



**COVER PAGE**

**March 18, 2013**

**WRAP FEE PROGRAM BROCHURE  
ADV PART 2A  
APPENDIX 1**

**Program Sponsored by:**

**Blum Financial, LP  
d/b/a Strategic Wealth Planning**

**14900 Landmark Blvd., Suite 460  
Dallas, Texas  
(214) 727-6000**

**This wrap fee program brochure provides information about the qualifications and business practices of Blum Financial, L.P. d/b/a Strategic Wealth Planning.**

**If you have any questions about the contents of this brochure, please contact us at 214.727.6000 or via email to [sjblum@awealthplan.com](mailto:sjblum@awealthplan.com).**

**Additional information about Blum Financial, L.P. d/b/a Strategic Wealth Planning 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 an IARD/CRD number. The IARD/CRD number for Strategic Wealth Planning is 149134.**

**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.**

**Please note that the use of the term “registered investment adviser” and the description of Strategic Wealth Planning and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review our ADV Brochure Part 2A, this Wrap Fee Brochure and other Brochure supplements about our firm's associates who advise you for more information on the qualifications of our firm and its registered advisers.**

## ITEM 2 – MATERIAL CHANGES

Strategic Wealth Planning is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure.

We will deliver an updated Wrap Fee Program Brochure annually to our wrap fee program clients, together with a summary of material changes, within 120 days from the close of our fiscal year.

At this time, there are no material changes to report about our Wrap Brochure except for the following:

- On March 1, 2013, our Firm will move to a new suite. Please note the new address: Suite 460, 14900 Landmark Blvd., Dallas, TX 75254.
- The Wrap Fee Program Brochure has been revised in its entirety from the last edition dated February 17, 2012.

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#### Item 4 – Services, Fees and Compensation

A. The following is a description of our WRAP program, including the type of portfolio management services we provide under our managed fee program, the wrap fees we charge for our program and the portion of the total fee, or range of fees, paid to our portfolio managers.

Blum Financial, LP d/b/a Strategic Wealth Planning (hereinafter “SWP” or the “Firm”) offers a discretionary Managed Account Program (“MAP” or “Wrap Program”) whereby the Firm manages client accounts for a single fee that includes both management services and the transaction/commission costs. MAP is designed to provide professional asset management for a convenient single “wrap” fee. SWP’s MAP accounts are managed on an individualized basis according to each client’s objectives, financial goals, risk tolerance, etc.

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least weekly, and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives.

We may utilize independent third party professional portfolio management firms for the management of some or all client MAP investments. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

##### Fees and Expenses of the Managed Account Program

Clients will be charged a single fee for management services, which fee is billed quarterly in advance, based on the asset value at the end of the previous calendar quarter. This fee includes commission and transaction costs. Fees will be assessed pro rata in the event the MAP services agreement is executed at any time other than the first day of a calendar quarter. On an annualized basis, the Firm’s fees for MAP services are as follows:

<u>Portfolio Size</u>	<u>Annualized Fee</u>
\$0 - \$50,000	2.00%
\$50,001 - \$100,000	1.85%
\$100,001 - \$250,000	1.70%
\$250,001 - \$500,000	1.60%
\$500,001 - \$750,000	1.50%
\$750,001 - \$1,000,000	1.35%
\$1,000,001 - \$2,000,000	1.20%
\$2,000,001 - \$3,500,000	1.10%
\$3,500,001 - \$5,000,000	1.05%
\$5,000,001 and up	1.00%

These fees are usually non-negotiable.

B. Explanation that our MAP program may cost you, as our Client, more or less than purchasing such services separately and the factors that bear upon the relative cost of our program, such as the cost of the services if provided separately and trading activity in your account.

Our MAP fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in our account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware, depending on the number of trades in your account, you may end up paying more or less than you would through a non-wrap program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

C. Fees a client may pay in addition to MAP fees and the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs or spreads paid to market makers.

#### Mutual Fund Charges

All fees paid to SWP for investment advisory services, are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. Fees charged by mutual funds will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, the client may pay an initial or deferred sales charge.

#### Other Additional Fees and Expenses

In addition to our fees, there may be other costs assessed, which are not included in the MAP Fee, such as national securities exchange fees; charges for transactions with respect to assets not executed through the custodian, costs associated with exchanging currencies; wire transfer fees; or other fees required by law. MAP may cost the client more or less than purchasing such services separately.

You should consider that, depending upon the level of the MAP fee charged, the amount of portfolio activity in the client's account, the value of services that are provided under the program, and other factors, the MAP Fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

D. If one of our investment advisory representatives recommending our MAP program receives compensation as a result of your participation in the program we must disclose that fact. Additionally, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if a client participated in our other wrap programs (if any) or paid separately for the investment advice, brokerage and other services. Finally, we must explain that someone recommending our MAP program may have a financial incentive to recommend the Wrap Program over other programs or services.

Our investment advisory representatives ("IARs") receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from the Firm. In cases where our IARs are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commission are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

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

**Account Requirements.** SWP requires a minimum of \$100,000.00 (One Hundred Thousand Dollars and no/100) investable assets to open and maintain a management account. However, in its discretion, the Firm may waive or lower this minimum or it may allow related accounts, such as those of members of the same household, to be aggregated for purposes of determining the advisory fee or for meeting the previously stated minimum.

**Types of clients for whom we typically manage wrap fee accounts.** SWP offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

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

A. The following is a description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

If appropriate for our clients, we select investment advisory services of independent third party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of a third party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that when we hire these managers we do not offer advice on any specific securities or other investments in connection with this service. When hired, investment advice and trading of securities is offered by or through the third party money managers to clients.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third party money manager managing the account or sponsoring the program.

B. We must disclose whether our firm or any related persons act as a portfolio manager for a wrap fee program described in this wrap fee program brochure. We must explain the conflicts of interest that you face because of this arrangement and describe how our Firm addresses these conflicts of interest. We must also disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must tell you how we select and review related person portfolio managers.

Our Firm and its related persons act as portfolio manager(s) for our MAP account(s). Please note that other investment advisory firms may charge the same or lower fees than our firm for similar services. Please refer to the summary of our Code of Ethics, Participation or Interest in Client Transactions and Personal Trading found on page 11 of this Wrap Brochure.

C. Our firm and its supervised persons covered under our investment adviser registration act as portfolio manager(s) for our MAP. Therefore, we must describe the following information from Part 2A of Form ADV (Our Firm's Brochure): Items 4B, 4C, 4D (Advisory Business); 6 (Performance-Based Fees and Side-By-Side Management); 8A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities).

Advisory Business: Items 4B, 4C and 4D.

ADV 2A - Item 4B. Description of the types of advisory services we offer.

(i) Asset Management:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least weekly, and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We may utilize independent third party money managers, where we may design an investment portfolio and provide ongoing corresponding asset management services on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

(ii) Pension Consulting:

We provide pension consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company’s participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

(iii) Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client’s current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or

charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

(iv) Referrals to Third Party Money Managers: See Item 6A above.

(v) Annual Retainer Program

We offer ongoing planning services to our clients on an annual basis. Some of our clients may select this service following the completion and presentation of the initial financial plan, while some clients may wish to contract our firm on an annual basis at the inception of the advisory relationship.

As part of this program, we will generally establish a regular planning cycle to work with our client in managing specific aspects of the overall estate and financial plan. In conjunction with ongoing planning and consulting services, our firm may meet with the client's other professional advisers (financial, legal, real estate, tax, etc.) for a series of information gathering and/or implementation meetings. Our firm will act as a project manager to coordinate the work of the appropriate parties in a manner consistent with our client's long-term desired outcome. As the client's financial situation, goals, objectives, or needs change, the client must notify our firm promptly.

(vi) Strategic Wealth Planning Managed Account Program

Our firm offers the Managed Account Program ("MAP") described in this brochure.

(i) Individual Tailoring of Advice to Clients:

In addition to our MAP services, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting, Pension Consulting, Referrals to Third Party Money Managers, annual retainer program, and general investment consultation.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to non-MAP accounts.

ADV 2A – Item 4D. Participation in wrap fee programs.

We offer wrap fee programs as described in this brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in this Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.



## **ADV 2A - Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge performance fees to our clients. We make investment decisions for our clients based on their respective investment objectives, guidelines, restrictions, risk profiles, tax status and other relevant considerations. As a result of client differences, we may purchase or sell securities and/or investments at the same or at different times for some clients but not for others.

## **ADV 2A, Item 8A – Methods of Analysis, Investment Strategies and Risk of Loss**

We use a variety of methods of analysis and investment strategies. Our analysis may include but is not limited to, fundamental analysis of a company's financials, charting and technical analysis of market activity. Within each method of analysis, our advisers may employ a variety of timing outlooks, including long-term strategic, intermediate cyclical or short-term tactical.

**Please note:** Regardless of the method of analysis and investment strategy, investing in securities involves risk of loss that *clients* should be prepared to bear. All securities are subject to risk, and there is no assurance that any investment program or strategy will be successful. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

## **ADV 2A, Item 17 - Item 17. Voting Client Securities**

If we have, or will accept, proxy authority to vote *client* securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to our clients and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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

We are required to describe the information about you that we communicate to your portfolio manager(s) and how often and under what circumstances we provided updated information.

Our firm communicates with your portfolio manager(s) and your third party portfolio manager(s) on a regular basis as needed (daily, weekly, monthly) to ensure that your manager(s) understand your investment goals. Upon your request and when market conditions require, we will communicate necessary information to your manager(s).

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

Clients are free, at any time, to contact their Portfolio Manager(s) and Third Party Portfolio Manager(s) with any questions they may have about their investments or any other matter.

## Item 9 – Additional Information

We are required to provide you with the following Additional Information from Form ADV 2A Item 9 (Disciplinary Information), Item 10 (Other Financial Industry Activities and Affiliations), Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading), Item 13 (Review of Accounts), Item 14 (Client Referrals and Other Compensation) and Item 18 (Financial Information).

### A. ADV Part 2A – Item 9 (Disciplinary Information) and Item 10 (Other Financial Industry Activities and Affiliations)

We are required to disclose whether there are 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. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

Our firm and management have nothing to disclose under this item.

### Form ADV 2A – Item 10 (Other Financial Industry Activities and Affiliations)

A. *Description of any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person<sup>1</sup> is listed below. We are required to identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how we address it.*

Our firm or our management persons have a material relationship with the following *related person(s)* as follows:

#### Insurance Agency

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<sup>1</sup> Our **Related Persons** are any *advisory affiliates* and any *person* that is under common *control* with our firm. **Advisory Affiliate:** Our advisory affiliates are (1) all of our officers, partners, or directors (or any *person* performing similar functions); (2) all *persons* directly or indirectly *controlling* or *controlled* by us; and (3) all of our current *employees* (other than *employees* performing only clerical, administrative, support or similar functions). **Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company (“LLC”), limited liability partnership (“LLP”), sole proprietors hip, or other organization.

Our firm is a licensed insurance agency whereby its agents can offer life, health, and long-term care insurance products, among others, from a variety of product sponsors. Our firm and its IARs, including Stephen Blum, who is licensed as an insurance agent, can effect transactions in insurance products for its clients and earn commissions for these activities. We expect that clients to whom we offer advisory services may also be clients for whom our firm acts as an insurance agency. Clients are instructed that the fees paid to our firm for advisory services are separate and distinct from the commissions earned for placing the client in insurance products. Clients to whom our firm offers advisory services are informed that they are under no obligation to use our firm or its IARs for insurance services and may use any insurance brokerage firm and agent they choose.

Referrals to Third Party Money Managers:

This information is found in Item 6A above.

**B. Form ADV Part 2A – Item 11 ( Code of Ethics, Participation or Interest in Client Transactions and Personal Trading), Item 13 (Review of Accounts), Item 14 (Client Referrals and Other Compensation) and 18 (Financial Information).**

**Form ADV 2A - Item 11 - Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any *client* or prospective *client* upon request.**

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts in which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest.

potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

If our firm or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that our firm or a *related person* recommends to *clients*, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

Please refer to the summary of our Code of Ethics above.

If our firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for our firm's (or the *related person's* own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

Please refer to the summary of our Code of Ethics above.

#### **Form ADV 2A – Item 13 – (Review of Accounts)**

We review accounts on at least a weekly basis for our clients subscribing to the following services: Managed Asset Program (MAP). MAP *clients* receive written reviews on at least a quarterly basis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

We review the accounts of our pension consulting clients at least quarterly for the duration of our pension consulting services. We also provide ongoing services to pension account clients where we meet with such clients upon their request, or as we determine, to discuss updates to their plans, changes in their circumstances, etc. The nature of our review is to learn whether our pension accounts are in line with investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

We provide financial planning clients with a review of their written plans according their agreement with us, and we are available to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Only our Financial Advisors or Portfolio Managers will conduct reviews.

#### **Form ADV 2A – Item 14 (Client Referrals and other Compensation)**

If someone who is not a *client* provides an economic benefit to our firm for providing investment advice or other advisory services to our *clients*, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

**NOTE: ADV 2A Item 12 from our Firm's Brochure contains this information pertinent to Form ADV 2A-Item 14.**

Description of the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Our firm has an arrangement with Fidelity Brokerage Services LLC ("Fidelity") which provides our firm with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative

support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but that may benefit our firm.

As part of the arrangement with Fidelity, Fidelity also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Fidelity to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Fidelity charges brokerage commissions and 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 debt securities transactions). Fidelity enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

Causing *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our non-wrap fee program clients may pay a commission to Fidelity that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission 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 a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Disclosure of whether we use soft dollar benefits to service all of our *clients'* accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Description of the types of products and services our firm or any of our *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within our last fiscal year.

We do not acquire products or services with *client* brokerage commissions (or markups or markdowns).

Explanation of the procedures we used during our last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits we received.

We do not direct *client* transactions to a particular broker-dealer in return for soft dollar benefits.

Brokerage for *Client* Referrals. If we consider, in selecting or recommending broker-dealers, whether our firm or a *related person* receives *client* referrals from a broker-dealer or third party, we are required to disclose this practice and discuss the conflicts of interest it create.

Our firm does not receive brokerage for client referrals.

Directed Brokerage. If we routinely recommend, request or require that a *client* directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their *clients* to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of *client* transactions, and that this practice may cost our *clients* more money.

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions but that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

This information is described above.

### **Special Considerations for Sub-advisory Management Clients**

We select brokers and dealers for any purchase or sale of assets of Client Accounts and are responsible for obtaining best execution for transactions. Consistent with this idea, we may, in the allocation of portfolio brokerage business and the payment of brokerage commissions, consider the brokerage and research services furnished the Sub-Adviser by brokers and dealers, in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. Such research generally will be used to service all of our clients, but brokerage commissions paid by the Client Accounts may be used to pay for research that is not used in managing the Client Accounts.



Should a Client direct in writing that the Adviser or our firm use a particular broker or dealer, then such Client will negotiate terms and arrangements for their Account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such Client Account may pay higher commissions or greater spreads, or receive less favorable net prices, on transactions for the Client Account than would otherwise be the case.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

**NOTE:** Advisers and our firm are not responsible or liable for the acts or omissions of any broker-dealer.

Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are effected only when we believe that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940

### **Form ADV 2A – Item 18 (Financial Information)**

A. If we require or solicit prepayment of more than \$1,200.00 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200.00 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

B. If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we

must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to *clients*.

We have nothing to disclose in this regard.

C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.