### **D. Selection of Other Advisors or Managers and How This Adviser is compensated for Those Selections**

VFS may direct clients to third party money managers. VFS will always act in the best interests of the client, including when determining which third party manager to recommend to clients. VFS will ensure that all recommended advisors or managers are licensed or notice filed in the states in which VFS is recommending them to clients. VFS also works to ensure that the client's best interests are considered with regards to best execution, expenses and/or performance. This is all done with the client's time frame and risk tolerance in mind. VFS will charge its advisory fee, but will not receive any compensation directly or indirectly from those third party managers.

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

#### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

#### **B. Recommendations Involving Material Financial Interests**

VFS does not recommend that clients buy or sell any security in which a related person to VFS has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of VFS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of VFS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. VFS will always document any transactions that could be construed as conflicts of interest and

will always transact client business before their own when similar securities are being bought or sold. There is a written policy for the firm and its employees in the VFS policies and procedures manual which is given to every employee on a yearly basis.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of VFS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of VFS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. VFS has a policies and procedures manual, that is provided to each employee, which gives detailed instructions on how this is handled. In conjunction with the policies and procedures manual, each employee must submit to the CCO a Personal Securities Trading Request form for approval or denial of any trade. VFS also requires a duplicate copy of all transaction statements and monthly statements be provided to VFS by the firm or be on a platform where VFS has access to the account for viewing purposes. These efforts are to ensure that the clients' interests come first at VFS and employees personal security transactions do not affect clients of VFS.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. VFS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

##### ***1. Research and Other Soft-Dollar Benefits***

VFS receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

##### ***2. Brokerage for Client Referrals***

VFS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.



### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

VFS allows clients to direct brokerage. VFS may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage VFS may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

VFS maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by William B. Mullin, Brian Fisher, Stephen Barbella, and/or Natalie Simon. The chief advisors are instructed to review clients' accounts with regards to their investment policies, risk tolerance levels and any material changes to the client's current situation. All accounts at VFS are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by William B. Mullin, Brian Fisher, Stephen Barbella, and or Natalie Simon. There is only one level of review and that is the total review conducted to create the financial plan.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance, etc.).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least annually a written report or statement that details the client's account which may come from the custodian, VFS and/or a third party.

Clients are provided a one-time financial snapshot/analysis concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

Clients receive monthly statements from the custodian that include advisory fees and cost basis. The annual advisory fees are often included in the annual 1099 that the clients receive from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

VFS does not receive any economic benefit, directly or indirectly from any third party for advice rendered to VFS clients.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

VFS anticipates entering into arrangements whereby VFS will compensate certain individuals or firms for referring clients to VFS. While VFS does not currently have any such arrangements, VFS expects such an arrangement in the future. The arrangement and all fees will be fully disclosed to the client.

## **Item 15: Custody**

VFS does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian or the plan sponsor.

### **Item 16: Investment Discretion**

For those clients' accounts where VFS provides ongoing supervision, the client has given VFS written authorization to be the client's investment manager and provide in most cases non-discretionary investment management services over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides VFS non-discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

This year VFS will begin to provide discretionary authority to manage securities accounts on behalf of several clients. The arrangement, limitations and process will be spelled out in the Investment Management Agreement and provided to the client prior to opening the account.

The client will appoint VFS as its agent and attorney-in-fact with the power and authority to supervise and direct the investments of and for the account of the Client. On behalf of the Client, VFS or its IAR will buy, sell, exchange, convert, and otherwise trade in any and all mutual funds, variable annuities and life contracts, and the sub-accounts thereof, stocks, bonds, and other securities consistent with investment analysis, interpretations, and judgments designed to seek an investment return suitable to the investment objectives and goals of the Client (any limitations on securities to be traded will be spelled out in the Investment Management Agreement "IMA"). VFS and/or its IAR may issue such instructions to the Custodian ("Custodian") of the Client as may be appropriate in connection with the settlement of transactions initiated by VFS or IAR in accord with this Agreement. In some cases an additional "power of attorney" document will be used in conjunction with VFS's IMA. This is often the case where banks and/or custodians want to use their own form or "power of attorney" paperwork.

### **Item 17: Voting Client Securities (Proxy Voting)**

VFS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

VFS does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither VFS nor its management have any financial conditions that is likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

VFS has not been the subject of a bankruptcy petition in the last ten years.