

**Item 1: Cover Page**

**Part 2A of Form ADV**  
**Firm Brochure**  
March 31, 2014

**Truro Asset Management, LLC**  
SEC File No. 801-76164

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This brochure provides information about the qualifications and business practices of Truro Asset Management, LLC. If you have any questions about the contents of this brochure, please contact John Napolitano at 781-849-9200 or [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Truro Asset Management, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Effective December 22, 2013, the firm has moved its offices from 139 Wood Road, Braintree, MA 02184, to 30 Braintree Hill Office Park, Suite 201, Braintree, MA 02184.

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## Item 4: Advisory Business

### A. Description of Your Advisory Firm

Truro Asset Management, LLC ("Truro" and/or "the firm"), a Delaware limited liability company, is an investment management firm and is contracted as a sub-adviser to various third-party investment advisers.

Truro is owned and controlled by John Napolitano through the firm's parent company, U.S. Wealth Management, LLC. There are other members of U.S. Wealth Management, LLC; however, Mr. Napolitano is the only member with more than 25% control. Truro has been registered as an investment adviser since 1998.

### B. Description of Advisory Services Offered

Truro is an independent investment management firm providing asset management services as a sub-adviser to third-party investment advisers. Truro offers model portfolios that include securities and strategies as itemized in Item 8 of this Brochure.

#### B.1. Truro Asset Management Program

The Truro Asset Management Program ("Truro") is available to clients through investment adviser representatives of its affiliate entity, U.S. Financial Advisors, LLC (USFA"), an SEC-registered investment adviser, or through investment adviser representatives of unaffiliated investment adviser firms that have entered into an adviser-to-adviser agreement with USFA.

Each investment strategy, which is described in Item 8 of this Brochure, consists of investments specifically selected in order to achieve that particular strategy's investment objective. The client's assets are invested in a manner consistent with the investment strategy chosen; however, specific client portfolios may deviate from Truro's investment strategies due to a number of factors, which may include inception date of the account, tax considerations, liquidity needs, and other circumstances specific to the client.

### C. Client-Tailored Services and Client-Imposed Restrictions

Absent any client direction, Truro generally does not develop customized portfolio holdings for the client. Clients select a category of risk based on an assessment of their individual risk tolerance and investment objectives, to which one or more model portfolios are then correlated. Clients may, however, impose reasonable restrictions on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

### D. Wrap Fee Programs

Truro may participate in third party wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.) Please refer to the applicable wrap fee program disclosure document for

more detailed information on services, fees, investment strategies, conflicts of interest, and related information.

### **E. Client Assets Under Management**

As of December 31, 2013, Truro has \$0 of client assets under management.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

For clients who retain the firm to provide portfolio management services, Truro's fee schedule is itemized below and is computed on the basis of the market value of the client's portfolio assets on the last business day of the preceding quarter. The quarterly fee is charged at one-fourth the annual rate specified below:

#### *Fee Schedule A – For Truro Active Model Portfolios*

<u>Assets Under Management</u>	<u>Annual Fee</u>
All Assets	0.55%

#### *Fee Schedule B – For Truro Sector Premium Model Portfolios*

<u>Assets Under Management</u>	<u>Annual Fee</u>
All Assets	1.15%

For investment management services, Truro generally imposes a minimum account size of \$100,000. Accounts valued less than \$100,000 can be accepted at our discretion. Fees are negotiable.

Generally, fees will be charged quarterly in advance; subject to approval by Truro, clients may also pay quarterly or monthly in advance or arrears. The third-party investment adviser will compute the fees due Truro on a quarterly basis and remit such fees to Truro as detailed in the sub-adviser agreement.

For clients who pay either monthly or quarterly in advance, the client will be invoiced at the beginning of each calendar month or quarter, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous month or quarter. Fee adjustments for contributions to and withdrawals from a client's portfolio are subject to the sub-adviser agreement between Truro and the investment adviser that engages them.

For clients who pay either monthly or quarterly in arrears, the client will be invoiced at the end of each calendar month or quarter based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of such month or quarter, as mutually agreed upon by the client and Truro.

A client investment advisory agreement may be canceled at any time by the client, or by Truro with 30 days' prior written notice to the client. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

**B. Client Payment of Fees**

Truro will not take custody or possession of client funds or securities. Truro may be paid either directly by the third-party investment adviser or by directly debiting the client's custodian account. Truro will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

**C. Additional Client Fees Charged**

The fees charged by Truro do not include fees charged by any exchange-traded fund, mutual fund, or any broker-dealer or custodian selected by the client. In the case of an exchange-traded fund or mutual fund, fees and charges are disclosed in the respective fund's prospectus. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Truro may be precluded from using certain mutual funds because they may not be offered by the client's custodian. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

**D. Prepayment of Client Fees**

For Truro clients that prepay their advisory fees, Truro's fees will either be paid directly by the client or disbursed to Truro by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least monthly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by Truro with 30 days' prior written notice to the client. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

**E. External Compensation for the Sale of Securities to Clients**

Truro's advisory professionals are compensated primarily through a salary and bonus structure. Truro's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Truro's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Please see Item 10.C. for detailed information and conflicts of interest.



## **Item 6: Performance-Based Fees and Side-by-Side Management**

Truro does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

Truro is an independent investment management firm providing asset management services as a sub-adviser to various third-party investment advisers, who in turn offer their services to individuals including high-net-worth individuals (and their trusts and estates), pension and profit sharing plans, charitable organizations, non-profit organizations, educational institutions, corporations, and other business entities.

For investment management services, Truro generally imposes a minimum account size of \$100,000. The account minimum may be waived by the firm in its sole discretion.

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

### **A. Methods of Analysis and Investment Strategies**

Truro uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Truro and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to attempt the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Truro reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Truro may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.1. Mutual Funds, Exchange-Traded Funds, Individual Equity and Fixed Income Securities**

Truro may recommend no-load and load-waived funds and individual securities (including fixed income instruments). Such management styles will include, among others, large-, mid- and small-cap value, growth and core; emerging markets; and alternative investments. A description of the criteria to be used in formulating an investment recommendation for funds, exchange-traded funds, individual securities (including fixed income securities) and managers is set forth below.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, and individual securities (including fixed-income securities), is set forth below.

Truro has or may form relationships with third party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds and exchange-traded funds
- perform billing and certain other administrative tasks

Truro may utilize additional independent third parties to assist in recommending and monitoring funds to clients as appropriate under the circumstances.

Truro reviews certain quantitative and qualitative criteria related to individual securities and funds to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a fund manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the fund manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in recommending fund managers include Truro Investment Committee access to the manager, the investment objectives and/or management style and philosophy of a fund manager, a fund manager's consistency of investment style, and employee turnover and efficiency and capacity. Truro will discuss relevant quantitative and qualitative factors pertaining to its managed portfolios with clients, as required by such clients.

Quantitative and qualitative criteria related to fund managers may be reviewed by Truro's investment committee on a quarterly basis. In addition, fund managers may be reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the fund manager by Truro (both of which may be negative factors in implementing an asset allocation structure). Based on its review, Truro will make decisions regarding the retention or discharge of a fund.

## **A.2. Material Risks of Investment Instruments**

Truro typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities

- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Option contracts on securities
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Collateralized obligations

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.2.b. Warrants and Rights**

Truro may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major 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.

#### **A.2.d. Exchange-Traded Funds ("ETFs")**

Truro may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, 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 severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal

level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.g. U.S. Government Securities**

Truro may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.h. Options on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates.

#### **A.2.i. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHLMC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

#### **A.2.j. Corporate Debt Obligations**

Truro may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the

investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. Truro may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

#### **A.2.k. Mortgage-Backed Securities**

Truro may invest in mortgage-backed securities, including pass-through securities and collateralized obligations. Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, Truro may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts, with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

#### **A.2.l. Collateralized Obligations**

Truro may invest in collateralized mortgage obligations ("CMOs") that are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on



a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Truro may also invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Model Portfolio Strategies**

Truro offers several strategies when managing client accounts. Each investment strategy consists of investments specifically selected in order to achieve that particular strategy's investment objective. The client's assets are invested in a manner consistent with the investment strategy chosen; however, specific client portfolios may deviate from Truro's investment strategies due to a number of factors, which may include inception date of the account, tax considerations, liquidity needs, and other circumstances specific to the client. Following is a description of each strategy:

**Growth** – Targeting real growth through capital appreciation with controlled volatility. The Truro Growth Strategy is typically utilized for clients who are very comfortable with volatility, are early to middle career, and do not intend to access their assets within the short to intermediate time frame.

**Growth and Income** – Targeting real growth through both capital appreciation and income with controlled volatility. The Truro Growth & Income Strategy is typically utilized for clients comfortable with volatility, are early to mid-career, and do not intend to access their assets within the short to intermediate time frame.

**Balanced** – Targeting real return through both capital appreciation and income with controlled volatility. The Truro Balanced Strategy is typically utilized for clients comfortable with a modest and controlled amount of volatility, are nearing retirement or are in retirement, and benefit from a modest level of cash flow from their portfolio.

**Conservative** – Targeting real return through both capital appreciation and income with low-volatility. The Truro Conservative Strategy is typically utilized for clients who are generally uncomfortable with volatility, are nearing retirement or are in retirement and may benefit from a modest level of cash flow from their portfolio.

**Enhanced Income** – Targeting a consistent and diversified income stream. The Truro Enhanced Income Strategy is typically utilized for clients that are in retirement and may benefit from a supplementary source of income.

**Tactical** – Including the Truro Alpha Sector Premium Strategy, Alpha Sector Strategy, and All Weather Premium Strategy.

- *Alpha Sector Premium:* The Truro Alpha Sector Premium Strategy utilizes exchange-traded funds (ETF) representing nine sectors of the Standard and Poor 500 index. It uses technical analysis exclusively and may have full exposure to equity market risk or no exposure to equity market risk. It is designed to capture as much of the upswing in rising U. S. equity markets as possible and to avoid downturns in the U. S. equity markets by investing in an ETF holding U. S. Treasury bills. This strategy may trade as frequently as weekly. Trading may be frequent in this strategy thereby causing increased costs due to trading and potential income tax costs associated with short-term gains. This method is susceptible to equity market risk.
- *Alpha Sector:* The Truro Alpha Sector Strategy is identical to the Alpha Sector Premium except for the frequency of trading. The Alpha Sector Strategy may be traded as frequently as monthly. Trading may be frequent in this strategy thereby causing increased costs due to trading and potential income tax costs associated with short-term gains. This method is susceptible to equity market risk.
- *All Weather Premium:* The Truro All Weather Premium Strategy is similar to the Alpha Sector Premium Strategy in that it may be traded weekly. In addition to the Alpha Sector Premium strategy, the All Weather Premium Strategy also includes allocations to foreign equities, fixed income securities, and alternative strategies such as equities focused on materials, metals, or real estate. Trading may be frequent in this strategy thereby causing increased costs due to trading and potential income tax costs associated with short-term gains. This portfolio may contain equity market risk and sensitivity to interest rate and credit risks.

## **B.2. Leverage**

Although Truro, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers, mutual funds, and, in very limited circumstances, Truro, will utilize leverage. In this regard, please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. In addition, the use of leverage enhances the price volatility of the collateral securities which can result in significant loss.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to

the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a required margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **B.3. Short-Term Trading**

Although Truro, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-velocity trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.4. Short Selling**

Truro generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the borrowed security.

### **B.5. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

USFA as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

**B.5.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**B.5.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

**B.4.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

**B.6. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry and sector performance.

**C. Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). 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.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

Truro has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

Truro has nothing to disclose for this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

Truro has nothing to disclose for this item.

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

### **A. Broker-Dealer or Representative Registration**

Truro is not and does not have a related company that is a broker-dealer.

Certain members and employees of Truro are registered representatives with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC, and Truro offices are also LPL branch office locations. LPL is a financial services company engaged in the sale of investment products. Truro professionals licensed with LPL as registered representatives spend less than 25% of their time engaged in commission product sales through LPL.

As a result of Truro members and registered professionals' affiliation with LPL, such professionals, in their capacity as registered representatives of LPL, are subject to the general oversight of LPL and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Truro should understand that their personal and account information is available to FINRA and LPL for the fulfillment of their regulatory oversight obligations and duties.

Further, a potential conflict of interest may be deemed to exist as a result of Truro personnel being licensed with LPL; in that regard please note the following:

- A conflict of interest may exist between Truro and its clients.
- The client is under no obligation to act upon Truro's recommendation.
- If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through LPL.

### **B. Futures or Commodity Registration**

Truro is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and does not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. U.S. Financial Advisors, LLC**

Truro is affiliated with U.S. Financial Advisors, LLC ("USFA"). Clients should understand that Truro does not offer separate account management services directly with end clients. Rather, it offers its services exclusively to clients of registered investment advisers under a sub-adviser relationship with third-party advisers. Clients may approach Truro to function as their investment adviser. Since Truro acts only as a sub-adviser, Truro will in the first instance recommend its affiliate USFA. Clients are advised of a potential conflict of interest in that Truro has an economic interest in recommending the services of USFA. Such recommendation may be viewed as being in the best interests of Truro and USFA rather than in the best interests of the client.

### **C.2. LPL Financial**

Certain members and employees of Truro are registered representatives with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC. As a result, such professionals, in their capacity as registered representatives of LPL, are subject to the oversight of LPL and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of Truro should understand that their personal and account information is available to FINRA and LPL personnel in the fulfillment of their oversight obligations and duties.

Truro advisory clients are not compelled to effect securities transactions through LPL. Truro professionals who effect transactions for advisory clients will not receive transaction or commission compensation from either LPL or any other executing broker. Truro may be deemed to have a conflict of interest in that effecting transactions through LPL will benefit Truro by providing leverage to potentially negotiate a better fee structure from LPL.

Further, a potential conflict of interest may be deemed to exist as a result of Truro personnel being licensed with LPL; in that regard please note the following:

- A conflict of interest may exist between Truro and its clients.
- Clients are not compelled to establish brokerage accounts with LPL.
- Clients may direct that Truro use another broker-dealer to effect transactions. Please see Item 12.B. for limitations on client-directed brokerage transactions.

### **C.3. Accounting Services**

Certain members and employees of Truro may also be separately licensed as certified public accountants or enrolled agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be separate from fees charged for advisory services.

Clients are advised of a potential conflict of interest in that there is an economic incentive to recommend the services of such accountants. Clients are also advised that Truro professionals strive to put their clients' interests first and foremost. Clients may utilize any accounting firm they desire.

### **C.4. U.S. Insurance Brokers, LLC**

Certain members and employees of Truro are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions. U.S. Wealth Management, LLC, is the sole owner of Truro and U.S. Insurance Brokers ("USIB"), a licensed insurance agency. Some of Truro's investment advisor representatives sell insurance products through USIB.

USIB is engaged in the business of placing life insurance, health insurance, disability insurance, and annuity business on a brokerage basis with a number of insurance companies. To the extent Truro may recommend the services of an insurance broker to clients of the investment adviser,

Truro may recommend USIB for the placement of various life insurance, annuity, long term care, disability insurance, and other appropriate insurance products to meet the needs of the client.

Clients are advised of a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Clients are also advised that Truro professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire.

#### **C.5. Taiber Kosmala & Associates, LLC**

Truro has entered into an investment advisory consulting arrangement with Taiber Kosmala & Associates, LLC ("TKA"), an unaffiliated investment adviser that provides Truro with investment research, model portfolio recommendations, allocation recommendations, and specific security analysis and recommendations. Truro's agreement is directly with TKA, and Truro clients do not enter into an agreement with TKA. Services are provided directly to Truro. TKA does not provide advice directly to clients and does not have access to client accounts. Truro is fully responsible for accepting and implementing all recommendations made by TKA. Truro pays TKA an annual fixed fee for their consulting services. Because of Truro's reliance on TKA's recommendations and research, our methods of analysis and investment strategies go hand-in-hand with TKA.

#### **C.6. Skyview Advisors**

Truro has a relationship with Skyview Advisors in that Skyview provides portfolio analytic services to Truro. In return, Truro may recommend certain funds advised by Skyview Advisors to Truro clients. Clients should understand that this practice may constitute a conflict of interest, and recommendations of funds advised by Skyview Advisors may be viewed as being in the best interest of Truro rather than its clients.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Other than as described in Item 10.C. above, Truro does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.



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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Truro has adopted policies and procedures designed to detect and prevent insider trading. In addition, Truro has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. Truro will send clients a copy of its Code of Ethics upon written request.

Truro has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Truro does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory).

Truro is affiliated with U.S. Financial Advisors, LLC. Clients should understand that Truro does not offer separate account management services directly with end clients. Rather it offers its services exclusively to clients of registered investment advisers under a sub-adviser relationship with such investment adviser firms. As such, Truro has an economic interest in recommending to potential end clients that they utilize the services of U.S. Financial Advisors, LLC. Such recommendation may be viewed as being in the best interests of Truro rather than in the best interests of the client.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Truro, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Truro specifically prohibits. Truro has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Truro's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Truro, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. Truro will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Truro to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Truro operates as a sub-adviser to various investment adviser firms. All custodian recommendations are provided by the investment adviser subscribing to the third-party investment adviser's investment platform.

#### A.2. Soft Dollar Arrangements

Truro does not utilize soft dollar arrangements.

#### A.3. Brokerage for Client Referrals

Truro does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

#### A.4. Client-Directed Brokerage

Occasionally, clients may direct Truro to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Truro derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Truro loses the ability to aggregate trades with other Truro advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### B. Aggregating Securities Transactions for Client Accounts

#### B.1. Best Execution

Truro, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities. Truro recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Truro will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future

- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Truro seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Truro's knowledge, these custodians provide high-quality execution, and Truro's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Truro believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Truro may be managing accounts with similar investment objectives, Truro may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Truro in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Truro's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Truro will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Truro's advice to certain clients and entities and the action of Truro for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Truro with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Truro to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed

and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Truro believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Truro acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Truro determines that such arrangements are no longer in the best interest of its clients.

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## Item 13: Review of Accounts

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Reviews of model portfolios and strategies are performed by the Investment Committee on consistent and ongoing basis. At least quarterly, the Investment Committee reviews the model portfolios' strategy allocations, fund performance, and strategy performance. In addition, should capital markets call for more immediate review, the Investment Committee will make a determination regarding changes to the models' allocation and/or investments.

Individual clients' model portfolios will be reviewed by the client's investment advisor professional.

### **B. Review of Client Accounts on Non-Periodic Basis**

Truro may perform ad hoc reviews on an as-needed basis if the client has imposed significant restrictions on Truro's management of the account or if there have been material changes in how Truro formulates investment advice or constructs its model portfolios.

### **C. Content of Client-Provided Reports and Frequency**

Truro may provide performance or other reports to investment adviser firms or their clients that detail account performance against applicable benchmarks. Any performance or related reports are generally provided by the client's investment adviser; clients should refer to Item 13 of their investment adviser's Form ADV Part 2A. In addition, the client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Truro.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Truro has a relationship with Skyview Advisors in that Skyview provides portfolio analytic services to Truro. In return, Truro may recommend certain funds advised by Skyview Advisors to Truro clients. Clients should understand that this practice may constitute a conflict of interest and recommendations of funds advised by Skyview Advisors may be viewed as being in the best interest of Truro rather than its clients.

### **B. Advisory Firm Payments for Client Referrals**

Truro does not make payment for client referrals.

## Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Truro urges its clients to compare the account balance(s) shown on their Truro account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.



## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Truro with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Truro will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement

## Item 17: Voting Client Securities

Truro does not take discretion with respect to voting proxies on behalf of its clients. Truro will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Truro supervised and/or managed assets. In no event will Truro take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Truro will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Truro has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Truro also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Truro has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Truro receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Truro does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Truro does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.

## Brochure Supplements

## **Brochure Supplement**

March 31, 2014

### **Truro Asset Management, LLC**

SEC File No. 801-76164

**John P. Napolitano**

**Manager and Chief Compliance Officer**

Individual CRD No. 2311315

139 Wood Road  
Braintree, MA 02184

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This brochure supplement provides information about John Napolitano that supplements the Truro Asset Management, LLC, brochure. You should have received a copy of that brochure. If you did not receive a brochure or if you have any questions about the contents of this supplement, please contact John Napolitano at 781-849-9200 or [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

Additional information about John Napolitano is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Educational Background and Business Experience

John P. Napolitano (b. 1956) is the Manager and Chief Compliance Officer of Truro Asset Management, LLC.

### A. Educational Background

Bachelor of Science in Accounting, Bentley College	1978
Master of Science in Taxation, Bentley College	1986

### B. Business Background

LPL Financial, Registered Representative	12/2011–Present
U.S. Financial Advisors, LLC, Investment Advisor Representative	09/1995–Present
U.S. Insurance Brokers, Insurance Agent	10/1995–Present
Lincoln Financial Securities Corp., Registered Representative	05/2009–12/2011
U.S. Wealth Advisors, LLC, Registered Representative	01/2006–05/2009

## Item 3: Disciplinary Information

John P. Napolitano does not have any disciplinary action to report. Public information concerning Mr. Napolitano's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 4: Other Business Activities

### Registered Representative of LPL Financial LLC

Mr. Napolitano is separately licensed as a registered representative with LPL Financial LLC ("LPL Financial"), a registered securities broker-dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). When acting in his separate capacity as a registered representative of LPL Financial, Mr. Napolitano may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Mr. Napolitano may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to a USFA advisory account.

The receipt of commissions creates an incentive for Mr. Napolitano to recommend those products for which he will receive a commission. Consequently, the objectivity of the advice rendered to clients could be biased. Mr. Napolitano controls for this potential conflict of interest by discussing with clients the advantages and disadvantages of establishing a fee-based account

through USFA versus establishing a commission-based account through LPL Financial. USFA does not require its advisor representatives to encourage clients to implement investment advice through LPL Financial. Mr. Napolitano does not earn commissions in fee-based accounts.

Clients should understand that, due to certain regulatory constraints, Mr. Napolitano, in his capacity as an LPL Financial registered representative, must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or other approved institutions.

USFA advisory clients are not compelled to effect securities transactions through LPL. USFA professionals who effect transactions for advisory clients will not receive transaction or commission compensation from either LPL or any other executing broker. USFA may be deemed to have a conflict of interest in that effecting transactions through LPL will benefit USFA by providing leverage to potentially negotiate a better fee structure from LPL.

Further, a potential conflict of interest may be deemed to exist as a result of USFA personnel being licensed with LPL; in that regard please note the following:

- A conflict of interest may exist between USFA and its clients.
- Clients are not compelled to establish brokerage accounts with LPL.
- Clients may direct that USFA use another broker-dealer to effect transactions.

### **Insurance Agent**

Mr. Napolitano is independently licensed to sell insurance and annuity products through various insurance companies. He currently conducts and markets insurance activities through U.S. Insurance Brokers, LLC, an affiliate of U.S. Financial Advisors. Mr. Napolitano spends a minimal amount of time on insurance activities.

When acting in this capacity, Mr. Napolitano will receive commissions for selling insurance and annuity products. Mr. Napolitano may also receive other incentive awards for the recommendation/ sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect the judgment of Mr. Napolitano when recommending products to clients. While Mr. Napolitano endeavors at all times to put the interest of his clients first as a part of U.S. Financial Advisors' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect Mr. Napolitano's decision-making process when making recommendations. Clients are never obligated or required to purchase insurance products from or through Mr. Napolitano and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

### **U.S. Wealth Management, LLC**

Mr. Napolitano is Chairman, Chief Executive Officer, and controlling Member of U.S. Wealth Management, LLC, the parent company of U.S. Financial Advisors, LLC, and U.S. Insurance Brokers, LLC. In this role, Mr. Napolitano attends board meetings, helps determine business decisions, and is eligible to receive a portion of U.S. Wealth Management, LLC's profits based on his percentage of control in U.S. Wealth Management, LLC.

### **Professional Speaker and Freelance Author**

Since 1990, Mr. Napolitano has been a professional speaker and freelance author on financial and investment-related issues. This activity demands approximately 10% of his time and he receives a minimal amount of revenue for speaking and writing events. Other than time spent, this activity does not have a material impact on Mr. Napolitano's advisory business.

### **Item 5: Additional Compensation**

Mr. Napolitano receives additional compensation from the business activities described in Item 4 above.

In addition, certain product sponsors may provide Mr. Napolitano with other economic benefits as a result of Mr. Napolitano's recommendation or sale of the product sponsors' investments. The economic benefits received by Mr. Napolitano from product sponsors can include but are not limited to financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Mr. Napolitano in providing various services to clients.

Although Truro Asset Management and Mr. Napolitano endeavor at all times to put the interest of their clients ahead of their own interests or those of the firm's officers, directors, or representatives, these arrangements could affect the decision-making process of Mr. Napolitano when recommending investment products.

### **Item 6: Supervision**

Supervision of John Napolitano is performed by himself in his capacity as Chief Compliance Officer, through reviews of internal transaction and security holdings reports, electronic and physical correspondence, and other internal reports as mandated by the firm and its regulatory authorities. Mr. Napolitano can be reached at 781-849-9200.



## **Brochure Supplement**

March 31, 2014

### **Truro Asset Management, LLC**

SEC File No. 801-76164

**Christopher M. Shea**  
**Chief Investment Officer**  
Individual CRD No. 4244023

139 Wood Road  
Braintree, MA 02184

phone: 781-849-9200  
email: [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com)  
website: [www.uswealthmanagement.com](http://www.uswealthmanagement.com)

This brochure supplement provides information about Christopher Shea that supplements the Truro Asset Management, LLC, brochure. You should have received a copy of that brochure. If you did not receive a brochure or if you have any questions about the contents of this supplement, please contact John Napolitano at 781-849-9200 or [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

Additional information about Christopher Shea is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Educational Background and Business Experience

Christopher M. Shea (b. 1974) is the Chief Investment Officer for Truro Asset Management, LLC.

### A. Educational Background

B.A., Economics, University of Massachusetts, Amherst 1996

### B. Business Background

U.S. Financial Advisors, LLC, Chief Investment Officer and Investment Advisor Representative	01/2012–Present
LPL Financial, Registered Representative	01/2012–Present
Goldman, Sachs & Co., Vice President	06/2010–01/2012
Goldman, Sachs & Co., Sales	10/2007–06/2010
U.S. Wealth Advisors, LLC, Registered Representative	01/2006–10/2007
AIG Financial Advisors, Inc., Mass Transfer	10/2005–12/2005
Sunamerica Securities, Inc., Registered Representative	12/2001–12/2005

## Item 3: Disciplinary Information

Christopher M. Shea does not have any disciplinary action to report. Public information concerning Mr. Shea's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 4: Other Business Activities

### Registered Representative of LPL Financial LLC

Mr. Shea is separately licensed as a registered representative with LPL Financial LLC ("LPL Financial"), a registered securities broker-dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). When acting in his separate capacity as a registered representative of LPL Financial, Mr. Shea may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Mr. Shea may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to a USFA advisory account.

The receipt of commissions creates an incentive for Mr. Shea to recommend those products for which he will receive a commission. Consequently, the objectivity of the advice rendered to clients could be biased. Mr. Shea controls for this potential conflict of interest by discussing with clients the advantages and disadvantages of establishing a fee-based account through USFA

versus establishing a commission-based account through LPL Financial. USFA does not require its advisor representatives to encourage clients to implement investment advice through LPL Financial. Mr. Shea does not earn commissions in fee-based accounts.

Clients should understand that, due to certain regulatory constraints, Mr. Shea, in his capacity as an LPL Financial registered representative, must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or other approved institutions.

USFA advisory clients are not compelled to effect securities transactions through LPL. USFA professionals who effect transactions for advisory clients will not receive transaction or commission compensation from either LPL or any other executing broker. USFA may be deemed to have a conflict of interest in that effecting transactions through LPL will benefit USFA by providing leverage to potentially negotiate a better fee structure from LPL.

Further, a potential conflict of interest may be deemed to exist as a result of USFA personnel being licensed with LPL; in that regard please note the following:

- A conflict of interest may exist between USFA and its clients.
- Clients are not compelled to establish brokerage accounts with LPL.
- Clients may direct that USFA use another broker-dealer to effect transactions.

## **Item 5: Additional Compensation**

Mr. Shea receives additional compensation from the business activities described in Item 4 above.

In addition, certain product sponsors may provide Mr. Shea with other economic benefits as a result of Mr. Shea's recommendation or sale of the product sponsors' investments. The economic benefits received by Mr. Shea from product sponsors can include but are not limited to financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Mr. Shea in providing various services to clients.

Although Truro Asset Management and Mr. Shea endeavor at all times to put the interest of their clients ahead of their own interests or those of the firm's officers, directors, or representatives, these arrangements could affect the decision-making process of Mr. Shea when recommending investment products.

## **Item 6: Supervision**

Supervision of Christopher Shea is performed by John Napolitano, Chief Compliance Officer, through reviews of internal transaction and security holdings reports, electronic and physical correspondence, and other internal reports as mandated by the firm and its regulatory authorities. Mr. Napolitano can be reached at 781-849-9200.

## **Brochure Supplement**

March 31, 2014

### **Truro Asset Management, LLC**

SEC File No. 801-76164

**Robert C. Napolitano**

**Associate Portfolio Manager**

Individual CRD No. 5916258

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Braintree, MA 02184

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website: [www.uswealthmanagement.com](http://www.uswealthmanagement.com)

This brochure supplement provides information about Robert Napolitano that supplements the Truro Asset Management, LLC, brochure. You should have received a copy of that brochure. If you did not receive a brochure or if you have any questions about the contents of this supplement, please contact John Napolitano at 781-849-9200 or [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

Additional information about Robert Napolitano is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Educational Background and Business Experience

Robert C. Napolitano (b. 1986) is an Associate Portfolio Manager with Truro Asset Management, LLC.

### A. Educational Background

B.S., Corporate Finance and Accounting, Bentley University 2008

### B. Business Background

Truro Asset Management, LLC, Associate Portfolio Manager 06/2011–Present

Schochet Associates 10/2009–06/2011

Caturano and Company 09/2008–09/2009

Prior to 09/2008, Mr. Napolitano was a full-time student at Bentley University.

## Item 3: Disciplinary Information

Robert C. Napolitano does not have any disciplinary action to report. Public information concerning Mr. Napolitano's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 4: Other Business Activities

There is nothing to report for this item.

## Item 5: Additional Compensation

There is nothing to report for this item.

## Item 6: Supervision

Supervision of Robert Napolitano is performed by John Napolitano, Chief Compliance Officer, through reviews of internal transaction and security holdings reports, electronic and physical correspondence, and other internal reports as mandated by the firm and its regulatory authorities. John Napolitano can be reached at 781-849-9200.