



# WILLOW GROVE ADVISORS

## Form ADV Part 2A March 21, 2012

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This brochure provides information about the qualifications and business practices of Willow Grove Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (510) 589-1217 or email [Keley@WillowGroveAdvisors.com](mailto:Keley@WillowGroveAdvisors.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about Willow Grove Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2: Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 03/21/2012 is a document prepared according to these requirements and rules.

This Item (2) will discuss only specific material changes that are made to the *Brochure* and provide clients with a summary of such changes.

Willow Grove Advisors last annual update of our brochure was dated 03-30-2011 and our current update is dated 03-21-2012.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. If you have any questions about the information in this Brochure or would like to request a copy of the Brochure, please contact us at (510) 589-1217 or email us at [Keley@WillowGroveAdvisors.com](mailto:Keley@WillowGroveAdvisors.com).

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

Summary of changes:

Item 4. has been updated to reflect the assets under management of this firm as of February 2012.

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## Item 4: Advisory Business

Willow Grove Advisors, LLC (Willow Grove) is a Registered Investment Advisor whose principal owners are Keley R. Petersen and Jeff Petersen and has been in business since 2009.

Willow Grove provides investment advisory services to a broad range of individual, high net worth individuals and institutional clients for a percentage of assets under management and provides services on a discretionary or non-discretionary basis. Investment advisory services are provided based on the individual needs of a client and stated objectives and guidelines of the account.

Willow Grove Investment Management accounts are available to investors with \$500,000 of investable assets.

For all new accounts, Willow Grove will evaluate securities initially held in the portfolio and will work with the client to create a portfolio transition plan which may sell all or periodically sell portions of such securities to the extent that such securities would not be included in Willow Grove's normal portfolio holdings for such account.

The client will be responsible for any tax liabilities that result from any transactions initially and during management of the account. Willow Grove seeks to commence management of an account as soon as practicable after review of the account documentation, acceptance of its appointment as Adviser and transfer of assets to the custodian. The time required to commence management may vary depending on the time required to complete these steps.

Our assets under management are calculated by adding all of the securities portfolios for which we provide continuous and regular supervisory or management services. As of February 2012, Willow Grove manages \$36,713,200.00 on a discretionary basis and \$256,900.00 on a non-discretionary for a total value of \$36,970,100.00 of assets under management.

## Item 5: Fees and Compensation

### **General Information on Fees and Services**

#### Fees:

Fees are negotiable for all accounts with a market value of \$10 million or greater. The fees stated herein do not apply to “Non-Managed Assets”, if any. Non-Managed Assets are those assets not managed by Willow Grove.

The annual fee for Relationship Management Services on accounts where Willow Grove does not have investment management discretion over assets is .12%, unless agreed otherwise.

Excluding Cash Only and Fixed Income accounts, the minimum annual account fee, regardless of asset class, account size, portfolio holdings, or discretionary/non-discretionary is \$500, unless agreed otherwise. Fees will be automatically debit from client’s account for services provided unless alternative arrangements have been made between the client and Willow Grove.

Fees and services may be negotiable based on factors such as client type, referring source, asset class, pre-existing relationships, portfolio complexity, account size, and requirements or other special circumstances. Employees of Willow Grove may be eligible for a discounted fee, to be negotiated prior to the opening of the account. Related client accounts may be aggregated for fee calculation purposes in certain circumstances. Fees are generally payable monthly in arrears calculated based on the end of the month fair market value of each account as determined by the custodian of the account for the preceding month.

For securities where ready valuation information is not available (including but not limited to hedge funds, private placements, illiquid securities and some derivatives) pricing will be undertaken through good faith cooperation between Willow Grove Operations and the manager of the specific security to fairly approximate the security's current value. Willow Grove will also engage third-party pricing agents to price illiquid and hard-to-value securities holdings

We are compensated for our investment advisory services based on a percentage of assets under management. All fee percentages are subject to negotiation and may differ among clients based on a number of factors, including the type and size of the advisory account and the number and range of supplemental advisory and client-related services to be provided. In addition, assets in related accounts may be aggregated to establish the amount on which fees will be based. Our fee schedule shows the maximum percentage charged for each asset range.

**Fee Schedule****Diversified Investment Management\***

For fully diversified investment management accounts where Willow Grove has investment discretion over assets in the account, the fee schedule is as follow:

First \$1 Million 1.10%  
Next \$2 Million .85%  
Next \$2 Million .70%  
Next \$5 Million .55%  
Over \$ 10 Million **Determined by Circumstances**

**Fixed Income Investment Management Account\*\***

First \$1 Million .55%  
Next \$2 Million .45%  
Next \$2 Million .35%  
Next \$5 Million .15%  
Over \$ 10 Million **Determined by Circumstances**

**For cash only accounts the fees is .20%\*\*\***

*\*This fee schedule applies whenever an account has strategies other than cash instruments and fixed income based on discussions with clients. All accounts are subject to a minimum annual charge of \$500.00 or the above schedule, whichever is greater. Accounts with fixed income only are opened with the "Fixed Income Only Accounts" fee schedule above. Accounts with cash instruments only are opened with "Cash Only" fee schedule above.*

*\*\*This fee schedule applies to any managed account holding only individually managed bonds, fixed income mutual funds, Fixed Income ETFs and/or separately managed fixed income accounts (SMA's).*

*\*\*\*Fee subject to firm/adviser discretion. Typically offered on an interim basis, this fee schedule applies whenever an account has investments consisting exclusively of cash instruments.*

**Additional Fees Charged by Mutual Fund Companies and Separate Account Managers/Sub-Advisers**

In addition to Willow Grove Advisor's fees, each mutual fund, ETF, Limited Partnership, and money management company in which a client's assets may be invested, charges it's own management fees and other expenses. Details on each mutual fund, ETF, Limited Partnership and money manager fees and expenses can be found in the relevant fund prospectus, Limited Partnership offering memorandum or money manager Form ADV Part 2. Copies of mutual fund and ETF prospectus can be obtained directly from the company or through Willow Grove upon request. Willow Grove will provide copies of offering memorandum for Limited Partnerships and Form ADV Part 2 for money managers. Detailed information about all fees will be provided by Willow Grove.

## Item 6: Performance Based Fees and Side-by-Side Comparisons

Willow Grove does not engage in the practice of charging performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7: Types of Clients

Willow Grove provides portfolio management services for individuals, high net worth individuals. Generally, but with exception, the firm requires a minimum portfolio size of \$500,000 to open a new advisory account, however we may use our discretion on this stipulation. Also, we may continue to service existing accounts that fall below the minimum.

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

Investment securities used by our firm include:

- Exchange-listed and over-the counter securities
- Foreign issues
- Warrants
- Corporate, municipal, and US government issued debt securities
- Mutual fund shares
- Options contracts on securities
- Interests in partnerships investing in:
  1. Real estate
  2. Oil and gas interests
  3. Venture capital
  4. Leveraged buyout funds
  5. Asset-backed structured securities
  6. Hedge funds
  7. Pooled investments
- ETF's

Some assets described herein may be subject to periodic redemption provisions, which may affect the availability and liquidity of funds

Inherent to the risks of each of these securities is market valuation volatility. Each investment has its own set of risks which may include, but are not limited to economic risk, liquidity risk, market risk, interest rate risk, default risk, inflation risk, reinvestment risk, and legislative risk.

We employ both fundamental and technical methods of investment analysis. Sources of fundamental market and investment analysis include:

- Financial newspapers
- Research materials prepared by others
- Annual reports, prospectuses, filings with the SEC
- Company press releases
- Commercially available financial data
- Valuation and analytical software

Investment strategies typically will focus on the long-term investment horizon. However, investments are analyzed on an ongoing basis and may result in short-term holding periods, or trade-holding periods. Margin and option strategies may be used, but are not typical

Please note that investing in securities involves risk of loss, and many variables, including, but not limited to market and economic fluctuations, may have a substantial negative effect on the value of your securities positions. Clients must be willing to assume these risks.



## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Willow Grove Advisors or the integrity of its management team.

Willow Grove's management team has not been involved in any legal or disciplinary event and has no information applicable to this Item.

## Item 10: Other Financial Industry Affiliations and Activities

Willow Grove Advisors and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Willow Grove Code of Ethics is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. The Code is based upon the principle that Willow Grove and its employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The purpose of Willow Grove's Code of Ethics is to preclude activities that may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. As such, Willow Grove and its employees are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. Willow Grove and its employees have an affirmative duty of utmost good faith to act solely in the best interest of its clients.

***A copy of Willow Grove's Code of Ethics will be provided upon request to any requesting client or prospective client***

## Item 12: Brokerage Practices

### **Factors in Selecting Brokers and Determining Commissions:**

Subject to any client direction, Willow Grove's objective in effecting portfolio transactions is to seek to obtain the best combination of net price and execution under the circumstances. The best net price, giving effect to brokerage commissions, if any, and other transaction costs, is normally an important factor in the decision, but a number of other judgmental factors may also be considered. These include, without limitation:

- Willow Grove's knowledge of negotiated commission rates currently available and other current transaction costs;
- The nature of the security being traded;
- The size of the transaction;
- The desired timing of the trade;
- The activity existing and expected in the market for the particular security;
- Confidentiality;
- The execution, clearance and settlement capabilities of the broker or dealer selected, including status as a market-maker in the security, and others which are considered;
- Willow Grove's knowledge of the financial stability of the broker or dealer selected and such other brokers or dealers; and
- The firm's knowledge of actual or apparent operational problems of any broker or dealer.

Recognizing the value of these factors, the firm may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

Except in the case of directed brokerage, Willow Grove generally negotiates the rate of brokerage commissions to be paid prior to the completion of each trade. Willow Grove periodically evaluates the aggregate amounts of brokerage commissions paid to each broker dealer with which Willow Grove does business.

### **Trade Allocation and Aggregation of Orders:**

It is Willow Grove's policy to aggregate client transactions where possible and when advantageous to clients. Willow Grove will not aggregate trades unless aggregation is consistent with its duty to seek best execution and the terms of Willow Grove's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for that aggregated order's trade(s) in that security on a given business day. In those instances where it is not possible to purchase or sell the total position for all the accounts involved in a given trade, there shall be a pro rata division amongst the accounts participating in the combined security transaction so that each account receives or delivers the same portion or percentage of the reduced trade that they would have received in the total trade. Odd lot and other minimal share lots may be allocated at the trader's discretion.

**Payment By Willow Grove of Custodian's Transaction Charges**

Transaction-related fees including but not limited to commissions charged by custodians are generally paid directly from the clients' accounts based on the agreement between the client and the custodian. Presently, Willow Grove has agreed to pay the transaction charges on behalf of its clients whose assets are held only by Fidelity. No such arrangement exists with any other custodian at this time. Should there be a change to the foregoing, Willow Grove will immediately notify its clients either verbally or in writing.

**Item 13: Review of Accounts**

All accounts will be reviewed periodically, but not less than annually, by the client advisor (Registered Investment Advisor Representative) assigned to the account. The annual review will include an analysis of the asset allocation and portfolio securities in relationship to the client's stated investment policy.

All investors in the "Fund of Funds" program will receive audited financials from a third party administrator on an annual basis. Quarterly, Willow Grove provides clients with a consolidated summary of assets managed by Willow Grove which describes: Current performance data, taxable vs. non-taxable transactions, asset allocation, realized gains/losses, unrealized gains/losses, portfolio holdings, transactions, income & expenses, and strategy updates for alternative investments with current performance data, if available

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

Willow Grove does not directly or indirectly compensate any person for client referrals. Likewise, we do not receive from any person an economic benefit for providing investment advice or other advisory services to our clients.

**Item 15: Custody**

Willow Grove deducts the advisory fee from the client's accounts at the client's written direction and therefore we are deemed to have custody of our clients' funds. We don't however; act as the Custodian for our clients' assets.

Fidelity Investments custodies the majority of Willow Grove accounts.

Clients receive monthly statements from the qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements and Quarterly Performance Reports that we provide to you.

## Item 16: Investment Discretion

Willow Grove generally has the authority to make all determinations as to which securities are to be bought or sold, the amounts of the securities to be bought or sold, and the broker or dealer to be used and the commission rates or dealer spreads to be paid. Willow Grove engages the services of Fidelity Brokerage Services and National Financial Services, LLC, together known as Fidelity Investments, for brokerage, clearing, and custodial services.

Willow Grove's discretionary authority may be subject to guidelines and limitations imposed by the client. Such limitations may relate to directing Willow Grove to use a particular broker or dealer, or restrictions on investing in a particular company, industry, geography, company or security type, or asset class, among others. Willow Grove will endeavor to follow reasonable directions, guidelines, and limitations. In the event a client directs brokerage or determines commission rates, dealer spreads and/or other transaction terms, Willow Grove may not be able to freely negotiate commission rates, dealer spreads or select broker/dealers on the basis of best price and execution for such transactions. In addition, transactions directed in this manner may result in clients foregoing the benefit from saving on execution costs Willow Grove may obtain for its other clients through, for example, negotiating volume discounts on block trades. As a result, such clients may have to pay higher commissions, pay greater dealer spreads or receive less favorable net prices than would be the case if Willow Grove were authorized to choose the broker/dealer through which to execute transactions for client accounts. With Willow Grove's consent, clients may include certain assets in accounts for which Willow Grove provides no investment advisory services ("Non-Managed Assets"). Non-Managed Assets are not subject to Willow Grove's investment management fees.

## Item 17: Voting Client Securities

Willow Grove Advisors will not vote Proxies for securities held in client portfolios. Willow Grove will vote proxies in accordance to a client's stated "values" upon client's written request and upon authority being granted. For portfolios subject to ERISA, responsibility for proxy voting will be determined by the plan document. If an account is managed by a money manager/sub adviser, the sub adviser will retain voting authority for that account

## Item 18: Financial Information

Willow Grove has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.