

# **ISI Financial Group, Inc.**

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**February 20, 2014**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of ISI Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 717-393-3353. 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 ISI Financial Group, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

ISI Financial Group, Inc. 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 Summary of Material Changes**

The following is a Summary of the Material Changes to the Part 2A disclosure brochure for ISI Financial Group, Inc. which have occurred since the filing of our last annual updating amendment on February 5, 2013.

(1) We disclosed that for financial plans, in the event more than 7 hours is needed to prepare and review the plan with you, we will charge an hourly fee of \$375.

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## Item 4 Advisory Business

ISI Financial Group, Inc. is a registered investment adviser based in Lancaster, Pennsylvania. We are organized as a corporation under the laws of the Commonwealth of Pennsylvania and we have been providing investment advisory services since 1995. Our firm is owned by Timothy J. Decker. Mr. Decker is the firm's President and Chief Compliance Officer.

We provide investment management services, and, to the extent specifically requested by a client, financial planning and consulting services. We also provide educational seminars/workshops for a fee.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to ISI Financial Group, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### INVESTMENT MANAGEMENT SERVICES

Clients may engage our firm to provide discretionary investment management services on a *fee-only* basis. If you retain our firm for investment management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. As part of our investment management services, we will create an investment portfolio for you according to your risk tolerance and investing objectives. Investment portfolios may be based on one or more proprietary model portfolios developed by our firm which will be customized for each particular client. Once we construct an investment portfolio for you, we will monitor your portfolio on an ongoing basis, and will rebalance the portfolio as needed in line with your investment policy statement and financial condition.

If you retain our firm for investment management services, we require discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account, subject to a previously agreed upon Investment Policy Statement, without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

Generally we do not allow clients to impose restrictions on the management of their accounts, however in certain circumstances after discussion with our firm, we may agree that you may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

**Independent Managers.** For certain existing clients of the firm, we may have recommended that the client allocate a portion of the client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. We shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which we consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. We will include the assets managed by the independent manager when calculating our investment management fees.

## **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, we may provide financial planning services which typically involve providing advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. Financial planning services are provided on a stand-alone separate fee basis. (including investment and non-investment related matters, including estate planning, insurance planning, etc.)

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

To the extent requested by a client, we may provide consulting services on investment and/or non-investment related matters, such as portfolio reviews, investment consulting, estate planning, tax planning, insurance, etc. Neither our firm, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of our services should be construed as same. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). Clients are under no obligation to engage the services of any such recommended professional. Clients retain absolute discretion over all such implementation decisions and are free to accept or reject any of our recommendations. **Please Note:** If you engage any such recommended professional, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## **COMPANY RETIREMENT PLAN SERVICES**

We offer company retirement plan services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include selection and monitoring of the Plan's investment alternatives, recommendation of asset allocation models and individualized investment advice to participants. These retirement plan services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary. In certain cases, we may provide discretionary services.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of retirement plan services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

### **Advisory Services to Retirement Plans**

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have signed with our firm. Our compensation for these services is described below, at Item 5, and also in the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing ERISA fiduciary services, we are acting as a non-discretionary fiduciary of the Plan as defined in Section 3(21)(A)(ii), only. We do not act as a discretionary "investment manager" of the Plan as defined in Section 3(38) under ERISA, unless agreed to in writing.

### **EDUCATIONAL SEMINARS/WORKSHOPS**

We may be separately engaged to participate and/or provide educational seminars/workshops that focus on investment and non-investment matters. These seminars are limited in nature and are not intended to provide the participants with personalized investment advice.

### **Wrap Fee Program**

Our firm does not participate in a wrap fee program.

### **Types of Investments**

We primarily offer advice on no load institutional mutual funds and exchange traded funds.

### **Assets Under Management**

As of December 31, 2013, we managed \$252,641,684 in client assets under management on a discretionary basis and \$24,379,902 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **INVESTMENT MANAGEMENT SERVICES**

Our fee for investment management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Account Size</b>	<b>Annual Fee</b>
First \$499,999	1.32%
Next \$500,000 - \$999,999	0.98%
Next \$1,000,000 - \$2,999,999	0.85%
Next \$3,000,000 - \$4,999,999	0.75%
Next \$5,000,000 - \$9,999,999	0.55%
Next \$10,000,000+	Negotiable

Our annual portfolio management fee is payable quarterly in arrears based on the value of your account on the last day of the quarter. If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee may be negotiable, depending on individual client circumstances and portfolio size.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. In limited circumstances, we may invoice clients directly for advisory fees in which case payment shall be due and payable directly upon receipt of invoice.

You may terminate the investment advisory agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

We charge a non-negotiable fixed fee of \$2950 for financial planning services which entitles you to receive a financial plan taking up to 7 hours to prepare and review with you. In the event more than 7 hours is needed, we will charge you a non-negotiable hourly fee of \$375. We require half of the financial planning fee to be paid in advance with the remainder due upon presentation of the plan. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate.

For consulting services, we charge a non-negotiable hourly fee of \$375. Consulting fees are immediately due upon completion of the services rendered. We have a minimum fee of \$375 for consulting services and charge in 15 minute increments. We do not require you to pay fees six or more months in advance.

You may terminate the financial planning and consulting agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees based upon the portion of the work performed and any pre-paid unearned fees will be refunded to you.

## **COMPANY RETIREMENT PLAN SERVICES**

For company retirement plan services, we charge a negotiable fee ranging up to 1% per year of the value of the Plan's assets or a non-negotiable fixed fee of \$375 per hour. Our asset based fee is due and payable quarterly in arrears and our hourly fees are generally due upon invoice. The Plan custodian generally deducts our fee out of the Plan's accounts and remits the fee to us. In some cases, we may invoice clients directly for our fee.

Our advisory fees for customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

You may terminate the retirement agreement upon written notice to our firm in accordance with the terms of the agreement. You will incur a pro rata charge for services rendered prior to the termination of the agreement based on the number of days in the quarter you were a client of the firm.

## **EDUCATIONAL SEMINARS/WORKSHOPS**

We charge a fixed fee for participation in an educational seminar or workshop. Our fee is generally not negotiable and the exact fee will depend upon the substance of the seminar but will generally be at least \$15 per person. We may, in our sole discretion, charge a lesser fee. The fee is payable directly to our firm either before or at the time of the educational seminar/workshop. This fee is generally not refundable.

## **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds (described in each prospectus). These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## **Item 7 Types of Clients**

Our clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. We generally require a \$500,000 minimum asset level for investment management services. However, we may, in our sole discretion, reduce our management fee and/or reduce or waive our minimum asset requirement 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, negotiations with client, etc.).



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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Quantitative and Qualitative Assessment** - involves the evaluation of fund managers based on quantitative (measurable) factors such as performance and qualitative factors, which cannot be precisely measured, such as experience and caliber of management style and investment philosophy. Although quantitative and qualitative factors are distinguishable, they must be combined to arrive at sound business and financial judgment.

**Risk:** The risk of quantitative and qualitative assessment is that the information obtained is subject to a subjective analysis which may lead to differing conclusions on decisions to invest.

- **Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than five years.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in, or perhaps just your particular investment, will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

### Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

### Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we primarily invest in no load institutional mutual funds and exchange traded funds. However, we may invest in other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a

significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## **Item 9 Disciplinary Information**

ISI Financial Group, Inc. has been registered and providing investment advisory services since 1995. Neither our firm nor any management person has any reportable disciplinary information.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker .
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. other investment adviser or financial planner.
4. futures commission merchant, commodity pool operator, or commodity trading advisor.
5. banking or thrift institution.
6. accountant or accounting firm.
7. lawyer or law firm.
8. insurance company or agency.
9. pension consultant.
10. real estate broker or dealer.
11. sponsor or syndicator of limited partnerships.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

**Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

**Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

**Item 12 Brokerage Practices**

Our firm participates in the TD Ameritrade Institutional program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA, an unaffiliated SEC registered broker-dealer and FINRA member. TD Ameritrade offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some economic benefits from TD Ameritrade through our participation in this program. (Please see the disclosures under the Client Referrals and Other Compensation section below)

We believe that TD Ameritrade provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by TD Ameritrade, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

In very limited circumstances, we will accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## Item 13 Review of Accounts

For investment management accounts, we monitor accounts on an ongoing basis. A specific review of an account may be performed based on factors including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives,
- upon client request

All investment management clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation.

Investment management clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Upon request of the client, we may also provide a written periodic report summarizing account activity and performance.

All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with our firm regularly as needed.

We will review/update financial plans only upon your request. Such reviews and updates may be subject to our then current hourly rate.

## Item 14 Client Referrals and Other Compensation

As disclosed under Item 12 above, we participate in TD Ameritrade's Institutional Advisor Program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade's retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our clients; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client accounts); the ability to have our fees deducted directly from our clients' accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our associated persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment), expenses for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist our firm in managing and administering our client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help our firm manage and further develop our business enterprise.

The benefits received by our firm and our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade and are not considered "soft dollar" benefits. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or associated persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We do not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

**Please Note:** To the extent that we provide clients with periodic account statements or reports, you are urged to compare any statement or report provided by our firm with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of our advisory fee calculation. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement. You must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), subject to an agreed upon and signed Investment Policy Statement, without obtaining your consent or approval prior to each transaction.

Generally we do not allow clients to impose restrictions on the management of their accounts; however in certain circumstances, on an exception basis, after discussion with our firm, we may agree that you may specify, in writing, investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Error Policy**

Our firm will reimburse accounts for losses resulting from our trade errors, but we will not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within our firm's custodial account and we will retain the net gains and losses.

### **Client Obligations**

In performing our services, we shall not be required to verify any information received from you or from your other professionals, and is expressly authorized to rely thereon. Moreover, you are advised that it remains your responsibility to promptly notify our firm if there is ever any change in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**ANY QUESTIONS:** Our Chief Compliance Officer, Timothy J. Decker, remains available to address any questions that you may have regarding the above disclosures and arrangements.