

Disclosure Brochure

October 7, 2013



This brochure provides information about the qualifications and business practices of Marshall & Sterling Wealth Advisors, Inc. (hereinafter "Marshall & Sterling"). If you have any questions about the contents of this brochure, please contact John S. Morgan at (845) 554-1046. 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 Marshall & Sterling Wealth Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Marshall & Sterling Wealth Advisors, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Marshall & Sterling's last annual update. Marshall & Sterling does not have any material changes to disclose in this Item.

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Firm Disclosure Brochure

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Item 4. Advisory Business

Marshall & Sterling (the “Firm”), a wholly-owned subsidiary of Marshall & Sterling Enterprises, Inc., was previously registered as an SEC investment adviser from 1993 until 1998 under the name of Marshall & Sterling Financial Consultants, Inc. The Firm has been doing business under its current name since April 2012. As detailed below, the Firm primarily offers investment management and financial planning services to individuals, pension and profit sharing plans, trusts, estates, business entities and charitable organizations. Marshall & Sterling works with its clients to develop an investment strategy that is customized to their individual goals and objectives.

Prior to engaging Marshall & Sterling to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Marshall & Sterling setting forth the terms and conditions under which the Firm renders its services (collectively the “*Agreement*”). As of September 20, 2013, Marshall & Sterling had \$25,392,272 assets under management, \$23,194,845 of which was managed on a discretionary basis and \$2,197,427 was managed on a non-discretionary basis.

This Disclosure Brochure describes the business of Marshall & Sterling. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Marshall & Sterling's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Marshall & Sterling's behalf and is subject to the Firm's supervision or control.

Investment Management Services

Clients generally engage Marshall & Sterling to manage all or a portion of their assets on a discretionary basis, although in limited circumstances, the Firm may provide non-discretionary management services. The Firm may include certain financial planning services as part of this overall investment management offering. However, Marshall & Sterling does offer financial planning services on a standalone basis if requested by the client.

Marshall & Sterling primarily allocates clients' investment management assets among no-load mutual funds and exchange-traded funds (“ETFs”). The Firm primarily manages assets through the use of diversified model portfolios focusing on growth, growth and income, capital preservation and income, which is determined based on the clients' needs. Marshall & Sterling may also provide advice about any type of investment held in clients' portfolios, as necessary.

The Firm tailors its advisory services to the individual needs of clients. The Firm consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the client. Marshall & Sterling ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Marshall & Sterling if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Marshall & Sterling's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Marshall & Sterling's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Financial Planning Services

As stated above, Marshall & Sterling may provide its clients with a broad range of comprehensive financial planning services as part of its overall suite of investment management services or on a standalone basis. These services include, but are not limited to, providing advice on investments, insurance, retirement, education, estate and tax planning, as well as the cash flow needs of the client.

In performing its services, Marshall & Sterling is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Marshall & Sterling may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Marshall & Sterling recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Firm under a financial planning engagement or to engage the services of any such recommended professional, including Marshall & Sterling itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Marshall & Sterling's recommendations. Clients are advised that it remains their responsibility to promptly notify Marshall & Sterling if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Marshall & Sterling's previous recommendations and/or services.

Item 5. Fees and Compensation

The Firm offers its services on a fee basis, which may include fixed fees as well as fees based upon assets under management.

Financial Planning Fees

The Firm charges a fixed fee for financial planning services. These fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis, depending upon the level and scope of the services as well as the professional rendering the financial planning services. If the client engages Marshall & Sterling for additional investment advisory services, the Firm may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

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Prior to engaging the Firm to provide financial planning services, the client is required to enter into a written agreement with Marshall & Sterling setting forth the terms and conditions of the engagement. Generally, the Firm requires one-half of the financial planning fee payable upon entering into the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

The Firm provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Marshall & Sterling. For certain clients, this fee may include financial planning services. Marshall & Sterling's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Marshall & Sterling does not, however, receive any portion of these commissions, fees, and costs. The Firm's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter. The annual fee varies between 0.50% and 1.80% depending upon the market value of the assets under management and the type of investment services to be rendered.

Performance Fee

In limited circumstances, Marshall & Sterling may render investment management services to *qualified clients* for a performance-based fee in accordance with the requirements set forth in applicable laws, rules, and regulations. For those clients, there will be no "Investment Management Fee" as outlined above. Instead, Marshall & Sterling will charge a fee based upon a percentage of the market value of the assets being managed by the Firm ("*base fee*") in addition to a fee based on the performance of the account ("*performance fee*").

Marshall & Sterling may charge a *performance fee* up to thirty percent (30%) of the net performance. The *performance fee* shall be based on the client selected index(s) as provided on the index worksheet.

Marshall & Sterling also charges a *base fee* which varies, generally between 0.25% and 0.50%, depending upon the market value of the assets under management and the type of investment services to be rendered.

Marshall & Sterling's annual *base fee* is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter. Marshall & Sterling's *performance fee* is charged annually, in arrears, based on the net performance of the client's portfolio at the end of the calendar period, as compared to the performance of the client selected index(s) for the same period.

The Firm, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of

assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Marshall & Sterling generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

The Firm may only implement its investment management recommendations after the client has arranged for and furnished Marshall & Sterling with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers recommended by Marshall & Sterling, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of, and in addition to Marshall & Sterling’s fee.

Marshall & Sterling’s *Agreement* and the separate agreement with any *Financial Institution* may authorize Marshall & Sterling to debit the client’s account for the amount of Marshall & Sterling’s fee and to directly remit that management fee to Marshall & Sterling. Any *Financial Institution* recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Marshall & Sterling.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Marshall & Sterling and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Marshall & Sterling’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to the Firm’s right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. Additions may be in cash or securities provided that Marshall & Sterling reserves the right to liquidate any transferred securities or decline to accept particular securities

into a client's account. Client withdrawals are subject to the usual and customary securities settlement procedures. However, Marshall & Sterling designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and ramifications of transferring securities. 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.

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

As discussed in response to Item 5, above, the Firm may render investment management services to *qualified clients* for a performance-based fee. This fee arrangement raises conflicts of interest. The performance fee may be an incentive for Marshall & Sterling to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where the Firm charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee. However, Marshall & Sterling has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of whether the client is paying a performance-based fee or different type of fee.

Item 7. Types of Clients

The Firm may provide its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations as well as corporations and business entities.

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

Methods of Analysis

Marshall & Sterling will primarily utilize *fundamental analysis*. *Fundamental analysis* involves the fundamental financial condition and competitive position of a company. The Firm will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Investment Strategies

The Firm primarily allocates clients' investment management assets among no-load mutual funds and ETFs. Marshall & Sterling manages assets through the use of diversified model portfolios with a focus on growth, growth and income, capital preservation and income.

Risks of Loss

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the previous day's NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of the Firm's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Marshall & Sterling will be able to predict those price movements accurately.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

The Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Marshall & Sterling does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Related Insurance Agencies

Marshall & Sterling is under common control with Marshall & Sterling, Inc. and Marshall & Sterling Upstate, Inc. Certain of Marshall & Sterling's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with Marshall & Sterling, Inc., Marshall & Sterling Upstate, Inc., and various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Marshall & Sterling recommends the purchase of insurance products where Marshall & Sterling's *Supervised Persons* receive insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interests regardless of any such affiliations.

Item 11. Code of Ethics

Marshall & Sterling and persons associated with Marshall & Sterling ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Marshall & Sterling's policies and procedures.

Marshall & Sterling has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). When Marshall & Sterling is purchasing or considering for purchase any security on behalf of a client, no *Covered Person* (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Marshall & Sterling is selling or considering the sale of any security on behalf of a client, no *Covered 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.

Unless specifically defined in Marshall & Sterling's procedures (summarized above), neither Marshall & Sterling nor any of Marshall & Sterling's Associated Persons may effect for himself or herself, for an Associated Person's immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively "*Covered Persons*"), any

transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Marshall & Sterling's clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither Marshall & Sterling nor any of its Associated Persons has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies. Moreover, the Firm does permit Associated Persons to effect a transaction in a security at the same time as its clients if the transaction is done as part of a batch trade (described below).

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. In this situation, the Firm may "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Marshall & Sterling's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Marshall & Sterling's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent Marshall & Sterling determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's Associated Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission and applicable state law. Marshall & Sterling does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Marshall & Sterling determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Marshall & Sterling may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Marshall & Sterling's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Marshall & Sterling will maintain records of these trades, including the reasons for any exceptions.

In accordance with Section 204A of the Advisers Act, Marshall & Sterling also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Marshall & Sterling or any of its Associated Persons.

Clients and prospective clients may contact Marshall & Sterling to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

Marshall & Sterling generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") or Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Factors which Marshall & Sterling considers in recommending *Fidelity*, *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* and *Schwab* enable Marshall & Sterling to obtain many mutual funds and ETFs without transaction charges and other securities at nominal transaction charges.

The commissions paid by Marshall & Sterling's clients comply with Marshall & Sterling's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Marshall & Sterling determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Marshall & Sterling seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Marshall & Sterling periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Marshall & Sterling in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Marshall & Sterling will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Marshall & Sterling (as described below).

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. Subject to its duty of best execution, Marshall & Sterling may decline a client's request to direct brokerage if, in Marshall & Sterling's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Marshall & Sterling in its investment decision-making process. Such research generally will be used to service all of Marshall & Sterling's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Marshall & Sterling does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

The Firm may receive from *Fidelity* and *Schwab*, without cost to Marshall & Sterling, computer software and related systems support, which allow Marshall & Sterling to better monitor client accounts maintained at *Fidelity* and *Schwab*. The Firm may receive the software and related support without cost because Marshall & Sterling renders investment management services to clients that maintain assets at *Fidelity* and *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit Marshall & Sterling, but not its clients directly. In fulfilling its duties to its clients, Marshall & Sterling endeavors at all times to put the interests of its clients first. Clients should be aware; however, that Marshall & Sterling's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Marshall & Sterling's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Firm may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group and *Schwab* through its Schwab Advisor ServicesTM division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its 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.

Item 13. Review of Accounts

For those clients to whom Marshall & Sterling provides investment management services, the Firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted on

at least a quarterly basis. For those clients to whom Marshall & Sterling provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the Firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. Marshall & Sterling contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Item 14. Client Referrals and Other Compensation

Client Referrals

If a client is introduced to Marshall & Sterling by either an unaffiliated or an affiliated solicitor, Marshall & Sterling may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Marshall & Sterling’s investment management fee and does not result in any additional charge to the client. If the client is introduced to Marshall & Sterling by an unaffiliated solicitor, the solicitor provides the client with a copy of Marshall & Sterling’s written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor’s disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Marshall & Sterling discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Marshall & Sterling’s written disclosure brochure at the time of the solicitation.

Other Economic Benefits

In addition, Marshall & Sterling is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

Marshall & Sterling’s *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Marshall & Sterling through such *Financial Institution* to debit the client’s account for the amount of Marshall & Sterling’s fee and to directly remit that management fee to Marshall & Sterling in accordance with applicable custody rules.

The *Financial Institutions* recommended by Marshall & Sterling have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Marshall & Sterling. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to the invoices received from Marshall & Sterling.

Item 16. Investment Discretion

Marshall & Sterling is given the authority to exercise discretion on behalf of clients. Marshall & Sterling is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Marshall & Sterling is given this authority through a power-of-attorney included in the executed agreement between Marshall & Sterling and the client. Clients may request a limitation on this authority (including that certain securities not be bought or sold). Marshall & Sterling takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

The Firm is required to disclose if it accepts authority to vote client securities. Marshall & Sterling does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

The Firm is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Marshall & Sterling

WEALTH ADVISORS

Registered Investment Advisor

Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®