

**ITEM 1. COVER PAGE**  
**PART 2A OF FORM ADV: FIRM BROCHURE**  

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**NOVEMBER 2013**

**KLEIN FINANCIAL CORP**  
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**VALLEY STREAM, NY 11580**  
**(516) 256-2000**

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This brochure provides information about the qualifications and business practices of Klein Financial Corp. If you have any questions about the contents of this brochure, please contact our firm by telephone at (516) 256-2000 or by email at [tklein@kleinfs.com](mailto:tklein@kleinfs.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 Klein Financial Corp. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Klein Financial Corp. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## **ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE**

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Klein Financial Corp. is required to advise you of any material changes to our Firm Brochure ("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 Brochure, and we must provide the date of the last annual update of our Brochure. Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

**Last Annual Amendment Filing date: 02/08/2013**

As of November 2013, we will no longer be utilizing Pershing LLC to custody client assets. We will now be utilizing the services of Interactive Brokers, LLC. For more information, please see Item 12 of this Brochure.

Klein Financial Corp.'s Form ADV Part 2A Firm Brochure is available in hard copy upon request. Alternatively, you can obtain a copy at <http://adviserinfo.sec.gov>, under 'Part 2 Brochures' on the left hand side of the screen.

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#### ITEM 4. ADVISORY BUSINESS

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A. Description of our advisory firm, including how long we have been in business and our principal owner(s).

Klein Financial Corp is dedicated to providing our clients with a wide array of investment advisory services. We specialize in the following types of services: Asset Management, Financial Planning & Consulting, Pension Consulting, and Referrals to Independent Managers. Our firm is a corporation formed in the State of New York. We have been in business as an investment adviser since 2009 and is one hundred percent (100%) owned by Tibor Klein, President and Chief Compliance Officer.

B. 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, CD's, exchange traded funds ("ETFs"), options, open and closed end 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 quarterly 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.

(ii) Financial Planning & 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, Group Benefits Analysis, 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 and/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 consultation-only clients, 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.

(iii) Referrals to Independent Managers:

We provide clients with a list of investment advisory services of 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 Independent manager. We provide initial due diligence on Independent managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of an Independent 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 we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the Independent managers to clients.

We periodically review Independent 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 Independent managers as warranted; and, assist the client in understanding and evaluating the services provided by the Independent 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 Independent manager managing the account or sponsoring the program.

(iv) Pension Consulting:

401k Pension Consulting consists of assisting employees with monitoring and reviewing their company's participant-directed retirement plan. As the needs of the clients dictate, areas of advising could include:

- Market overview addressing the major markets, indices, sectors and the economic statistics that are affecting them.
- An in-depth portfolio summary, including fund and benchmark returns, style analysis and overall portfolio return at the plan level.
- Assist with selection and monitoring of investment options at the plan level.
- A detailed examination of each mutual fund investment option within the plan, including performance numbers versus the category and index, manager style drift, risk/return, standard deviation, Sharpe ratio, upside and downside capture and fund allocation. This Agreement does not guarantee the future performance or results of any investment option recommended or reviewed.

Adviser will conduct strategic planning sessions to review current performance (quarterly reports) and establish future objectives and strategies for the Plan.

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).

- C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

We offer individualized investment advice to clients utilizing our firm's Asset Management service. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning & Consulting, Pension Consulting, and Referrals to Independent Managers.

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 our Asset Management service. We do not manage assets through our other services.

- D. Participation in Wrap Fee Programs.

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our 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 our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

- E. Disclosure of the Amount of Client Assets We Manage as of 12/31/12.

We manage \$60,000,000 on a discretionary basis and 40,000,000 on a non discretionary basis as of 12/31/12.

## **ITEM 5. FEES & COMPENSATION**

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We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable.

- A. Description of How We Are Compensated for Our Advisory Services Provided to You.

(i) Asset Management:

Our firm's annual fees for investment management services provided under this Agreement shall be based on the market value of assets under management and shall be calculated between one-quarter percent (0.25%) to two-percent (2.00%) of all assets under management. These fees are

billed on a pro-rata annualized basis quarterly in advance based on the value of your account based on the time-weighted daily average of the previous quarter.

(ii) Financial Planning & Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$100 to \$250 for financial advisor. Flat fees generally range from \$1,500 to \$25,000. If our client engages our firm for additional investment advisory services, we may offset all or a portion of our fees for those services based upon the amount paid for the financial planning and/or consulting services.

(iii) Referrals to Independent Managers:

We are paid by Independent managers when we refer you to them and you decide to open a managed account. Independent managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by Independent manager are generally ongoing. All fees we receive from Independent managers and the written separate disclosures made to you regarding these fees comply with relevant state statutes and rules. The separate written disclosures you need to be provided with include a copy of the Independent manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the Independent manager's privacy policy. The Independent managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

(iv) Pension Consulting:

A custom pricing model is used for all pension/401(k) advisory services. The annual fee shall be calculated at up to 0.80% of all assets under management, prorated and charged quarterly in arrears, based upon the market value of the last business day of the previous billing period. Fees may be negotiable at the discretion of Advisor.

B. Description of Whether We Deduct Fees from Clients' Assets or Bill Clients for Fees Incurred.

(i) Asset Management:

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the time-weighted daily average of the previous quarter. Fees will generally be automatically deducted from your managed account. In rare cases, we will agree to directly bill clients. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;

- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940 that urges clients to compare statements sent by our firm with those sent by the custodian.

(ii) Financial Planning & Consulting:

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

(iii) Referrals to Independent Managers:

Independent managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

(iv) Pension Consulting

Fees will be automatically deducted from the account. Clients will be provided with a quarterly statement from the plan record-keeper reflecting deduction of the advisory fee.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

D. Client's Advisory Fees Are Due Quarterly In Advance.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable Securities Sales.

We do not sell securities for a commission.



## ITEM 6. PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

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We do not charge performance fees to our clients.

## ITEM 7. TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

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We have the following types of clients:

- Individuals;
- High-Net Worth Individuals; and
- Pension and Profit Sharing Plans.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We do not require a minimum account balance for our Asset Management service. Certain Independent Manager(s) may, however, impose more restrictive account requirements and varying billing practices than our firm. In such instances, we may alter our corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

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### A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **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.

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

- **Long-Term Purchases.** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take

advantages 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 may also 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.
- **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.
- **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.

**Risk of Loss:** Investing in securities involves risk of loss that clients should be prepared to bear. 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.

- B. Our practices regarding cash balances in client accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments, and/or called fixed income securities. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management service.

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## ITEM 9. DISCIPLINARY INFORMATION

Our firm and supervised persons have no disciplinary information to disclose.

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## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mr. Klein serves as Investment Manager for KLEIN NDOH ACQUISITIONS FUND II LLC ("Fund") on behalf of J. Patrick, LLC. As such, Mr. Klein is the individual responsible for implementing the Fund's investment strategy, directing the investment of the Fund's assets and managing the activities of the Fund's portfolio. This activity is unrelated to Mr. Klein's work at Klein Financial Corp. Klein Financial Corp is unaffiliated with Mr. Klein's other business activities. A conflict of interest only occurs to Klein Financial Corp. clients in the fact that Mr. Klein's other business activity takes a portion of his time. However, Mr. Klein believes that he will be able to devote sufficient and appropriate time to perform his fiduciary duties on behalf of Klein Financial Corp.

Advisory Affiliates are also licensed insurance agents and as such may recommend to advisory clients a variety of insurance products. They may offer commissionable (non-variable) insurance products to our firm's clients for which they may receive compensation. Insurance sales constitute 15% of our advisory affiliates' time. No client is obligated to use any of our advisory affiliates to implement any recommended insurance transactions. The principal business of Klein Financial Corp is conducting our firm's advisory business. While our advisory affiliates endeavor to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation creates a potential conflict of interest regarding insurance recommendations.

#### **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

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

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## ITEM 12. BROKERAGE PRACTICES

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A. 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).

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Interactive Brokers, LLC ("IB"). IB offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from IB through our participation in the program. Please see the disclosure under Item 14 of this Brochure.

1. Research & Other Non-Soft Dollar Benefits.

IB 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 IB directly from independent research companies, as selected by our firm (within specific parameters). Other research products and services 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 IB to our firm in the performance of our investment decision-making responsibilities. The aforementioned non-soft dollar 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.

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

We do not use client brokerage commissions to obtain research or other products or services. 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.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1)(a) of this Firm Brochure, we may have an incentive to continue to use or expand the use of IB's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with IB 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.

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

- c. 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 clients may pay a commission to broker-dealers that they choose. We do not receive soft-dollars from those broker-dealers. For wrap fee clients, a portion of their advisory fees paid to us may pay for commissions paid to IB. We do not have discretion to determine the commission rates to be paid to IB. The commission rates may be higher than another broker-dealer may charge to effect the same transaction. We have determined in good faith that the commission we may pay to IB 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. In all cases, we do not receive soft-dollar benefits for these commission rates.

- d. 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.

We do not receive soft dollar benefits although the non-soft dollar 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.

- e. 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 client brokerage commissions (or markups or markdowns).

- f. 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 receive any soft dollar relationships and do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

2. Brokerage for Client Referrals.

Our firm does not receive brokerage for client referrals.

3. Directed Brokerage.

- a. 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.

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. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. 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 and 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.

b. If We Permit a Client to Direct Brokerage, We Are Required to Describe Our Practice.

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client 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.

**Special Considerations for Sub-Advisory Management Clients**

- a. 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.
  - b. 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.
  - c. Adviser and our firm are not responsible or liable for the acts or omissions of any broker-dealer.
- B. 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 affected only when we believe that to do so will be in the best interest of the effected 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.

### ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS

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- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to our Asset Management service. Independent Management clients receive at least quarterly reviews. 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. Tibor Klein, Principal and Chief Compliance Officer, conducts reviews of all client accounts managed by our firm.

Pension consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to pension consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

- B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We provide performance reports to client on a quarterly basis. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management service.

As mentioned in Item 13A of this Brochure, pension clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.



## **ITEM 14. CLIENT REFERRALS & OTHER COMPENSATION**

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- A. 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.

Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose.

- B. 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.

## **ITEM 15. CUSTODY**

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All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **ITEM 16. INVESTMENT DISCRETION**

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Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients. We do not take or exercise discretion with respect to our other clients.

## **ITEM 17. VOTING CLIENT SECURITIES**

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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 you 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.

However, Independent managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event an Independent manager votes 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. Therefore (except for proxies that may be voted by an Independent manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

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#### **ITEM 18. FINANCIAL INFORMATION**

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We are not required to provide financial information to our clients because:

- We do not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 (six) months.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs its ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.