

**Part 2A of Form ADV: *Firm Brochure***

**Merion Wealth Partners, LLC**

1235 Westlakes Drive, Suite 280  
Berwyn, PA 19312

Telephone: 610-616-3013  
Email: [wealth@merionllc.com](mailto:wealth@merionllc.com)  
Web Address: [www.merionllc.com](http://www.merionllc.com)

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This brochure provides information about the qualifications and business practices of Merion Wealth Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 610-616-3013 or [wealth@merionllc.com](mailto:wealth@merionllc.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 Merion Wealth Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 152680.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, originally dated 3/30/2011 and amended on 2/12/12, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

**For reference purposes regarding any amendments made to this Brochure, the following is an outline of those amendments:**

- A sentence was added to Item 4, page 4: As of December 31, 2010, Merion managed \$44,699,085 in client assets on a discretionary basis.
- In Item 12 "Brokerage Practices," references to Charles Schwab & Co., Inc. were added.
- References to MerCap Securities, LLC, a FINRA-registered broker-dealer and wholly-owned subsidiary of Merion, were added to the section entitled, "Financial Planning Fees" on page 12; and to Item 10, "Other Financial Industry Activities and Affiliations – Broker-Dealers" on page 18.

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## Item 4    Advisory Business

Merion Wealth Partners, LLC (“MWP”) is an SEC-registered investment adviser with its principal place of business located in Pennsylvania. We began conducting business in 2010. As of December 31, 2010, Merion managed \$44,699,085 in client assets on a discretionary basis.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of our company).

- Ash Investment Fund LLC
- CDV Capital, LLC, Managing Member

We provide a platform for individuals providing investment advice (each, an “Investment Professional”) to share resources, ideas and research. Each Investment Professional is committed to Merion’s Process of Building and Maintaining Wealth:

1. Understand a client’s goals and risk
2. Analyze the macroeconomic environment to provide rational expectations on future economic conditions
3. Build a sound foundation by matching investment products to the economic environment.
4. Identify “relative value”—what is over valued and what is under valued in the marketplace

Within this framework, each Investment Professional has his or her own investment selection process and approach to investing. Different Investment Professionals may provide different advice to clients with similar financial situations and investment goals. Each Investment Professional may provide any or all of the services listed below. While each Investment Professional will inform the client of the specific services he or she will provide, the client should carefully review the description of services below to fully understand which services the client will receive.

### PORTFOLIO MANAGEMENT

We provide continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Exchange-traded funds
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established.

Based on the client's individual circumstances and needs we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Disclosure Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with information about the client's investment goals, tolerance for risk, and any reasonable restrictions on the account. The adviser(s) then creates and manages the

client's portfolio based on the client's individual needs.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's needs, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## **PRIVATE WEALTH MANAGEMENT**

Our firm is the sponsor of Private Wealth Management ("PWM"), an investment advisory service program. Our firm's Investment Professionals may offer the investment advisory services described here to their clients and potential clients. Different Investment Professionals may offer only some of the following services. Each client should ask his or her Investment Professional which services are being considered for the client.

Private Wealth Management provides clients access to continuous management of their investment portfolios through one or more of the following investment management programs:

- Advisor as Portfolio Manager
- Separately Managed Account Program ("SMA")
- Mutual Fund Wrap Program(s)
- ETF Wrap Program(s)
- Multi-Manager Account Program ("MMA")
- Unified Managed Account Program ("UMA")
- Reporting Only Services

The Advisor as Portfolio Manager and SMA programs are offered on a fee plus commission basis or on a wrap fee basis. Clients interested in obtaining these services on a wrap fee basis should refer to our Form ADV Part 2A Appendix 1 Wrap Fee Brochure.

Mutual Fund Wrap Programs, ETF Wrap Programs, MMA and UMA are offered on a wrap-fee basis only. Clients interested in learning about these services should refer to our Form ADV Part 2A Appendix 1 Wrap Fee Brochure.

As part of the PWM program, we have engaged Envestnet Asset Management, Inc. ("Envestnet") to provide various administrative services to PWM clients. Envestnet may also provide additional services to PWM program clients including:

- Assessment of the client's investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the client's objectives
- Recommendations on suitable style allocations
- Identification of appropriate managers and investment vehicles suitable to the client's goals
- Evaluation of asset managers and investment vehicles meeting style and allocation criteria

- Engagement of selected asset managers and investment vehicles on behalf of the client
- Ongoing monitoring of individual asset manager's performance and management (for approved SMA managers and mutual funds only)
- Review of client accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for account rebalancing, if necessary
- Online reporting of client account(s) performance and progress

Once the client selects an Investment Professional and an advisory relationship is initiated, the Investment Professional will obtain information from the client on the client's financial background, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerance, among other things. This review also considers the suitability and appropriateness of the PWM investment account for the client. Our firm and the Investment Professional maintain the client profile information. Clients are advised to update their profile information any time changes to their financial situation and/or investment objectives occur. When this happens our firm and Investment Professionals may require clients to complete an investor profile questionnaire to ascertain whether the account and its investments remain suitable and appropriate.

Once an advisory relationship is established, there are no restrictions on a client's ability to contact either our firm or their Investment Professional. The Investment Professional will contact the client periodically to determine if there have been any changes in their financial information so that the management of the account may be adjusted accordingly. In the event any information is received by our firm directly from the client, that information is communicated promptly to the Investment Professional.

The information provided by the client is forwarded to Envestnet for review. Envestnet will analyze the information and recommend an appropriate strategy based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. Envestnet's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes and risk premiums.

Envestnet will then propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes.

Each Investment Professional managing a PWM account chooses his/her own research methods, investment style, and management philosophy. The investment strategies utilized by an Investment Professional in implementing the investment services provided to clients may include long and short-term purchases.

### ***Advisor as Portfolio Manager Program***

Within the Advisor as Portfolio Manager Program, the Investment Professional will direct the investment and reinvestment of client assets in the Private Wealth Management account ("Program Account"). The Program Account will be managed by the Investment Professional

in accordance with an investment style selected by the Client, and subject to the Client meeting the program minimum account size. Clients may impose reasonable restrictions on the Investment Professional. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of specific securities or specific types of securities. The Program Account will be managed by the Investment Professional based on the specific investment needs of the client on an ongoing basis utilizing investments that may include mutual funds, exchange traded funds, stocks, bonds, options, and variable annuity and insurance products. On a periodic basis, the Investment Professional will review each client's account and direct the rebalancing and/or reallocation of the investments within the account depending on the client's investment objective. The client selects the Investment Professional who will manage the client's account. PWM program accounts are managed on a discretionary or non-discretionary basis. Clients may impose reasonable limitations or restrictions on the Investment Professional's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

### ***Separately Managed Account Program ("SMA")***

The Investment Professionals also provide the Separately Managed Account Program ("SMA"), in which the client can select the investment advisory services of professional portfolio management firms ("Portfolio Managers") and their different investment styles for the individual management of the client's account. Investment styles include Equity, Balanced and Fixed Income. Envestnet will recommend individual Portfolio Managers and investment vehicles that correspond to the proposed asset classes and styles. The Investment Professional may recommend managers in this program to the client.

### ***Reporting Only Services***

Envestnet offers reporting services to allow the Investment Professional to monitor Investors' accounts. Advisors are able to examine their clients' holdings, allocation of assets and portfolio performance.

Performance reporting is calculated according to industry standards and is applied to each account or combination of several related accounts for a household's or family's assets.

With exception on the Investment Professional Directed Models, clients that participate in the PWM program are required to grant full discretionary investment authority to Envestnet. Envestnet generally will only use this grant of discretion to replace investment vehicles, including sub-managers, when it deems such a change is necessary; to rebalance a client's account as agreed between the client and Envestnet; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable. However, there may be situations in which Envestnet will fully utilize this grant of discretion, such as to liquidate a position.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future



cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Investment recommendations in financial plans may include any or all of the following:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper

- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Any investments held by the client at the inception of the advisory relationship.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT**

The annual fee is charged as a percentage of assets under management, according to the following schedule:

Managed Assets	Annual Fee
First \$500,000	1.250%
Next \$500,000	0.9375%
Next \$1,000,000	0.750%
Above \$2,000,000	0.625%

The annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES**

Our firm's fee includes the fees of the recommended adviser(s), which typically range from 0.375% to 0.750% of the client's managed assets. Each independent adviser's share of the total fee is disclosed in its Form ADV Part 2A Brochure.

The annual fee is charged as a percentage of assets under management, according to the following schedule:

Managed Assets	Annual Fee
First \$500,000	2.00%
Next \$500,000	1.50%
Next \$1,000,000	1.25%
Above \$2,000,000	1.00%

The annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

## **PRIVATE WEALTH MANAGEMENT**

The fees for the Advisor as Portfolio Manager and SMA programs ("Program Fee") are assessed based upon an annual percentage of the client's assets under management and cover a number of services including investment management, performance reporting, consulting, activity reporting, and tax reporting. This fee schedule includes all fees and charges for the Program services of our firm, Investment Professional, and Envestnet, but does not include brokerage and custodial fees.

The maximum annual Program Fee is 2.00% of client's assets under management. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Investment Professional will negotiate with each client to determine the fees to be charged; therefore fees may vary among Investment Professionals and clients. As the advisory fees and charges may be negotiable, those fees and charges may vary among PWM clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided, and the length of the advisory relationship with the client, among other things. Fees are negotiated at the discretion of, and within the means of our firm, Envestnet, and the Investment Professional.

Program Fees charged are calculated as an annual percentage of assets based on the market value of the account at the end of the quarter or as an average market value for the preceding quarter. Program Fees are charged on a calendar quarter basis in advance and prorated to the end of the quarter upon inception of the account or may be charged in arrears if using the average market value for the quarter. There is a minimum annual Program Fee charged per Account for participation in the Program.

All Private Wealth Management services are offered on a wrap-fee basis. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. A client's portfolio transactions may be executed without commission charge (if any) in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We review with clients any separate program fees that they may be charged.

Clients interested in learning about these services and the fees charged for these services should refer to our Form ADV Part 2A Appendix 1 Wrap Fee Brochure.

## **FINANCIAL PLANNING FEES**

Our Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$300 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Alternatively, our Financial Planning fees may be provided for a fixed fee, typically ranging from \$2,000 to \$15,000, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

Certain Investment Professionals and other employees are separately licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). In addition, Merion Wealth Partners, LLC has subsidiaries engaged in such activities - Merion Financial Services, LLC ("MFS"), is an insurance agency, while MerCap Securities, LLC ("MerCap"), is a FINRA-registered broker-dealer. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals and/or to MFS or MerCap. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all financial planning recommendations is solely at the discretion of the client.

Each Investment Professional may, at his or her discretion, offset the client's Financial Planning fees to the extent the Investment Professional or other of our related persons have earned commissions from implementing financial planning recommendations. Commissions for product transactions will never serve as a credit on the client's account.

## **GENERAL INFORMATION**

***Limited Negotiability of Advisory Fees:*** Although we have established the fee schedules listed above, each Investment Professional may negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, and the policy of the particular Investment Professional, among other factors. Clients

with similar financial situations and investment goals who use different Investment Professionals may pay different fees. The specific fee schedule will be identified in the contract between our firm and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund and ETF Fees:*** All fees paid to Merion Wealth Partners, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts:*** Merion Wealth Partners, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Merion Wealth Partners, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Merion Wealth Partners, LLC's advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

We do not charge performance-based fees.

As noted in Item 4 of this Brochure, different Investment Professionals may provide different advice to clients with similar financial situations and investment goals. A situation could arise in which one Investment Professional is purchasing a security at the same time that another Investment Professional is selling or shorting that security (please see Item 8 of this Brochure for a discussion of short selling). While each Investment Professional has access to and considers the opinions of the other Investment Professionals, and all have access to the same research, each Investment Professional is individually responsible for the day-to-day management of his or her own client's portfolios, and so is unaware of trades being placed by other Investment Professionals.

## **Item 7 Types of Clients**

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Charitable organizations
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

Each Investment Professional may use any or all of the following methods of analysis in identifying attractive investment opportunities or determining an investment program for the client. Clients should review with each Investment Professional the specific methods of analysis being used for the client's portfolio.

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the

present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Cyclical Analysis.*** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

***Quantitative Analysis.*** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

***Qualitative Analysis.*** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment.

Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

Each Investment Professional may use any or all of the following investment strategies in identifying attractive investment opportunities or determining an investment program for the client. Clients should review with each Investment Professional the specific investment strategies being used for the client's portfolio.

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price



swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

- *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
- 1. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
- 2. *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
- 3. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9    Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### **BROKER-DEALERS**

Our Investment Professionals and other employees may be registered representatives of the following broker-dealer firms:

MerCap Securities, LLC – a wholly-owned subsidiary of Merion Wealth Partners, LLC

In their separate capacities as registered representatives, these individuals can purchase and sell securities for advisory clients for separate and typical commissions or other compensation, and may also receive ongoing compensation in the form of 12b-1 fees from mutual funds purchased by clients.

Investment Professionals who are registered representatives will not receive commissions generated by securities transaction in Portfolio Management accounts, or in accounts managed by third party advisers. However, these persons may receive compensation for implementing recommendations in financial plans. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all financial planning recommendations is solely at the discretion of the client.

Please see additional disclosures about brokerage practices in Item 12 of this Brochure.

### **INSURANCE AGENTS, BROKERS AND AGENCIES**

Certain of our owners, Investment Professionals, and other employees, in their individual capacities, are agents and/or brokers for various insurance companies and/or own insurance agencies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. In addition, Merion Financial Services, LLC ("MFS"), a subsidiary of Merion Wealth Partners, LLC, is an insurance agency. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals and/or to MFS. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

### **PRIVATE EQUITY**

One of our Managing Members, CDV Capital, LLC, is a private equity firm established to finance management and leveraged buyouts and provide expansion capital for U.S. based companies.

We will not recommend that any advisory client purchase an interest in CDV Capital, LLC, invest in any firm being financed by CDV Capital, LLC.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [wealth@merionllc.com](mailto:wealth@merionllc.com), or by calling us at 610-616-3013.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- Our firm requires prior approval for any IPO or private placement investments by related

persons of the firm.

- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices..
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to disciplinary action or termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as registered representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

### **PORTFOLIO MANAGEMENT**

#### *Discretionary Brokerage*

Certain Investment Professionals may request clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

In determining the broker-dealer to be used and the commission to be paid, we consider the broker-dealer's reputation, experience in placing the types of transactions required, commission rates, and our past experience with the broker-dealer.

We do not have any soft-dollar arrangements and do not receive any soft-dollar benefits.

### *Directed Brokerage*

Clients may require that we place all trades through a particular broker chosen by the client.

In addition, certain Investment Professionals may require that clients direct us to place all trades through a particular broker.

In directing the use of a particular broker, it should be understood that we may not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. Our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

Certain Investment Professionals are registered representatives of the broker-dealers listed in Item 10 of this Brochure. Broker-dealers are required to record and supervise all trades placed by their representatives. In order to meet this responsibility, the broker-dealers with which our Investment Professionals are registered may require that all trades in client accounts be placed through the broker-dealer with which the Investment Professional is registered, through the broker-dealers' clearing firm(s), or through other broker-dealers.

Certain Investment Professionals will request that clients use the custodial, brokerage and clearing services of either Pershing, LLC through Pershing Investment Manager Services ("Pershing"), or Charles Schwab & Co., Inc. ("Schwab") and direct us to place all trades through either Pershing or Schwab. We have evaluated both Pershing and Schwab, and believe that they will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

Pershing and/or Schwab may provide to us, without cost, computer software and related systems support which allow us to better monitor client accounts maintained at Pershing and Schwab. We receive the software and related support without cost because we manage accounts for clients that maintain assets at Pershing and Schwab. The software and related systems support may benefit our firm but may not directly benefit our clients. While we endeavor at all times to put the interests of our clients first, the receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of Pershing or Schwab over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, we may receive the following benefits from Pershing through its Pershing Advisor Solutions division, or from Schwab:

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services its participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- access to an electronic communication network for client order entry and account information.

### *Block Trading.*

We will block trades placed by a particular Investment Professional where possible and when

advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. We do not coordinate block trading among Investment Professionals.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Our block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement or our firm's order allocation policy.
- 2) The Investment Professional must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The Investment Professional must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

## **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

Please refer to the Form ADV Part2A Brochure of any recommended manager for information on that manager's brokerage practices.

## **PRIVATE WEALTH MANAGEMENT**

Private Wealth Management accounts are held at Pershing or Schwab, and clients must direct our firm and any separate account manager selected by the client to utilize Pershing, Schwab, or an affiliate for execution services. In directing the use of a particular broker, it should be understood that we may not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. Our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

Our firm is not a broker-dealer and will receive no revenue related to assets held, transactions, and activity in Program Accounts beyond the advisory fee.

## **FINANCIAL PLANNING**

When consistent with our fiduciary duty, our Investment Professionals may recommend themselves or other persons in our firm who are registered representatives of a broker-dealer to financial planning clients for implementation of financial planning recommendations. No financial planning client is obligated to use any individual or broker-dealer firm to implement financial planning recommendations.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Portfolio Management accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by the Investment Professional who is managing the client's account.



**REPORTS:** Clients will receive monthly statements from their broker-dealer. The client may negotiate with his or her Investment Professional for additional reports.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** Clients account should refer to the independent registered investment adviser's Form ADV Part 2A Brochure for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

We will review these accounts on a quarterly basis. These accounts are reviewed by the Investment Professional in charge of the client's account.

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

We do not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **PRIVATE WEALTH MANAGEMENT**

**REVIEWS:** Each client may negotiate the frequency of account reviews with the client's Investment Professional. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**REPORTS:** The client will receive a monthly statement from the custodian providing a detailed list of holdings with valuations and account activity as well as confirmations of all securities transactions from Pershing or Schwab. In addition, the client will receive a quarterly statement from Envestnet showing the allocation of the assets in the account as well as the performance of the account during the previous quarter.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing

clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

### **OTHER COMPENSATION**

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have custody of client accounts.

### **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or

- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Merion Wealth Partners, LLC has no additional financial circumstances to report.

Merion Wealth Partners, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Brochure***

**Merion Wealth Partners, LLC**

1235 Westlakes Drive, Suite 280  
Berwyn, PA 19312

Telephone: 610-616-3013  
Email: [wealth@merionllc.com](mailto:wealth@merionllc.com)  
Web Address: [www.merionllc.com](http://www.merionllc.com)

2/12/2012

(Originally dated 3/30/11)

This brochure provides information about the qualifications and business practices of Merion Wealth Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 610-616-3013 or [wealth@merionllc.com](mailto:wealth@merionllc.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 Merion Wealth Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 152680.

## **Item 2. Summary of Material Changes**

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Schedule H. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2A Appendix 1, also known as the "Wrap Fee Brochure" has 9 separate items that our firm must address, each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with an easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our wrap fee program, including services provided, fee structure, business practices, conflicts of interest, and disciplinary history.

**For reference purposes regarding any amendments made to this Wrap Brochure, the following is an outline of those amendments:**

- In Items 4 and 9, references to Charles Schwab & Co., Inc. were added.
- References to MerCap Securities, LLC, a FINRA-registered broker-dealer and wholly-owned subsidiary of Merion, were added to Item 9.

**Item 3. Table of Contents**

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#### **Item 4. Services, Fees and Compensation**

Merion Wealth Partners, LLC ("MWP") is a SEC-registered investment adviser with its principal place of business located in Pennsylvania. We began conducting business in 2010.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of our company).

- Ash Investment Fund LLC
- CDV Capital, LLC, Managing Member

We provide a platform for individuals providing investment advice (each, an "Investment Professional") to share resources, ideas and research. Each Investment Professional is committed to Merion's Process of Building and Maintaining Wealth:

1. Understand a client's goals and risk
2. Analyze the macroeconomic environment to provide rational expectations on future economic conditions
3. Build a sound foundation by matching investment products to the economic environment.
4. Identify "relative value"—what is over valued and what is under valued in the marketplace

Within this framework, each Investment Professional has his or her own investment selection process and approach to investing. Different Investment Professionals may provide different advice to clients with similar financial situations and investment goals. Each Investment Professional may provide any or all of the services listed below. While each Investment Professional will inform the client of the specific services he or she will provide, the client should carefully review the description of services below to fully understand which services the client will receive.

Our firm is the sponsor of Private Wealth Management ("PWM"), an investment advisory service program. Our firm's Investment Professionals may offer the investment advisory services described here to their clients and potential clients. Different Investment Professionals may offer only some of the following services. Each client should ask his or her Investment Professional which services are being considered for the client.

Private Wealth Management provides clients access to continuous management of their investment portfolios through one or more of the following investment management programs:

- Advisor as Portfolio Manager
- Separately Managed Account Program ("SMA")
- Mutual Fund Wrap Program(s)
- ETF Wrap Program(s)

- Multi-Manager Account Program ("MMA")
- Unified Managed Account Program ("UMA")
- Reporting Only Services

The Advisor as Portfolio Manager and SMA programs are offered on a fee plus commission basis or on a wrap fee basis. Clients interested in obtaining these services on a fee plus commission basis should refer to our Form ADV Part 2A Brochure.

Mutual Fund Wrap Programs, ETF Wrap Programs, MMA and UMA are offered on a wrap-fee basis only.

As part of the PWM program, we have engaged Envestnet Asset Management, Inc. ("Envestnet") to provide various administrative services to PWM clients. Envestnet may also provide additional services to PWM program clients including:

- Assessment of the client's investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the client's objectives
- Recommendations on suitable style allocations
- Identification of appropriate managers and investment vehicles suitable to the client's goals
- Evaluation of asset managers and investment vehicles meeting style and allocation criteria
- Engagement of selected asset managers and investment vehicles on behalf of the client
- Ongoing monitoring of individual asset manager's performance and management (for approved SMA managers and mutual funds only)
- Review of client accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for account rebalancing, if necessary
- Online reporting of client account(s) performance and progress

Once the client selects an Investment Professional and an advisory relationship is initiated, the Investment Professional will obtain information from the client on the client's financial background, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerance, among other things. This review also considers the suitability and appropriateness of the PWM investment account for the client. Our firm and the Investment Professional maintain the client profile information. Clients are advised to update their profile information any time changes to their financial situation and/or investment objectives occur. When this happens our firm and Investment Professionals may require clients to complete an investor profile questionnaire to ascertain whether the account and its investments remain suitable and appropriate.

Once an advisory relationship is established, there are no restrictions on a client's ability to contact either our firm or their Investment Professional. The Investment Professional will contact the client periodically to determine if there have been any changes in their financial information so that the management of the account may be adjusted accordingly. In the event any information is received by our firm directly from the client, that information is communicated promptly to the Investment Professional.



The information provided by the client is forwarded to Envestnet for review. Envestnet will analyze the information and recommend an appropriate strategy based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. Envestnet's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes and risk premiums.

Envestnet will then propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes.

Each Investment Professional managing a PWM account chooses his/her own research methods, investment style, and management philosophy. The investment strategies utilized by an Investment Professional in implementing the investment services provided to clients may include long and short-term purchases.

### ***Advisor as Portfolio Manager Program***

Within the Advisor as Portfolio Manager Program, the Investment Professional will direct the investment and reinvestment of client assets in the Private Wealth Management account ("Program Account"). The Program Account will be managed by the Investment Professional in accordance with an investment style selected by the Client, and subject to the Client meeting the program minimum account size. Clients may impose reasonable restrictions on the Investment Professional. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of specific securities or specific types of securities. The Program Account will be managed by the Investment Professional based on the specific investment needs of the client on an ongoing basis utilizing investments that may include mutual funds, exchange traded funds, stocks, bonds, options, and variable annuity and insurance products. On a periodic basis, the Investment Professional will review each client's account and direct the rebalancing and/or reallocation of the investments within the account depending on the client's investment objective. The client selects the Investment Professional who will manage the client's account. PWM program accounts are managed on a discretionary or non-discretionary basis. Clients may impose reasonable limitations or restrictions on the Investment Professional's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

### ***Separately Managed Account Program ("SMA")***

The Investment Professionals also provide the Separately Managed Account Program ("SMA"), in which the client can select the investment advisory services of professional portfolio management firms ("Portfolio Managers") and their different investment styles for the individual management of the client's account. Investment styles include Equity, Balanced and Fixed Income. Envestnet will recommend individual Portfolio Managers and investment vehicles that correspond to the proposed asset classes and styles. The Investment Professional may recommend managers in this program to the client.

## ***Reporting Only Services***

Envestnet offers reporting services to allow the Investment Professional to monitor Investors' accounts. Advisors are able to examine their clients' holdings, allocation of assets and portfolio performance.

Performance reporting is calculated according to industry standards and is applied to each account or combination of several related accounts for a household's or family's assets.

With exception on the Investment Professional Directed Models, clients that participate in the PWM program are required to grant full discretionary investment authority to Envestnet. Envestnet generally will only use this grant of discretion to replace investment vehicles, including sub-managers, when it deems such a change is necessary; to rebalance a client's account as agreed between the client and Envestnet; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable. However, there may be situations in which Envestnet will fully utilize this grant of discretion, such as to liquidate a position.

## **Trading in Private Wealth Management Accounts**

We do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions among various brokers, and best execution may not be achieved.

Private Wealth Management accounts are held at Pershing or Schwab and clients must direct our firm and any separate account manager selected by the client to utilize Pershing or Schwab, or an affiliate of them, for execution services. In directing the use of a particular broker, it should be understood that we may not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. Our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

Our firm is not a broker-dealer and will receive no revenue related to assets held, transactions, and activity in Program Accounts beyond the advisory fee.

For Advisor as Portfolio Manager clients, we will block trades placed by a particular Investment Professional where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. We do not coordinate block trading among Investment Professionals.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at

an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Our block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement or our firm's order allocation policy.
- 2) The Investment Professional must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The Investment Professional must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

For all other Private Wealth management services, please refer to the disclosure documents of the recommended portfolio manager(s) for information on placing client transactions.

We have evaluated Pershing and Schwab, and believe that they will provide our clients with a

blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

Pershing and Schwab provide us, without cost, computer software and related systems support which allow us to better monitor client accounts maintained at Pershing and/or Schwab. We receive the software and related support without cost because we manage accounts for clients that maintain assets at Pershing and/or Schwab. The software and related systems support may benefit our firm but may not directly benefit our clients. While we endeavor at all times to put the interests of our clients first, the receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of Pershing or Schwab over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, we may receive the following benefits from Pershing through its Pershing Advisor Solutions division, or from Schwab:

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services its Pershing Advisor Solutions, or Schwab, participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- access to an electronic communication network for client order entry and account information.

#### Trade Error Policy

If a trade error results in a loss, we will make the client whole.

If a trade error results in a gain, we will retain the gain and use it to offset losses from other trade errors.

#### **Fees**

##### **PRIVATE WEALTH MANAGEMENT**

The maximum annual Private Wealth Management Program Fee is 2.00% of client's assets under management. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Investment Professional will negotiate with each client to determine the fees to be charged; therefore fees may vary among Investment Professionals and clients. As the advisory fees and charges may be negotiable, those fees and charges may vary among PWM clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided, and the length of the advisory relationship with the client, among other things. Fees are negotiated at the discretion of, and within the means of our firm, Envestnet, and the Investment Professional.

All Private Wealth Management services are offered on a wrap-fee basis. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. A client's portfolio transactions may be executed without commission charge (if any) in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that,

depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We review with clients any separate program fees that they may be charged.

**What fees and services are covered by the Wrap Fees?** The Wrap Fees pay for our advisory services and administrative expenses, along with the fees of Envestnet, Pershing, Schwab and any separate account managers (including advisory, custody and brokerage services).

**What fees and services are not covered by the Wrap Fees?** Wrap Fees do not cover mark-ups or mark-downs, SEC fees or expenses of mutual funds or ETFs that may be included in your portfolio.

**How are fees charged?** Program Fees charged are calculated as an annual percentage of assets based on the market value of the account at the end of the quarter or as an average market value for the preceding quarter. Program Fees are charged on a calendar quarter basis in advance and prorated to the end of the quarter upon inception of the account or may be charged in arrears if using the average market value for the quarter. There is a minimum annual Program Fee charged per Account for participation in the Program.

#### **Additional Information about our Services and Fees.**

You may be able to purchase services similar to Private Wealth Management services from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the Private Wealth Management Program, depending on the fees charged by such other service providers. You may be able to purchase similar services from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than what we charge for Non-Program Accounts, depending on the fees charged by such other service providers.

In evaluating "wrap fee" investment programs, you should recognize that transactions are usually effected "net", that is, without commission. A portion of the wrap fee is generally considered as being in lieu of commissions. We require that trades be executed only with Pershing or Schwab, so that we will not seek best price and execution by placing transactions with other broker-dealers. While we anticipate that Pershing or Schwab will be able to obtain best execution with respect to mutual funds and ETF, it is possible that better execution for these and other types of securities may be available through other broker-dealers.

You may wish to satisfy yourself that Pershing or Schwab can provide adequate price and execution of most or all transactions. You should also consider that, depending upon the level of the wrap fee we charge, the amount of portfolio activity in your account, the value of custodial and other services which are provided under the arrangement, and other factors, the "wrap fee" may or may not exceed the aggregate cost of such services if they were to be provided separately.

Our fees are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. You could invest in a mutual fund or and ETF directly, without our services. In that case, you would not receive the services provided by us and/or Envestnet, which are designed, among other things, to assist you in determining which mutual fund or funds or ETFs are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees you are to pay in order to evaluate our advisory services.

The Investment Professional recommending the Private Wealth Management Program to you receives compensation as a result of your participation in the Private Wealth Management Program. The amount of this compensation may be more than what the Investment Professional would receive if you used our other programs or paid separately for investment advice, brokerage, and other services. The Investment Professional may, therefore, may have a financial incentive to recommend the Private Wealth Management Program over other programs or services.

Although we have established the fee schedules listed above, each Investment Professional may negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, and the policy of the particular Investment Professional, among other factors. Clients with similar financial situations and investment goals who use different Investment Professionals may pay different fees. The specific fee schedule will be identified in the contract between our firm and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable. **In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.**

Merion Wealth Partners, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. . As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Merion Wealth Partners, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used

to offset Merion Wealth Partners, LLC's advisory fees.

#### **Item 5. Account Requirements and Types of Clients**

There is a minimum annual Program Fee of \$50 charged per Account for participation in the Program.

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Charitable organizations
- Corporations or other businesses not listed above

#### **Item 6. Portfolio Manager Selection and Evaluation**

Our own investment professionals may provide advice under the Adviser as Portfolio Manager service described above. In circumstances where we recommend separate account managers, we consider several factors including account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Disclosure Brochure or other disclosure document for a full description of the services offered.

#### **Other Advisory Services**

We also offer the following advisory services:

#### **PORTFOLIO MANAGEMENT**

We provide continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of

securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Exchange-traded funds
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established.

Based on the client's individual circumstances and needs we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Disclosure Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with information about the client's investment goals, tolerance for risk, and any reasonable restrictions on the account. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs.



We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's needs, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely

with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Investment recommendations in financial plans may include any or all of the following:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Any investments held by the client at the inception of the advisory relationship.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees.

As noted in Item 4 of this Wrap Brochure, different Investment Professionals may provide different advice to clients with similar financial situations and investment goals. A situation could arise in which one Investment Professional is purchasing a security at the same time that another Investment Professional is selling or shorting that security (please see Item 8 of this Brochure for a discussion of short selling). While each Investment Professional has access to and considers the opinions of the other Investment Professionals, and all have access to the same research, each Investment Professional is individually responsible for the day-to-day management of his or her own client's portfolios, and so is unaware of trades being placed by other Investment Professionals.

## Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

Each Investment Professional may use any or all of the following methods of analysis in identifying attractive investment opportunities or determining an investment program for the client. Clients should review with each Investment Professional the specific methods of analysis being used for the client's portfolio.

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **Investment Strategies**

Each Investment Professional may use any or all of the following investment strategies in identifying attractive investment opportunities or determining an investment program for the client. Clients should review with each Investment Professional the specific investment strategies being used for the client's portfolio.

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

- *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
- *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.

- **Timing.** Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
- **Inflation.** History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

#### **Item 7            Client Information Provided to Portfolio Managers**

Once the client selects an Investment Professional and an advisory relationship is initiated, the Investment Professional will obtain information from the client on the client's financial background, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerance, among other things. This information is shared with Envestnet and any separate account manager selected by the client.

#### **Item 8.            Client Contact with Portfolio Managers**

Once an advisory relationship is established, there are no restrictions on a client's ability to contact either our firm or their Investment Professional. The Investment Professional will contact the client periodically to determine if there have been any changes in their financial information so that the management of the account may be adjusted accordingly. In the event any information is received by our firm directly from the client, that information is communicated promptly to the Investment Professional.

#### **Item 9.            Additional Information**

##### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

##### **Other Financial Industry Activities and Affiliations**

#### **BROKER-DEALERS**

Our Investment Professionals and other employees may be registered representatives of the following broker-dealer firms:

MerCap Securities, LLC – a wholly-owned subsidiary of Merion Wealth Partners, LLC

In their separate capacities as registered representatives, these individuals can purchase and sell securities for advisory clients for separate and typical commissions or other compensation, and may also receive ongoing compensation in the form of 12b-1 fees from mutual funds purchased by clients.

Investment Professionals who are registered representatives will not receive commissions generated by securities transaction in Portfolio Management accounts, or in accounts managed by third party advisers. However, these persons may receive compensation for implementing recommendations in financial plans. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage

these individuals when considering implementation of advisory recommendations. The implementation of any or all financial planning recommendations is solely at the discretion of the client.

The broker-dealer firms may receive a portion of our advisory fees to compensate them for the costs of supervising those Investment Professionals who are registered representatives.

## **INSURANCE AGENTS, BROKERS AND AGENCIES**

Certain of our owners, Investment Professionals, and other employees, in their individual capacities, are agents and/or brokers for various insurance companies and/or own insurance agencies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. In addition, Merion Financial Services, LLC ("MFS"), a subsidiary of Merion Wealth Partners, LLC, is an insurance agency. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals and/or to MFS. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **PRIVATE EQUITY**

One of our Managing Members, CDV Capital, LLC, is a private equity firm established to finance management and leveraged buyouts and provide expansion capital for U.S. based companies.

We will not recommend that any advisory client purchase an interest in CDV Capital, LLC, invest in any firm being financed by CDV Capital, LLC.

## **Code of Ethics**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.



A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [wealth@merionllc.com](mailto:wealth@merionllc.com), or by calling us at 610-616-3013.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to disciplinary action or termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as *registered representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies*. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## Proxy Voting

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## Review of Accounts

**REVIEWS:** Each client may negotiate the frequency of account reviews with the client's Investment Professional. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**REPORTS:** The client will receive a monthly statement from the custodian providing a detailed list of holdings with valuations and account activity as well as confirmations of all securities transactions from Pershing or Schwab. In addition, the client will receive a quarterly statement from Envestnet showing the allocation of the assets in the account as well as the performance of the account during the previous quarter.

## Client Referrals and Other Compensation

### CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that

includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

### **OTHER COMPENSATION**

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that has discretionary authority, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

We have not been the subject of a bankruptcy petition at any time during the past ten years.