

ITEM 1. COVER PAGE

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FORM ADV PART II - BROCHURE

This brochure provides information about the qualifications and business practices of Innovative Investment Fiduciaries, LLC. If you have any questions about the contents of this brochure, please contact us at 856-786-4300. 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 Innovative Investment Fiduciaries, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Innovative Investment Fiduciaries, LLC is 159814.

Innovative Investment Fiduciaries, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

NA- The initial publication date of this ADV is January 1, 2013.

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ITEM 4. ADVISORY BUSINESS

A. Description of Advisor and Owners

Innovative Investment Fiduciaries, LLC (“Advisor” or “We”) has applied to the U.S. Securities and Exchange Commission, Washington, D.C. to become a registered investment adviser. Mark William Sulpizio is Managing Member and Chief Compliance Officer of the firm. Mr. Sulpizio owns ninety-nine (99%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries who have any ownership interest in the firm. The firm manages each client’s portfolio on an individualized basis. Clients may impose restrictions on their accounts. The firm does not participate in wrap programs. The firm expects to manage in excess of \$100,000,000 in assets within 120 days of approval of this application. Mark William Sulpizio, Theresa Ann Procida and Nicole Marie Offerman are all Investment Adviser Representatives (IARs) of the firm.

Advisor offers its services, including investment advice, investment management services, financial planning services, and tax planning to a broad spectrum of clients. We do not provide accounting services. No fee will ever be payable more than six months in advance. Stand-alone fee-based financial planning is also available to the client.

This brochure is specific to services provided by Advisor for individual investors, business entities, trusts, estates, charitable organizations and others. Clients are referred to another of our ADV Part 2A- Brochures for information about our services for employer- sponsored retirement plans.

B. Types of Services

Advisor offers consulting, investment advisory and discretionary investment management services. Advisor conducts a thorough interview with a new client and then presents a proposal of how it would manage the client’s investments, considering the client’s goals, resources, time horizon, objectives, attitudes, tolerance and capacity for risk. The proposal will usually include recommended investment instruments that may be used to implement the approach, including:

Equities. An equity or “stock” is ownership of a corporation that is represented by shares that are a claim on the corporation’s earnings and assets. An investor’s equity in the corporation is usually the ratio of shares the investor possesses relative to the number of outstanding shares issued by the corporation. Equities are usually traded on an exchange or in the over-the-counter (OTC) market. Consequently, an investor can typically sell their stock relatively quickly and easily, unless the stock is illiquid.

Mutual Funds. A mutual fund is a professionally managed, diversified portfolio of securities that pools the assets of many investors to invest for a common objective. Each of the investors in a mutual fund has an interest in the fund’s entire pool of securities. Mutual fund shares generally can be purchased or sold as needed, based on the fund’s current net asset value (NAV) per share. Mutual funds can include actively managed funds as well as index funds that track a particular index.

Bonds. A bond is a loan made by the investor to the issuer of the bond. A bond is an interest bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan at maturity. The bondholders do not have corporate ownership privileges in the issuer, as shareholders do. These products are also known as “fixed-income securities.”

Exchange-Traded Funds (ETFs). An ETF is an investment company whose shares trade on a stock exchange. An ETF usually holds a portfolio of securities designed to track a particular market segment, index, commodity or basket of assets. Unlike mutual funds, an ETF experiences price changes throughout the day as the ETF’s shares are bought and sold.

Separately Managed Accounts (SMAs). An SMA is a professionally managed investment portfolio that uses pooled money to buy investments directly owned by the account holder. Unlike a mutual fund or ETF, an SMA allows an investor to have direct ownership of the securities in the investor's account, which can provide opportunities for greater customization to reflect the investor's specific investment objectives, desired restrictions and tax consequences.

C. Investment Restrictions; Changes in Circumstances

A client may provide Advisor with any reasonable investment restrictions that should be imposed on the management of the client's portfolio. For example, a client may restrict the type or amount of securities to be purchased in the client's portfolio. A client should promptly notify Advisor of any changes in those restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance, and capacity for risk. Advisor attempts to tailor its advisory services to the needs of its individual clients.

Advisor provides periodic reports to clients. These reports identify assets within the account and activity since the date of the last periodic report. These periodic reports will also remind clients of their obligation to inform Advisor of any changes or any restrictions that should be imposed on the management of the client's account. Advisor will also, through these periodic reports, inquire whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance and capacity for risk.

D. Wrap Fee Programs

We do not offer wrap fee programs.

E. Assets Under Management

Advisor is a newly formed investment advisor and has no assets under management at the time this ADV is first published. Advisor reasonably expects to have \$100 million assets under management within 120 days from the date of this ADV.

ITEM 5. FEES AND COMPENSATION

A. Advisory Fees

Advisor will generally provide clients with investment advisory services in exchange for an asset-based fee computed on the value of managed assets. The fee will be specified in the agreement as mutually agreed upon with the client and Advisor. Our fees are assessed in arrears or in advance, either monthly or quarterly or as agreed to by us and the client. Our fee schedule is stated below and is computed on the average daily balance of the client's portfolio during the preceding period or the balance of the portfolio on the last day of the preceding period. It is payable in advance or in arrears not less than 30 days following the end of the period. The periodic fee is charged at the applicable percentage of the specified annual rate. The initial fee is pro-rated from the date of the wealth management agreement with the client to the end of the first period.

The advisory relationship may be terminated by you or us in accordance with our agreement. Fees for a partial period at the termination of the agreement will be pro-rated from the first day of the month or quarter to the effective date of termination.

We may change any or all fee schedules with 30 days' prior written notice to clients.

Clients receiving services may pay more or less than a client might otherwise pay if purchasing the services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the trades, the specific investments, and the actual costs of services purchased elsewhere. In light of the specific services offered by Advisor, the fees charged may be more or less than those of other similar service providers.

All fees paid to Advisor for services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The services provided by Advisor may, among other things, assist the Client in determining which investments are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the fund manager, your other service providers and the fees charged by Advisor to fully understand the total amount of fees to be paid by you and to evaluate the services being provided.

The fees also do not include direct fees and costs associated with the managers of SMAs, such as investment management fees of the selected managers and overlay management fees. These fees will be displayed as a separate charge from our fees on a client's fee statement. A client will receive a specific quote of these fees prior to investment in an SMA.

In addition, the fees charged by us do not include any commissions or other fees charged by a broker dealer or custodian retained by a you to implement our advice or to otherwise hold the your portfolio securities. See Item 12 below for additional information regarding brokerage practices.

Various vendors, product providers, distributors and others may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. Advisor might receive payments to subsidize its own training programs. Certain vendors may invite Advisor to participate in conferences, on-line training or provide it publications that may further its IARs and employees' skills and knowledge. Some

may occasionally provide Advisor gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

B. Asset-Based Fee Schedule for Investors

All fees are negotiable

| <u>Market Value of Portfolio</u> | <u>Fee</u> |
|---|-------------|
| Up to \$1,000,000 | Up to 2% |
| More than \$1,000,000 but less than \$5,000,000 | Up to 1.75% |
| More than \$5,000,000 | Up to 1% |

We do not require an account minimum for management of assets invested in mutual funds or ETFs. However, there is a minimum annual fee of \$1,000 at the highest fee tier in the current fee schedule. Clients with less than \$100,000 in portfolio assets who choose our services at a minimum annual fee of \$1,000 may be able to find similar services at a more favorable pricing arrangement. Fees are negotiable in our sole discretion, and we may, in our sole discretion, waive the required minimum fee. We require a minimum value of managed assets of \$500,000 for an SMA, subject to our discretion to waive the minimum.

For multiple accounts maintained with us, we may aggregate the account total for fee purposes.

We may be engaged to provide comprehensive wealth management, financial planning and administrative services for an increased fee. Due to the unique character of each client's needs for the combination of services, we are unable to create a meaningful sample fee structure. Each client's needs will be assessed, and the Advisor and the client will come to an agreement as to the fee charged for these services as well as the method and frequency of payment. The fee may be on an hourly basis, a fixed fee basis charged by month or quarter, based on the amount of assets under management, or any other fee calculation method mutually agreed to by us and the client.

C. FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

We may provide clients with financial planning and consultation services, including general business consulting services. We will charge a fee (fixed fee and/or hourly) for these services, in certain instances through the use of independent contractor parties with whom we have entered into a contractual relationship. Our financial planning fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis and \$175 to \$300 on an hourly basis, depending upon the level and scope of the services required.

D. COMPREHENSIVE REPORTING

Our fee to report any assets held by a client that are not being provided our asset management services will be an annual fee of 0.25% of the outside assets being reported. Advisor has no liability for the accuracy, timeliness or completeness of information provided by third parties. In the event that the client seeks to transfer outside assets under our management, our normal fee schedule for investment management services will be imposed and the reporting fee over those same assets will cease.

ITEM 6. PERFORMANCE – BASED FEES

Advisor does not charge performance-based fees.

ITEM 7. TYPES OF CLIENTS

Advisor's clients generally include individuals, business entities, trusts, estates, and charitable organizations. We may impose an account minimum of \$500,000 for investment management services. We may, in our sole discretion, charge a lesser management fee and/or waive or reduce our minimum asset requirement based upon a variety of criteria (i.e., existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with you, etc.).

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis

Advisor will apply generally accepted investment theories so that its investment choices for you provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures that meet the risk-based categories identified in your investment profile. Advisor will diversify, reallocate and rebalance the investments and associated risk levels over time in accordance with generally accepted investment theories and consistent with your profile. Advisor may make changes to the underlying investments and/or the asset allocation percentages of any model portfolios and will communicate any instructions directly to the Custodian.

Advisor employs numerous philosophies and tools in our investment analysis and due diligence process. We may utilize any or all of the following:

Fundamental Analysis is security analysis grounded in basic factors such as company earnings, balance sheet variables and management quality. These factors are used to predict the future value of an investment. Information such as interest rates, GNP, inflation and unemployment may be used to forecast the direction of the economy and therefore the stock market. Close attention is paid to fundamentals in order to determine the fair value of various sectors.

Technical Analysis is employed in various formats in order to gauge market sentiment. It is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, demand, and volatility to help determine the market forces at work on a certain security or on the securities market as a whole.

We utilize **Quantitative Analysis** to easily combine and quantify various characteristics of a large number of investments in order to determine which of the group require further analysis. **Qualitative Analysis** is also used to weigh the unique characteristics of an individual investment and the risk and return expectations of various capital markets.

Third party money managers will have their own methods of analysis, investment strategies and unique investment risks that you should review and consider before investing.

B. Material Risks

Investing in securities involves risk of loss that a client should be prepared to bear. The value of any security may fluctuate due to economic, political or other events that affect securities markets generally. Fluctuations in value may also occur due to the characteristics of a particular instrument or of the company that issues it.

You may obtain from your IAR a copy of any prospectus containing a description of a mutual fund's or ETF's investment objectives and related risks and a copy of any brochure describing an applicable SMA's investment objectives and related risks. We structure the client's portfolio based on the style and objectives agreed to by the client and the amount of risk and volatility the investor client is willing and able to assume. Each client should agree to an investment strategy that is consistent with their investment objectives, investment experience, and time horizon, among other things.

Additional risks that may have an adverse effect on a client's investments include the following:

Equity Risks. The risks of investing in an equity is that the price of the shares will decrease. This can be caused by a number of factors including, but not limited to: financial deterioration of the overall economy, financial deterioration of the particular company, change in governmental policies that affect that company's sector, turnover in management, lawsuits or legal proceedings filed against the company, and other unfavorable publicity about the company. The sale of equities can result in tax consequences to the investor. Some corporations pay a dividend to investors, which is a distribution of earnings to the shareholders. A company can elect to not pay dividends, which could also adversely affect the stock price of the company. Another risk in investing in equities is that some equities lack liquidity; that is, there is not a significant market demand for these shares or the shares are not readily transferable. Consequently, an investor of such equities may not be able to sell or transfer their interest, even if they need the money or the price of the equity is falling rapidly.

Mutual Fund Risks. The risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Bond Risks. The primary risk of investing in a bond, whether it is a government or corporate bond, is that the issuer will not be able to make its agreed-upon periodic payments (such as interest payments) and/or that it will not return the principal to the noteholder when it is due. An issuer could also fail to make timely and/or complete payments on the principal or agreed-upon periodic payments. Among other things, any failure to make payments could be due to the financial condition of the issuer. Another risk in corporate bonds is that noteholders do not have equity privileges in the issuer; rather, they are simply creditors of the issuer. Consequently, they cannot vote or otherwise affect corporate decisions.

ETF Risks. The performance of an ETF may not reflect the performance of the index or market segment it was created to track. ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and, therefore, have additional volatility and liquidity risk. Volatility and liquidity can negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

SMA Risks. The risks of investing through an SMA include the quality and experience of the portfolio management team and its ability to create value by investing in securities that have positive growth.

Concentrated Holdings Risk. There is an inherent risk for clients who have their investment portfolios heavily concentrated in a single security, industry or sector, geographic location, investment manager, or instrument. Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Risks Related to Certain Investment Strategies. Client investments may be made through third party managers who follow alternative strategies, such as option trading, hedging and derivatives that may involve specific risks. Clients will receive the prospectus or brochure of any third party investment managers before those strategies are implemented. Advisor may use or provide to you data or information provided by third parties when providing investment management services. While Advisor reasonably believes that the information or data is reliable, it does not promise that it is accurate, current or consistently available.

You are responsible for all the tax liabilities arising from any transactions.

ITEM 9. DISCIPLINARY INFORMATION

There are no current legal or disciplinary events that are material to you or a prospective client's evaluation of Advisor's advisory business or the integrity of its management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mr. Sulpizio and Ms. Procida are the owners of Innovative Benefit Planning, LLC, Cinnaminson, New Jersey, ("Innovative Benefits"), which is an insurance, executive benefits and qualified plan consulting firm. They and Ms. Offerman are employees of Innovative Benefits and each may receive fees from Innovative Benefits. This presents a potential for a conflict of interest as the opportunity to receive fees, rather than a particular client's needs, may incentivize them to recommend the services of Innovative Benefits. No client is under any obligation to use the services of Innovative Benefits and the decision about whether to do so is solely that of the clients.

Mr. Sulpizio, Ms. Procida and Ms. Offerman, each in his or her individual capacity, is also a licensed insurance agent and may recommend the purchase of certain insurance-related products on a commission basis. The recommendation by one of them that a client purchase an insurance commission product presents the potential for a conflict of interest, as the receipt of commissions may provide an incentive to recommend non-securities investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from any agent. Clients are reminded that you may purchase insurance products recommended by Advisor's IARs through other, non-affiliated insurance agents.

Advisor may serve as sub-advisor to Main Street while Main Street or another registered investment advisor may act as sub-advisor to Advisor for certain services. This also presents a potential for a conflict of interest if one arrangement may produce a higher fee for the IAR or Advisor than another. We address this conflict by making this disclosure in this ADV. No client will be a client of both Main Street and Advisor. Both Advisor and Main Street conduct due diligence on their sub-advisors.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Advisor has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request. Advisory representatives of the firm must act within the guidelines set forth in our Code of Ethics.

We or our IARs may buy or sell certain securities that are identical to those recommended to you for your account. It is our express policy that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing employees from benefiting from transactions placed on behalf of advisory accounts. We or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to you. As these situations may represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities: 1) A director, officer or employee of Advisor may not buy or sell securities for his or her personal portfolio(s) where the decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Advisor may prefer his or her own interest to that of the advisory client. 2) Firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Mark W. Sulpizio. 3) Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. 4) Any individual not in observance of the above may be subject to termination.

Advisor, our employees, and our IARs, if any, benefit from the compensation paid to us, and may directly or indirectly receive a portion of the fees and other compensation paid by clients. Those clients may also use other products or services available from or through us and in such case pay additional compensation. This practice creates a potential conflict of interest that may give us and our IARs an incentive to recommend services based on the compensation received.

We address these conflicts through disclosure in this ADV. We will also offset or refund additional compensation when required by law. Moreover, we have adopted policies and procedures to address the suitability of investments and strategies offered to you.

It is important to note that clients are under no obligation to grant Advisor investment discretion. Clients should understand that the investment products, securities and services that an IAR may select as part of services are available to be purchased through broker dealers, investment advisors or other investment firms not affiliated with us.

Sponsor should understand that Advisor and IAR may perform advisory and/or brokerage services for various other clients, and that Advisor and IAR may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for a client may also be different.

ITEM 12. BROKERAGE PRACTICES

A. Recommendations Regarding Custodian

If you ask us to recommend a broker dealer/custodian for execution and/or custodial services, we generally recommend that investment management accounts be maintained at *Schwab*. You may also direct us to use a particular broker dealer/custodian of your choice. To engage us to provide investment management services, you will be asked to enter into a formal *Investment Advisory Agreement* with us, describing the terms and conditions under which we will manage your assets, and a separate custodial/clearing agreement with each designated broker dealer/custodian. Factors that we consider in recommending *Schwab* (or any other broker dealer/custodian to clients) include the provider's historical relationship with us, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients must comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker dealer might charge to effect the same transaction where we determine, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for your account transactions.

The brokerage commissions or transaction fees charged by the designated broker dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if securities that we purchase for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker dealer/custodian, we may receive from *Schwab* (or another broker dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist us to better monitor and service client accounts maintained at those institutions. Included within the support services that we may obtain are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us in our investment advisory business operations. As indicated above, certain of the support services and/or products that we *may* receive may assist us in managing and administering client accounts. Others do not directly provide that assistance, but rather assist us to manage and further develop our business enterprise. Our clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as result of this arrangement. We make no corresponding promise to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of this type of arrangement.

Our Chief Compliance Officer, Mr. Sulpizio, remains available to address any questions that you or a prospective client may have regarding this type of arrangement and any corresponding perceived conflict of interest the arrangement may create.

2. Referrals

We do not receive referrals from broker dealers.

3. Directed Brokerage

We do not generally accept directed brokerage arrangements. (Under directed brokerage, a client requires that account transactions be effected through a specific broker dealer). In these client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker dealer, and we will not seek better execution services or prices from other broker dealers or be able to "batch" the client's transactions for execution through other broker dealers with orders for other accounts managed by us. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs us to effect securities transactions for the client's accounts through a specific broker dealer, the client correspondingly acknowledges that that direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through us.

Our Chief Compliance Officer, Mr. Sulpizio, remains available to address any questions that you or prospective client may have regarding directed brokerage arrangement.

B. Order Aggregation

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

ITEM 13. REVIEW OF ACCOUNTS

A. Periodic Review

Each advisory account is reviewed at least quarterly by our Principals and/or our IARs. All investment supervisory clients are advised that it remains your responsibility to advise us of any changes in your investment objectives and/or financial situation. You (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with us on an annual basis.

B. Ad Hoc Reviews

We may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance or capacity, or a material change in how we formulate investment advice or material changes in general market conditions.

C. Content and Frequency of Performance Reports

We will deliver a written report to each client, on a quarterly basis or at some other interval agreed to with the client, which will detail information on purchases and sales, contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate pre-established goals or benchmarks. The client's independent custodian also provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by us.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Client Referrals

Advisor may compensate other persons or organizations for client referrals. In each of those cases, Advisor enters into an agreement with the referral agent and pays the agent a portion of the fee. Many states require that any referral agent also be registered as an investment advisor representative. At the time that the agent refers Sponsor to Advisor, the referral agent discloses to Sponsor both the arrangement with Advisor and the compensation to be received by the referral agent. Advisor and its IARs may also offer Advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. If so, Advisor will have entered into agreements with the financial institutions to share compensation, including a portion of the Fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

B. Other Compensation

The IAR, Advisor and Advisor's employees may receive additional compensation from various vendors, product providers, distributors and others. These providers may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. We might receive payments to subsidize our own training programs. Certain vendors may invite us to participate in conferences, on-line training or provide it publications that may further its IARs and employees' skills and knowledge. Some may occasionally provide us gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

ITEM 15. CUSTODY

We and IAR will not serve as a custodian for clients' accounts. The client is responsible for selecting the custodian. IAR and Advisor may be listed as the contact for the investments held at an investment sponsor or custodian. The client will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian is responsible for providing the client with periodic confirmations and statements. Advisor recommends that clients review the statements and reports received directly from the custodian or investment sponsor.

ITEM 16. INVESTMENT DISCRETION

A client may agree to give Advisor investment discretion. If a client grants us investment discretion, that authority will be granted through the investment management agreement and a limited power of attorney provided by the client's custodian. In those cases, we will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for those transactions. Investment limitations may be designated by the client as outlined in the investment management agreement.

ITEM 17. VOTING CLIENT SECURITIES

Advisor has no authority or responsibility to vote any security held in the account or the related proxies. That authority is reserved by the client.

ITEM 18. FINANCIAL INFORMATION

Advisor is not aware of any financial condition that is reasonably likely to impact Advisor's ability to meet its contractual commitments to its clients. Advisor is not required to provide a balance sheet because it does not require the prepayment of a fee six months or more in advance. Neither we nor any of our IARs have ever filed a Petition in Bankruptcy.