

# Apex Financial Advisors, Inc.

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This brochure provides information about the qualifications and business practices of Apex Financial Advisors, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (215) 493-1900 or [rconnell@afa-inc.com](mailto:rconnell@afa-inc.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 Apex Financial Advisor, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note, registration does not imply a certain level of skill or training.

### Educational and Business Background

**Robert A. Connell, Chief Executive Officer** - Apex Financial Advisors was founded by Robert Connell in 2010. A graduate of Pennsylvania State University where he earned a Bachelor’s Degree in Aerospace Engineering and further completed advanced studies and research for a two-year period. He completed the CFP designation in 1978 at the infancy of Financial Planning in the United States. With more than 35 years of financial planning experience, Mr. Connell implements a Family Office approach to Wealth and Family Management by focusing on high net worth families and assisting them with their financial and personal goals.

**William F. Davis, Executive Vice President** - Bill has over 15 years of experience in related fields and prior to joining Apex led a team at Janney Montgomery Scott, a wealth management firm headquartered in Philadelphia. Bill received an undergraduate degree from La Salle University and a graduate degree from Temple University; he is currently pursuing an MBA with a concentration in Finance at the Haub School of Business at Saint Joseph’s University.

**Stuart Caplan, Director of Portfolio Management** - Stu brings 8 years of diverse experience to the team. Most recently he worked for Brickell Capital Management, a multi-family investment office in Miami, where he managed and implemented several trading strategies and hedge fund-of-funds portfolios for the firm. Stu received his MBA from the Robert H. Smith School of Business at the University of Maryland in 2008 and his BSBA in marketing and entrepreneurship, cum laude, with honors from the Eller College of Management at the University of Arizona in 2002.

### Item 2 Material Changes

Information has been added regarding Apex’s status as a commodities trading advisor as well as a new relationship with National Advisors Holdings, Inc. Both of these updates can be found in Item 10.

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**Item 4 Advisory Business**

- A. The Registrant is a corporation formed on September 9, 2010 in the Commonwealth of Pennsylvania. The Registrant became registered as an Investment Adviser Firm in October 2010. The Registrant is owned by Robert Connell and Mr. Connell is also the Registrant's Principal.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates, pension plans and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

**INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management. Please see Item 5 for fee structure.

**FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as licensed insurance agents. (*See* disclosure at Item 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of Registrant's services should be construed as same. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including Registrant's principal in his capacity as a licensed insurance agent (see disclosure below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Please Note:** Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon the information provided. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.
- D. Not Applicable.
- E. As of February 1, 2012, the Registrant had in excess of \$135,000,000 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management, to be charged quarterly in advance, as follows.

#### Fee Schedule for Equity and Fixed Income Accounts:

| HH ACCOUNT VALUE | EQUITY % | FIXED INCOME % |
|------------------|----------|----------------|
| \$1,000,000      | 1.70%    | 0.70%          |
| \$2,000,000      | 1.50%    | 0.60%          |
| \$5,000,000      | 1.20%    | 0.50%          |
| \$10,000,000     | 1.00%    | 0.35%          |
| \$25,000,000     | 0.60%    | 0.30%          |
| \$50,000,000     | 0.30%    | 0.25%          |
| \$100,000,000    | 0.25%    | 0.20%          |

**Please note:** Entire amount under management will be subject to the breakpoints as noted above.

#### Fee Schedule for Managed Futures Accounts:

| INITIAL INVESTMENT | ANNUAL FEE% | PERFORMANCE FEE % |
|--------------------|-------------|-------------------|
| \$100,000          | 1.50%       | 20.00%            |

(Please see Item 6 for specific performance-based cost structure and collection schedule)

Registrant, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its portfolio minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range

from \$5,000 and up on a fixed fee basis depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients daily, monthly or quarterly in advance, based upon the market value of the assets.
- C. Unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend Fidelity Institutional ("Fidelity"), Interactive Brokers ("Interactive"), LPL Financial ("LPL"), or other custodians or clearing agencies as deemed appropriate to serve as the broker-dealer/custodian/clearing agency for client investment management assets. Broker-dealers such as LPL, Fidelity, Interactive Brokers and other custodians/clearing agencies charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual debt and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through various SEC registered and FINRA member broker-dealers (in which event, the client shall incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly or monthly, in advance, based upon the market value of the assets on the last business day of the previous quarter or month. The Registrant does generally require an annual minimum fee for investment advisory services. However, Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Not Applicable.

## Item 6 Performance-Based Fees and Side-by-Side Management

Registrant offers clients a Managed Futures Account requiring a \$100,000 minimum initial investment. The fee schedule for all of Apex's Managed Futures accounts for clients defined as a "qualified client" under the guidelines set forth by the Securities and Exchange Commission (the "SEC"), will be comprised of two (2) separate and distinct components, an Advisory Fee and a Performance Fee.

The Advisory Fee is 1.50% on an annual basis. It shall accrue based upon an annualized percentage (1.50%) of the net liquidation value of the clients' assets at end of day settlement and be paid daily based on a 252 day calendar (business days as defined by Interactive Brokers.) The formula for calculation of the daily Advisory Fee will thus be  $1.5\% \times \text{Net Liquidation Value} / 252$ . Net liquidation value shall be defined as the cash plus bonds plus unrealized futures profits/(losses) less any liabilities at end of day settlement. In the limited event that an error is made in the calculation or collection of the Advisory Fee by Interactive Brokers, Apex will calculate the Advisory Fee using the previously described methodology and deduct the Advisory Fee for that period of time in one lump sum.

The Performance Fee is 20% of the appreciation of the account above its adjusted contributed capital during each calendar year. Adjusted contributed capital shall be defined as initial investment plus time-weighted deposits and/or withdrawals or as net liquidation value of the client's assets at end of day settlement on the last trading day of the calendar year, less any accrued Performance Fee for that year. The fee is based on the account's absolute performance record throughout the calendar year. Performance fees will be assessed on the entire amount of appreciation if and only if the account's current market value is 5.00% greater than the account's adjusted contributed capital on an annualized basis.

The performance fee will be assessed in December of each calendar year based upon the net liquidation value of the assets at end of day settlement as close as practicable to year end. If any adjustments are necessary as of December 31 they will be made as soon as practicable after that date.

Additional monies may be deposited at any time after the account's inception in \$50,000 increments. Assets may be withdrawn from the account after providing us with 10 days notice and are subject to customary securities settlement procedures. If a withdrawal causes the account's value to fall below \$100,000, the account may be terminated at the manager's discretion. Assets withdrawn are subject to the accrued performance fee earned to date of withdrawal.

**Performance Based Fees.** As indicated above, the Registrant may provide investment advisory services on a *Performance Fee* basis in accordance with Rule 205-3 of the Investment Advisers Act of 1940. Rule 205-3 permits a registered investment adviser to enter into an agreement with certain sophisticated clients who have the capacity to bear the potential additional risks of such a fee arrangement. An adviser can rely on Rule 205-3 only if the performance fee agreement is with "qualified" clients. A qualified client is defined by the Securities and Exchange Commission (the "SEC"): According to rule 205-3(d)(1)(i) and 205-3(d)(1)(ii)(A) which correlate to the Investment Advisers Act of 1940 [17 CFR 275.205-3(d)(1)(i)] and [17 CFR 275.205-3(d)(1)(ii)(A)], respectively, a qualified client is defined as a natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser or a natural person who or company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000 at the time the contract is entered into. All applicable clients will be required to represent and/or warrant that he/she/it: (1) is a "qualified" client as defined immediately above; (2) understands that Registrant is relying upon such representation for compliance with Rule 205-3; and (3) that the *Performance Fee* may be an incentive for the Registrant to make investments that are riskier or more speculative than would be the case absent a *Performance Fee*.: **Registrant's Chief Compliance Officer, Robert Connell, remains available to address any questions that a client or prospective client may have regarding the above performance fee arrangement and an corresponding perceived conflict of interest.**

## Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, pension plans, trusts, estates, municipal governments, pensions and charitable organizations. The Registrant does generally require an annual minimum fee for investment advisory services.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.



The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets primarily among various individual equity and fixed income securities, mutual funds, individual bonds, futures contracts and/or exchange traded funds ("ETFs"), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Registrant provides investment advice regarding private investment funds.

**Unaffiliated Private Investment Funds.** Registrant may also provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note:** Valuation. In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

## Item 9 Disciplinary Information

Not Applicable

## Item 10 Other Financial Industry Activities and Affiliations

- A. Not Applicable
- B. Apex is registered as a Commodities Trading Advisor with the National Futures Association. Apex currently offers one trading program called Apex Managed Futures or Apex Long-Short Portfolio. More information can be found in Item 6.
- C. **Licensed Insurance Agent.** Robert Connell, in his individual capacity, is a licensed insurance agent, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 B above, clients can engage Mr. Connell to effect insurance transactions on a commission basis.
- **Conflict of Interest:** The recommendation by Robert Connell that a client purchase insurance commission product presents a *material conflict of interest*, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Robert Connell. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Robert Connell, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**
- D. Apex has a minority ownership interest (less than 5%) in a savings and loan holding company, National Advisors Holdings, Inc. (NAH). NAH has formed a federally chartered trust company, National Advisors Trust Company (NATC). NAH and NATC are regulated by the Office of the Comptroller of the Currency ("OCC") and are FDIC insured. The trust company offers a low cost alternative to traditional custodians and trust service providers. Apex refers clients to NATC. Referrals to NATC are based expressly upon the clients' needs and objectives. Unlike banks which generally do not allow trust accounts to retain outside investment advisors, NATC permits Apex to provide ongoing investment advisory services

to accounts on which NATC is named as trustee. Both the client and Apex may benefit from this continuation of services. However, the client always maintains the right to remove Apex as the investment advisor, as well as replace NATC as trustee. Apex receives no income or compensation from NATC. Apex does not directly share in any service fees charged to client accounts by National Advisors Trust.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Not Applicable.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities truncation policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the *Firm* has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Fidelity, Interactive Brokers, LPL or other broker-dealer/custodian/clearing agency as deemed appropriate. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Fidelity, Interactive Brokers, LPL (or any other broker-dealer/custodian/clearing agency to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is



qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. **Research and Support Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from any custodians (or a mutual fund company), without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity, Interactive Brokers, LPL or other custodian or clearing agency as result of this arrangement. There is no corresponding commitment made by the Registrant to any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Robert Connell, remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.

3. The Registrant does not engage in directed brokerage arrangements.

B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on a more frequent basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.1 above, the Registrant may receive an indirect economic benefit from Fidelity, Interactive Brokers, LPL or other custodian/clearing agency. The Registrant, without cost (and/or at a discount), may receive support services and/or products from Fidelity, Interactive Brokers, LPL or other custodians/clearing agencies.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity, Interactive Brokers, LPL, or other custodians/clearing agencies as result of this arrangement. There is no corresponding commitment made by the Registrant to Fidelity, Interactive Brokers, LPL or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Robert Connell, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15 Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a daily, monthly, or quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Clients who have their advisory fees debited directly from their custodial accounts are urged to compare any written statement provided by the Registrant with the account statements received from the account custodian to ensure that the proper advisory fee has been deducted from their custodial account. **Please also note** that the account custodian does not verify the accuracy of the advisory fee calculation.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name for found in the discretionary account. Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. Registrant does not solicit fees six months or more in advance.
- B. Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Registrant has not been the subject of a bankruptcy petition. Not Applicable.

**ANY QUESTIONS: Registrant's Chief Compliance Officer, Robert Connell, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**