

**Part 2A of Form ADV: Firm Brochure**  
**MONTE FINANCIAL GROUP, LLC**  
**Registered Investment Advisor**  
**30 Long Hill Road**  
**Guilford, CT 06437**  
**[www.montefinancialgroup.com](http://www.montefinancialgroup.com)**  
**Dated: January 14, 2013**

**Item 1            Cover page**

Monte Financial Group, LLC (MFG) and each of its employed financial advisors is a registered investment advisor primarily providing financial planning and investment management services to individuals, their families and affiliated parties and accounts as well as the solicitation of investment advisor services. Such affiliated parties and accounts may include trusts formed by such persons, estates, charitable gift funds, IRA's and other retirement plans all as related to the specific needs of such individual. Depending on the engagement, MFG will offer its services on a fee basis which may include fixed fees as well as fees based on assets under management.

As further discussed in Item 4, Mr. Monte is the Managing Partner and 100% owner of MFG.

MFG requires each prospective client to enter into one or more written agreements prior to retaining and rendering services to such prospective client. Those written agreements set forth the terms and conditions under which MFG will render its services.

Additional information about Monte Financial Group, LLC is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Although MFG's financial advisors spend numerous hours throughout the year attending professional seminars and/or workshops related to their field, simply registering as a registered investment advisor does not imply a certain level of skill or training.

***This brochure provides information about the qualifications and business practices of Monte Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at 203-453-6851 or by email [info@montefinancialgroup.com](mailto:info@montefinancialgroup.com). The information in the brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.***

**Item 2            Material changes:**

Since our last annual update provided in 2012:

- No Material changes

<b>Item 3</b>	<b>Table of Contents:</b>	<b>Page</b>
Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business.....	4-5
Item 5	Fees and Compensation.....	6-10
Item 6	Performance Based Fees and Side by Side Management.....	11
Item 7	Types of clients.....	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	12-14
Item 9	Disciplinary Information.....	14
Item 10	Other Financial Industry Activities and Affiliations.....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15-16
Item 12	Brokerage Practices.....	17-18
Item 13	Review of Accounts.....	19
Item 14	Client Referrals and Other Compensation.....	20
Item 15	Custody.....	20
Item 16	Investment Discretion.....	20
Item 17	Voting Client Securities.....	21
Item 18	Financial Information.....	21
Item 19	Requirements for State Registered Advisors.....	21

#### **Item 4            Advisory Business**

MFG is located at 30 Long Hill Rd in Guilford Connecticut. MFG was formed by its Managing Member and 100% owner, Robert (Bob) J. Monte, on June 19, 2009, and has been in business ever since. Mr. Monte has over 28 years experience as a financial advisor. Prior to establishing MFG, he spent 17 years at Smith Barney as a Financial Advisor. He was Senior Vice President Wealth Management of Smith Barney for over 9 years. Mr. Monte began his career in the securities business in 1984.

MFG's resources are dedicated to primarily providing wealth management strategies for individuals, their families and affiliated parties and accounts and asset management for individuals, trusts formed by such individuals, estates, charitable giving accounts, IRA's and other retirement plans as related to the specific needs of the individual and their family. MFG offers a broad range of comprehensive financial planning which may include tax-related and other non-investment related matters.

MFG does not provide brokerage and clearing services relating to the purchase and sale of securities, nor does it provide custodial services for custody of client's accounts. MFG generally recommends that its client utilize the brokerage, clearing and custodial services of Fidelity Investments, or its affiliates, as further described in Section 12.

As further described in Item 8, MFG employs a step by step process in its approach to providing investment strategies. In performing any of its services, neither MFG nor its financial advisors are required to verify any information received from the client or from the client's other professionals (e.g. attorney, accountant etc.). The client specifically authorizes MFG and its financial advisors to rely on such information.

MFG may recommend its own services, services of its Advisory Affiliates in their individual capacities as registered representatives of a broker dealer, and/or other professionals to implement MFG's recommendations. Clients are advised that a conflict of interest exists if MFG recommends its own services.

The client is under no obligation to act upon any of the recommendations made by MFG under a financial planning or consulting engagement, nor is the client obligated to engage the services of any recommended professional (including those of MFG). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of MFG's recommendations.

Once engaged, the client is advised that it remains his/her responsibility to promptly notify MFG if there is ever any change in his/her financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MFG's previous recommendations and/or services. However MFG will provide, at minimum, semi-annual reviews to verify such information.

Generally, MFG's client's assets are managed on a discretionary basis. However, MFG does offer clients the opportunity to have their assets held with MFG on a nondiscretionary basis. If a client wishes his or her assets to be held on a nondiscretionary basis, such would be specifically stated in the Investment Management Agreement, and such specific client assets may be exempt from billing. In other situations, clients can agree in writing to pay for MFG services on an hourly rate engaging its services by contract under its Investment Consulting Agreement. Both arrangements are fully described under Item 5 of this brochure titled Fees and Compensation.

Although clients generally give MFG written authority to act on a discretionary basis, MFG has a fiduciary duty to act in the best interest of its clients. Furthermore, such authority is only granted after MFG and its financial advisors have a clear understanding of the client's objectives, risk tolerances, and acceptable investment vehicles, and an asset allocation strategy has been developed and agreed upon.

From time to time MFG may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain Investment Managers independent of MFG ("Independent Manager"). This recommendation would be based upon the stated objectives of the client. Furthermore, prior to recommending an Independent Manager, MFG will review information about the Independent Manager such as its disclosure statement and/or material supplied by the Independent Manager(s) or independent third parties. MFG performs the review to determine whether it believes the recommendation is an appropriate fit for the client, and will review, to the extent available, the Independent Manager(s)' investment strategies, past performance and risk results.

As of December 31, 2012 the total assets under management with MFG was \$130,169,253. Of that total \$118,294,141 was under contract to be managed on a discretionary basis. The balance was managed on a nondiscretionary basis.

Assets under management and assets actually managed by MFG on a discretionary basis may differ for various reasons, including but not limited to the following:

- Clients which are subject to the terms of an Investment Consulting Agreement

## Item 5            Fees and Compensation:

MFG employs one of two methods to obtain compensation for its services. The method used depends on the service the client requires as well as his or her specific needs. Each of these two methods is governed by one of the following types of agreements, as described in more detail under the applicable heading below:

- Investment Management Agreement
- Investment Consulting Agreement

### Investment Management Agreement

MFG's annual fee for services ("Management Fee") provided under an **Investment Management Agreement** shall be a percentage of the market value of the assets under MFG management. The Management Fee is prorated and paid quarterly in advance based upon the market value of the assets on the last day of the previous quarter. The market value is based on the records of the institution retained by the client to provide custodial services (Custodian). MFG's fee schedule is as follows:

<u>Market value</u>	<u>Percentage</u>
Up to \$499,999	1.125%
\$500,000-\$999,999	1.00%
\$1,000,000-\$1,999,999	0.875%
\$2,000,000-\$4,999,999	0.75%
Above \$5,000,000	0.65%

Under certain circumstances, the Management Fee is negotiable. Factors considered in the negotiation of fees include, but are not limited to:

- Pre-existing clients of a financial planner who had already negotiated fees
- Account composition
- Anticipated future earning capacity of the client
- Anticipated future additional assets of the client
- Related accounts
- Account retention
- Pro bono activities

No portion of the Management Fee shall be based on capital gains or capital appreciation of the assets except as provided herein and provided for under the Investment Advisors Act of 1940, as amended, and analogous state securities laws. No increase in the Management Fee shall be effective until MFG has given the client prior written notice of such increase.

The Investment Management Agreement between MFG and the client will continue in effect until terminated by either party pursuant to its terms. In the event an Agreement is terminated, the Management Fees shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

## **Investment Consulting Agreement**

In the event a client does not wish to retain MFG for Investment Management, they may instead utilize MFG for specific investment consulting services. These types of services would be governed by an **Investment Consulting Agreement**. The client would have the option of implementing MFG's advice under an Investment Consulting Agreement in its sole discretion, with the professional advisor(s) of the client's choosing (including the client's broker, accountant, attorney, etc). The client specifically acknowledges that MFG and its financial advisors' role shall be that of facilitator between the client and his or her designated professional advisor(s).

MFG's consulting services pursuant to an Investment Consulting Agreement do not include investment supervisory or investment management services, nor do they include the regular review or monitoring of the client's investment portfolio. In the event that a client wants MFG to provide ongoing investment monitoring and review services, such an engagement shall be set forth in a separate written agreement, and the client shall pay MFG separate fees for such services.

MFG's fixed fee for its initial engagement for services related to developing a comprehensive financial plan will be based on an hourly rate of \$250 per hour, but will be no less than \$1,000. One half of the initial fee shall be due and payable upon signing of the agreement and the balance shall be due and payable upon completion of the agreed upon services. In the event the client retains MFG as an asset manager thereafter, such an engagement shall be set forth in a separate written agreement, and the client shall pay MFG separate fees for such services.

## **Payment of Fees**

As mentioned previously in this brochure, fees for services under an Investment Management Agreement are payable quarterly. For the initial quarter of investment management services, the first quarter's fees shall be calculated on a pro rata basis. If the Agreement is terminated, MFG's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

If assets are deposited into an account after the inception of a quarter that exceed \$100,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to MFG, subject to the usual and customary securities settlement procedures. For partial withdrawals in excess of \$100,000 within a billing period, MFG shall credit its unearned fee towards the next quarter's fee. However, MFG designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives.

All fees for services, with the exception of fees pursuant to an Investment Consulting Agreement, may be paid, at the client's option, by:

- Deducting directly from the account from which services were provided
- Deducting from a directed account for cumulative services
- Direct billing to client

Fees pursuant to an Investment Consulting Agreement are payable by direct billing to the client. The MFG client agreement and/or a separate agreement with the Custodian will govern the form of payment. Such agreements may authorize MFG to debit the client's account for payment of management fees and the Custodian to directly remit that management fee to MFG in accordance with applicable custody rules. To the extent the Custodian has been recommended by MFG, such Custodian agrees to send a statement to the client, at least quarterly, indicating the amounts disbursed from the account including the amount of management fees paid directly to MFG.

In situations where clients direct MFG to bill them directly for services rendered, the Custodian will have no record of the transaction, and MFG will provide the client with a written receipt.

### **Account Management**

As mentioned previously in this brochure, the client's account will be maintained by a third party Custodian. The client may make additions to and withdrawals from the account at any time, subject to MFG's right to terminate an account. Additions may be in cash or securities provided that MFG reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. MFG may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.



## **Additional fees and costs**

In addition to fees associated with the services of MFG, the client may also incur certain charges imposed by unaffiliated third parties. MFG generally recommends that clients utilize the brokerage and clearing services of Fidelity Investments and its affiliates (collectively referred to as “Fidelity”) for investment management accounts. However, clients have the option to purchase investment products that MFG recommends through other brokers or agents that are not affiliated with MFG. All of such brokers and agents may impose separate fees and charges. Such fees and charges may include but are not limited to fees charged by:

- Independent Managers
- Custodial service fees
- Transaction fees
- Charges imposed directly by a mutual fund, index fund or exchange traded fund purchased for the account which shall be disclosed in the fund’s prospectus
- Variable annuity providers and disclosed in the annuity contract
- Certain deferred sales charges
- Odd lot differentials
- Transfer taxes
- Wire transfer and electronic fund fees
- Other fees and taxes on brokerage accounts and securities transactions

All such fees and charges, as they relate to the custody, service and transactions for the account, will be provided by the respective Custodian of the client’s assets. MFG does not receive any portion of these commissions, fees and costs.

When applicable, MFG may recommend the use of mutual funds. In such instances, MFG will only recommend “no load” mutual funds. “No load” mutual funds are mutual funds in which shares are sold without a commission or sales charge.

**Item 6                    Performance Based fees and Side by Side Management**

No portion of MFG's management fee shall be based on capital gains or capital appreciation of the assets except as provided herein and provided for under the Investment Advisors Act of 1940, as amended and analogous state securities laws.

**Item 7                    Types of Clients**

MFG works primarily with individuals, their families and affiliated parties and accounts. Such affiliated parties and accounts may include trusts formed by such persons, charitable gift funds, IRA's and other retirement plans as related to the specific needs of MFG's clients.

MFG's minimum account size is \$250,000, but from time to time MFG offers exception to this minimum. MFG may consider the following factors, among others, when determining whether to make an exception to the minimum account size:

- Pro Bono Publico: Work we have undertaken voluntarily and without payment as a public service
- Clients who are related to financial advisors of MFG
- Pre-existing clients of MFG's financial advisors
- Account composition
- Anticipated future earning capacity of the client
- Anticipated future additional assets of the client
- Related accounts of the client
- Account retention

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

As mentioned in Item 7, MFG's resources are dedicated to providing wealth management strategies for individuals and their families. MFG employs a step by step process in its approach to providing investment strategies designed to meet the particular needs of its clients. This step-by-step process is designed to meet the particular individual needs of each of MFG's clients. MFG's step-by-step process is as follows:

- **Define.** In this step we establish and define the relationship, which really determines whether there is a good fit. This step involves an introductory meeting during which MFG provides a thorough explanation of its capabilities, philosophies about investing, client services, and fee structure. MFG believes those elements will provide the all the information that the client needs to be confident about choosing MFG as its financial advisor.
- **Gather.** During this step, MFG determines the client's needs. At this point the financial advisor reviews the client's assets and cash flow needs. This involves an in-depth discussion with the client regarding their needs, goals and a risk assessment, and allows MFG to design a custom-tailored investment plan with wealth management strategies.
- **Analyze / Evaluate.** This step is about the transition from qualitative information to quantitative data and then back again. During this step, MFG builds the client's investment strategy. MFG develops a course of action designed around the client's current financial needs, risk tolerance as well as the client's goals. This step typically involves the input of the client's other trusted advisors, such its attorney and/or CPA.
- **Plan.** During this step, MFG presents the client's personalized investment plan and investment policy statement. This step is every bit as much about the "why" as the "what." That is to say, MFG explains the basics of the recommendation and the reasons why it believes it suits your specific needs. MFG takes the time to educate the client of the reasons for a particular strategy and provide full disclosure of fees and expenses. MFG wants the client to fully understand the investment recommendation and how the plan is designed to create a path towards his or her financial goals. This includes an overview of the current economic environment, expected rates of return and risk analysis.
- **Manage / Service.** During this step, MFG proactively manages the client's account. This involves the provision by MFG of regular updates and advice on the client's portfolio. If the client prefers, MFG will set up meetings for such purpose at the client's convenience. During the course of any year, MFG will recommend adjustments according to the boundaries set within the client's personalized investment policy statement. MFG also offers ongoing performance reporting, so a client can track the progress of his or her investments. This provides another valuable tool for understanding the client's investments and recognizing when changes may or may not be appropriate.

When MFG provides asset management services, its clients are generally looking for investments that are transparent and with readily available public information. As such MFG does not, as a matter of philosophy, recommend hedge funds, alternative investments, mortgage backed securities, limited partnerships and certain types of international securities. Furthermore, Clients are free to restrict their portfolio from certain industries, company specific securities or asset classes upon written request. As a

general rule, MFG does not employ short sales, margin or option strategies as a means of increasing client returns.

MFG's client portfolios are specifically designed for the needs and objectives of those clients. Generally, the investment vehicles recommended by MFG include (but are not limited to):

- United States Treasury Securities
- Certificates of Deposit
- Municipal Bonds rated A or better by Standard and Poors
- Investment Grade Corporate Bonds
- Publically traded US Corporations
- American Depository Receipts of Established International Corporations
- Mutual funds of the above securities
- Exchange trade funds (ETF) of the above securities
- Equity Securities
  - Exchange listed securities
  - Securities traded over the counter
- Corporate debt securities (other than commercial paper)
- Investment company securities
  - Mutual fund shares
  - Variable annuities
  - Variable life insurance

Although MFG limits the type of securities it recommends to clients there is still the risk of loss. Clients should be prepared that investing in securities of any kind, regardless of the number of restrictions, involves a risk of loss of principal at any point in time.

MFG's investment strategies used to implement advice given to clients include:

- Long term purchases of securities: Intent to hold greater than one year
- Short term purchases of securities: Sold within one year

MFG's analysis of securities and investment vehicles and their place in client portfolios is based on fundamental analysis, as further described below. MFG and its financial advisors screen individual equity investment candidates (i.e. such as those in US publically traded corporations) prior to their recommendation. MFG and its financial advisors obtain information used to screen and recommend specific securities from the following list, in no particular order of importance:

- Annual Reports
- Prospectuses
- Filings with the Securities and Exchange Commission
- Company press releases
- Corporate rating agencies
- Research material prepared by others
- Financial newspapers and magazines
- Government related public information

## **Fundamental analysis**

MFG's fundamental analysis, whether pertaining to fixed income securities or equities, begins with an overall view of the economy, political climate and global forces. When providing a fundamental analysis specific to investments in individual companies (fixed or equity), it involves analyzing the company's financial statements, its management and competitive advantages, and earnings. MFG approaches its individual stock selection utilizing both bottom up analysis and top down analysis. Fundamental analysis, like other forms of research, is subject to interpretation by the investment advisor, and is therefore subject to error.

Even with the best efforts of MFG and its investment advisors, there is a risk that MFG's projections may not happen and result in either loss opportunity or principal loss. Clients should be prepared that investing in securities of any kind, regardless of any analysis performed, involves a risk of loss of principal at any point in time.

### **Item 9            Disciplinary Information**

MFG is not the subject of or subject to any legal or disciplinary events

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

As further described in Item 12, MFG recommends the use of Fidelity Investments and its affiliates for brokerage and clearing services. Neither MFG nor its investment advisors are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker dealer. Furthermore, neither MFG nor its investment advisors are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

As further discussed in Item 5, MFG may recommend services of itself or advisory affiliates. Such advisory affiliates may be registered representatives of a broker dealer and/or other professionals. However, neither MFG nor its Managing Partner or any of its investment advisors have any relationship or arrangement with any *related person* which creates a material conflict of interest with clients. Furthermore, MFG receives no compensation directly or indirectly from any advisor to whom it refers clients which would create a material conflict of interest.

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

MFG has adopted a code of ethics (the “Code of Ethics”) in compliance with Rule 204A-1 under the Advisers Act in order to specify the standard of conduct expected of its investment advisors. MFG investment advisors will describe the Code of Ethics to clients in writing and, upon request, furnish clients with a complete copy of the Code of Ethics.

In summary, all Associated Persons of MFG, which include its investment advisors, must comply with applicable federal securities laws. In particular, it is unlawful for MFG and any Associated Person, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- To employ any device, scheme or artifice to defraud any client or prospective client of MFG;
- To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any client or prospective client of MFG; or
- To engage in any fraudulent, deceptive, or manipulative practice.

In adopting this Code of Ethics, MFG recognizes that it, and its affiliated persons owe a fiduciary duty to MFG’s clients and must:

- (1) At all times place the interests of MFG clients before their own;
- (2) Conduct personal securities transactions in a manner consistent with the Code of Ethics and avoid any abuse of a position of trust and responsibility;
- (3) Adhere to the fundamental standard that Associated Persons should not take inappropriate advantage of their positions.

In addition, MFG and its Associated Persons must comply with all applicable federal securities laws, which are generally explained in MFG’s Compliance Manual. Associated Persons must report any violations of the Code of Ethics to MFG’s Chief Compliance Officer [Back-up for actions of Compliance Officer?].

MFG’s Code of Ethics also sets forth standards relating to the personal investment practices of its Associated Persons. Such standard is intended to avoid inherent conflicts of interest that may arise when an investment advisor recommends the purchase or sale of investment products. Such recommendations could potentially impact the market for such investment products, and thus the sale or purchase price thereof. Thus, there is a conflict of interest associated with such practices, as an investment advisor could conceivably manipulate the marketplace for such investment products to his or her own advantage. MFG’s Code of Ethics requires that certain of MFG’s personnel involved in advising clients, including its investment advisors (Access Persons), report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Furthermore, MFG’s Code of Ethics specific restricts the ability of such Access Persons from effecting for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any client.

When MFG is recommending or executing an investment in any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the investment or until a decision has been made not to invest in such security. Similarly, when MFG is selling [recommending?] or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

These requirements are not applicable to:

- Direct obligations of the Government of the United States;
- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements;
- Shares issued by mutual funds or money market funds; or
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12            Brokerage Practices**

MFG generally recommends that clients utilize the brokerage and clearing services of Fidelity Investments and its affiliates (collectively referred to as “Fidelity”) for investment management accounts. Clients are under no obligation to use Fidelity, and MFG will manage client assets at the broker dealer of each client’s choice.

By virtue of recommending Fidelity, MFG may receive from *Fidelity*, without cost to MFG, computer software and related systems support, which allow MFG and its investment advisors to better monitor client accounts maintained at Fidelity. MFG may receive the software and related support without cost because MFG renders investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit MFG, but not its clients directly.

In fulfilling its duties to its clients, MFG endeavors at all times to put the interests of its clients first, and as such MFG does not believe that its referral relationship with Fidelity poses any material conflict of interest. However, MFG’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence MFG’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, MFG may receive the following benefits from Fidelity through the Fidelity Registered Investment Advisor Group:

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

Factors which MFG considers in recommending to its clients the use of Fidelity or any other broker-dealer include their respective financial strength, reputation, execution, pricing, research, and service. Fidelity enables MFG to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Such commissions and/or transaction fees charged by Fidelity are only one of many factors considered by MFG, and such fees may be higher or lower than those charged by other broker-dealers. The commissions paid to Fidelity or other recommended broker-dealers by MFG clients shall comply with our duty to obtain “best execution.” Therefore, even though a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction, MFG has determined, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received.

Generally, Fidelity provides MFG a technology platform to conduct its day to day business for clients. In addition, Fidelity provides clients:

- Account statement(s)
- Confirmation of trades
- On-line access to accounts
- Access to certain account services



- 1099 reporting
- Various third party research
- Thousands of mutual funds on a “no load” basis
- Independent investment news and views
- Other various services

From time to time Monte Financial Group may use a broker dealer other than Fidelity who may most benefit our clients. These broker dealers may provide research to Monte Financial Group which may benefit clients as a whole but not necessarily individually.

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. Such factors include, among others

- The value of research provided,
- Execution capability,
- Commission rates, and
- Responsiveness.

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

Generally, prior to engagement of MFG for asset management, MFG's investment advisors conduct a comprehensive review of client objectives, risk tolerance and a financial needs assessment. From this review the financial advisor develops a financial plan for the client. Once a plan has been devised and implemented, MFG continues to be proactive in its asset management.

For those clients to whom MFG provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by the Managing Partner of MFG, Robert J. Monte. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with MFG and to keep MFG informed of any changes thereto.

For those clients to whom MFG provides investment management, MFG monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a semi-annual basis.

MFG's fundamental view of the economy, markets, interest rates and other factors dictate both the ongoing tactical asset allocation set within each client's comprehensive plan and the ongoing review of appropriate investment vehicle(s) to help obtain the client's goal.

Quarterly, for accounts valued at \$500,000 and above utilizing the services of a third party reporting company, MFG supplies written quarterly performance reviews. Each review shows performance data for the client sufficient to track the performance of their account in both the short and long run.

Comprehensive Financial Plans and reviews are conducted by Robert J. Monte, Managing Member/Financial Advisor. Ongoing asset management is conducted by both Robert J. Monte and Robert J. Minatti, Senior Equity Portfolio Manager/Financial Advisor.

**Item 14            Client Referrals and Other Compensation**

Currently MFG does not compensate any person who is not a supervised person for client referrals.

**Item 15            Custody**

Currently MFG does not have or plan to have custody of client funds.

**Item 16            Investment Discretion**

Clients appoint MFG and its investment advisors as their attorney-in-fact, and grant MFG a limited power-of-attorney with discretionary trading authority over their account to buy, sell or otherwise effect investment transactions involving the assets. MFG is authorized, without the client's prior consultation, to buy, sell and trade in the following:

- Stocks,
- Bonds,
- Mutual funds,
- Index funds,
- Exchange traded funds, and
- Other securities and/or contracts relating to the same.

MFG is only authorized to buy, sell and trade the foregoing on margin if a separate written authorization has been granted by the client. MFG is authorized to give instructions of such trading authority to the broker dealer of the account.

MFG is also authorized to delegate the active discretionary management of all or part of the assets to one or more independent investment managers and/or investment management programs. MFG would delegate such management based upon the client's stated investment objectives. The terms and conditions under which a client may engage the independent managers may include separate fees in addition to MFG's management fees. Such additional fees would be set forth in a separate written agreement between the client and the designated managers.

The independent manager shall have limited power of attorney and trading authority over those assets MFG directs them for management and they shall be authorized to buy, sell and trade in securities in accordance with the client's investment objectives as communicated by MFG and to give instructions in furtherance of such trading authority to the broker dealer and custodian.

MFG is authorized to terminate or change independent managers when, in its sole discretion, MFG believes such termination or change is in your best interest.

**In some cases clients reserve the right to discuss decisions to buy or sell and type of security to buy or sell prior to the action. MFG honors that choice and makes every effort to contact the client in a timely fashion in respect to MFG's decision to buy or sell a particular security.**

**Item 17            Voting Client Securities**

MFG does not vote client securities.

**Item 18            Financial Information**

MFG does not require prepayment of services of more than \$1,200 in fees, or fees six months or more in advance.

**Item 19            Requirement for State Registered Advisors**

All individuals that render investment advisory services on behalf of MFG must have earned a college degree and/or have substantive investment related experience. In addition, all such individuals shall have attained all required investment related licenses and/or designations.

**ROBERT J. MONTE** Born 1959

*Post-Secondary Education:* University of Connecticut – 1982, BA, Economics

*Recent Business Background:*

Monte Financial Group, LLC, Managing Member, 06/2009 – Present

Smith Barney, Senior Vice President – Wealth Management, 01/1991 – 05/2009

Currently there are no judgments, claims, civil and/or administrative claims against MFG

1309387\_6/10050-3