

**A.G. Morgan Financial Advisors, LLC**  
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**BROCHURE**

December 8, 2014

**This brochure provides information about the qualifications and business practices of A.G. Morgan Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (516) 798-1100 or email us at [clientservice@agmorgan.net](mailto:clientservice@agmorgan.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about A.G. Morgan Financial Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Material Changes**

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This brochure for A.G. Morgan Financial Advisors, LLC is for a new investment adviser and, as a result, does not include information on material changes to A.G. Morgan Financial Advisors, LLC's policies, practices, or conflicts of interest.

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## **Advisory Business**

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A.G. Morgan Financial Advisors, LLC (“A.G. Morgan”) provides financial planning and discretionary and non-discretionary investment advisory services to individuals, corporations, pension and profit plans, trusts, charitable organizations, and other business entities in accordance with the investment objective(s) of the client(s). Clients may restrict or prohibit purchases of certain securities or certain types of securities for their accounts. A.G. Morgan was organized and registered as an investment adviser in 2014, but its predecessor business has been active for approximately 20 years. The principal owner of A.G. Morgan is Vincent J. Camarda, CFP®, CEO and Chairman of the Board. James E. McArthur is the President as well as member of the Board.

A.G. Morgan offers the following services:

**Comprehensive Personal Financial Planning.** A.G. Morgan works with clients to define financial goals and priorities, develop financial strategies and prepare written plans that address investments, education funding, retirement planning, cash flow management, insurance, employee benefits, and estate planning. A.G. Morgan helps clients implement their plans and then monitors them, reviewing plans periodically as conditions and life events warrant. In certain circumstances, A.G. Morgan provides personal financial counseling for a “per engagement” flat fee and/or an annual flat fee or at hourly rates and a written plan may or may not be generated.

**Retirement Plan Consulting.** A.G. Morgan assists clients with determining suitable investments for the investment alternatives available in their retirement plan. A.G. Morgan reviews plan goals and investment offerings periodically as conditions and life events warrant and may facilitate communication between the client and plan administrator and record keeper. A.G. Morgan provides plan sponsors assistance in designing, selecting, establishing, and maintaining a qualified retirement plan for a “per engagement” flat fee and/or an annual flat fee or at hourly rates and a written plan may or may not be generated.

**Investment Review & Analysis.** First, A.G. Morgan consults with clients to obtain their risk tolerance profiles, investment time horizons and investment goals. Next, A.G. Morgan reviews clients’ portfolios for inefficiencies in the areas of expenses, taxes, asset allocation, liquidity, and overall investment strategies. Once identified, A.G. Morgan optimizes the liabilities of the clients’ portfolios as they relate to expenses and taxes. Finally, A.G. Morgan creates investment strategies that are in line with clients’ goals and risk tolerance. In certain cases, A.G. Morgan may engage one or more service providers on behalf of clients to help implement their investment strategies. In certain circumstances, A.G. Morgan provides investment counseling and management for a “per engagement” flat fee and/or an annual flat fee, at hourly rates, a percentage of assets or a combination of hourly rates and a percentage of assets.

**Variable Annuity and Variable Life Insurance Consulting.** A.G. Morgan assists clients with determining suitable investment alternatives for the investment options available in variable annuity and/or variable life insurance policies. A.G. Morgan reviews goals and investment offerings periodically as conditions warrant and provides advice regarding investment options upon request to clients. A.G. Morgan provides variable insurance and annuity counseling for a

“per engagement” flat fee and/or an annual flat fee, at hourly rates, a percentage of assets or a combination of hourly rates and a percentage of assets.

**Insurance Consulting.** A.G. Morgan helps clients choose life insurance policies, evaluate key features and terms of policies, as necessary, and determine the appropriate amount of coverage at the time of issue. A.G. Morgan determines the financial strengths of the insurer and explains the terms of the policies, including how the terms may affect clients. A.G. Morgan reviews a client’s goals and other financial circumstances to select a policy that fits within the client’s goals and plans. A.G. Morgan provides insurance counseling for a per engagement flat fee and/or annual flat fee or at hourly rates.

**Estate Planning.** A.G. Morgan works with clients to understand how they want to provide for others. A.G. Morgan discusses transferring assets to intended beneficiaries, reducing administration costs, reducing taxes, protecting an estate from mismanagement and protecting assets from creditors and other claims. Once A.G. Morgan understands the goals of its clients, A.G. Morgan designs a comprehensive estate plan tailored to meet clients’ objectives.

**Review of Asset Protection Plans.** A.G. Morgan reviews clients’ risk management systems. A.G. Morgan analyzes clients’ health, life and disability insurance policies. A.G. Morgan looks for inefficiencies in the area of premium outlays, insurance definitions, coverage limits, etc. Once identified, A.G. Morgan creates an asset protection plan for clients that fits their needs in terms of age, income, health, and long-term financial goals.

**Review of College Saving Plans.** First, A.G. Morgan gathers information about clients’ families regarding who is intended to attend college (personal, children, etc.), who in the family wishes to aid in funding the savings (parents, siblings, grandparents, in-laws, etc.), and to what extent they wish to fund the education. Next, A.G. Morgan reviews tax and income information to determine how much money can be given to the college savings plan. Then, A.G. Morgan determines the appropriate investment vehicles to use based on the amount of control and liquidity the major contributors wish to have over the funds invested. Using all these factors, A.G. Morgan creates college savings plans to fit the clients’ goals. A.G. Morgan provides college education counseling for a “per engagement” flat fee and/or an annual flat fee or at hourly rates.

**Comprehensive Reporting Service.** This service is provided to clients who seek quarterly comprehensive reports of all their investment accounts, including, among others, managed accounts, brokerage accounts, retirement plans, variable annuities, etc.

Since A.G. Morgan is a newly registered investment adviser, as of December 8, 2014, A.G. Morgan does not manage any assets on a discretionary or non-discretionary basis.

## **Fees and Compensation**

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### **Fees and Compensation**

Investment adviser representatives of A.G. Morgan who are also registered representatives of American Portfolios Financial Services, Inc. (“APFS”), an unaffiliated registered broker-dealer,

may receive commissions on sales of annuity products in their individual capacities as registered representatives of APFS. These commissions are from the sale of the annuity product and are separate from A.G. Morgan's advisory fee that may be charged for the ongoing portfolio allocation strategies and oversight. This practice presents a conflict of interest and gives the A.G. Morgan/APFS representative an incentive to recommend investment products based on the compensation they receive rather than the client's needs. To address this conflict, for clients of A.G. Morgan with respect to which an A.G. Morgan investment adviser representative receives commissions on the sale of an annuity product as a registered representative of APFS, the advisory fee charged to the account will be a reduced fee for the first 12 months after the sale of the annuity product.

A.G. Morgan may charge clients a fixed, hourly or asset-based fee for financial planning and/or retirement planning services. The hourly rates, which are negotiable, range from \$150 to \$500 per hour and the fixed fee, which is negotiable, typically ranges from \$500 to \$50,000. The asset-based fee has a maximum cap of 3.50%.

APFS deducts all fees from the client's assets and remits A.G. Morgan's fees to A.G. Morgan. Fees are payable quarterly, in advance, applied to the average aggregate value of a client's account during the preceding calendar quarter and are prorated for periods of less than a full quarter. In the event an advisory agreement is terminated, the client will receive a pro rata refund of the prepaid advisory fee. With respect to mutual funds and ETFs held in a client's account, fees payable to A.G. Morgan are in addition to expenses and advisory fees borne by these holdings including, if applicable, redemption fees, sales charges and transaction fees. A.G. Morgan's fee may be avoided by the client investing directly in such holdings. Clients will incur custody, brokerage and other transaction costs. For more information on A.G. Morgan's brokerage practices, see "Brokerage Practices" below.

## **Performance-Based Fees and Side-by-Side Management**

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A.G. Morgan does not charge performance-based fees.

## **Types of Clients**

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A.G. Morgan provides financial planning and investment advisory services to individuals, corporations, pension and profit plans, trusts, charitable organizations, and other business entities.

A.G. Morgan requires a minimum account size of \$25,000.00, which may be waived at the discretion of the company.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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A.G. Morgan Strategic Asset Allocation Models

A.G. Morgan does not currently employ overlay managers for the management of its models, but may do so in the future. Its key decision points on the positions selected are based on several

criteria, including performance, manager tenure, tax efficiency, risk and up and down market capture. Asset allocation decisions, investment selection, buy/sell disciplines, performance and screening methodology are reviewed in entirety at the beginning of each quarter. Decisions are made to determine the macro investment philosophy for the allocation models and risk tolerances that correspond to the allocation market benchmarks, as well as make any required strategic or tactical changes. Mutual fund, ETF or individual equity positions that fail to meet A.G. Morgan's screening process are removed and replaced. Additionally, mutual fund positions that show an increase in standard deviation and beta are further examined to ensure that the holdings are consistent with the mutual fund's prospectus.

A.G. Morgan has developed five model portfolios that it manages on a discretionary basis which include:

- Preferred Stock Portfolio
- Conservative Portfolio
- Moderate Portfolio
- Growth Portfolio
- Common Stock Portfolio

Asset classes that can be used in the models are Domestic and Foreign Equities in all market cap disciplines including sovereign, corporate and high yield debt of both domestic and foreign issuers. A.G. Morgan also employs alternative asset classes that may include specific sectors, real estate, natural resources, and hedged positions.

Within these portfolios, A.G. Morgan trades/adjusts client accounts based on the economic environment, interest rates and business forecast.

#### Other Assets

With respect to that portion of a client's account that is not invested in accordance with the above models, A.G. Morgan manages those assets in accordance with the client's risk tolerance goals.

#### Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear.

The material risks involved in investing with A.G. Morgan include:

**Market Risk** – All securities are subject to market risk. The values of the securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

**Mutual Fund/ETF Risk** – As a shareholder of mutual funds or ETFs, clients bear their proportionate share of the underlying fund's fees and expenses. As a result, a client's cost of investing will be higher than the cost of investing directly in the underlying funds and may be higher than investment strategies that invest directly in stocks. In addition, a client's investments in mutual funds or ETFs are subject to the particular risks described in the mutual funds/ETFs' prospectuses, copies of which are provided to the client and which A.G. Morgan urges the client to read.

**Equity Securities Risk** – To the extent a client's account invests in equity investments (i.e., stocks), a particular stock, an industry or stocks in general may fall in value. The value of a client's account will go up and down with the prices of the securities in which the account invests. The prices of stocks change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

**Fixed Income Securities Risks** – To the extent a client's account invests in fixed income securities (i.e., bonds), the investment is subject to call risk, which is the possibility that an issuer may redeem the security before maturity (a call) at a price below its current market price. An increased likelihood of a call may reduce the security's price. If a fixed income security is called, an account may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risk, or other less favorable characteristics.

Debt obligations are also generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. In addition, securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Non-investment grade debt – also known as “high-yield bonds” or “junk bonds” – has a higher risk of default and tends to be less liquid than higher-rated securities.

Fixed income securities are subject to the risk that the securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Debt obligations with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt obligations with shorter maturities.

Certain fixed income securities, including mortgage-backed securities carry prepayment risks. Prices and yields of mortgage-backed securities assume that the underlying mortgages will be paid off according to a preset schedule. If the underlying mortgages are paid off early, for example when homeowners refinance as interest rates decline, an account may be forced to reinvest the proceeds in lower yielding, high-priced securities. This may reduce an account's total return.

**Foreign Securities Risks** – The risks may be enhanced depending on the market (e.g., whether the country is developed or developing). The risks of foreign investment include: less liquidity, enhanced volatility due to currency, social and political instability, restrictions on foreign investment and repatriation of capital, less complete and reliable information about foreign companies, reduced government supervision of some foreign securities markets, lower responsiveness of foreign management to shareholder concerns, economic issues or

developments in foreign countries, and, in some cases, emerging markets risks, including limited trading volume, expropriation, devaluation or other adverse political or social developments.

**Liquidity Risks** – Certain investments that are classified as Alternative Investments, Private Placements, Non-Publicly Traded REITS, Limited Partnerships or New Issues may have limited liquidity and may not be available for immediate liquidation. These types of investments are offered pursuant to offering memoranda. Clients should read the entire offering memorandum to fully understand these liquidity risks prior to investing.

**Short Sale Risks** – Positions in shorted securities are speculative and more risky than long positions (purchases) in securities because the maximum sustainable loss on a security purchased is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, in theory, securities sold short have unlimited risk. Short selling will also result in higher transaction costs (such as interest and dividends), and may result in higher taxes, which reduce an account's return.

## **Disciplinary Information**

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There are no administrative, civil, or criminal actions pending against A.G. Morgan or any of its management personnel.

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

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Mr. Camarda and Mr. McArthur, officers of A.G. Morgan, as well as other employees and/or investment adviser representatives of A.G. Morgan, in their individual capacities, are registered representatives of an unaffiliated registered broker-dealer, American Portfolios Financial Services, Inc. ("APFS"). As a result, they are licensed to effect securities brokerage transactions on a fully disclosed commission basis and may receive initial and/or annual commissions on sales of certain annuities. The fees that these individuals may receive for providing brokerage services are separate and apart from any fees that A.G. Morgan may receive for the financial planning and investment advisory services it provides, which are discussed in "Fees and Compensation" above.

APFS has made loans to officers and employees of A.G. Morgan, and the related promissory notes include a continued forgiveness provision whereby the loan is forgiven if the individual remains registered with APFS and is in active production as a registered representative. However, the promissory notes do not require specific production minimums for loan forgiveness nor do they provide that the loans will be forgiven at an accelerated rate if any specific production targets are achieved. Accordingly, A.G. Morgan does not believe these arrangements create a conflict of interest or cause an incentive to place trades with APFS in exchange for having the loans forgiven.

A.G. Morgan has a written service agreement with American Portfolios Advisors, Inc. ("APA"), a registered investment adviser, and affiliate of APFS pursuant to which APA provides administrative services to A.G. Morgan in exchange for a percentage of the revenue A.G. Morgan earns from clients.

Mr. Camarda and Mr. McArthur, as well as other employees and/or investment adviser representatives of A.G. Morgan, in their individual capacities, are licensed insurance agents, and are licensed to sell a wide range of insurance products. The fees that these individuals may receive for providing insurance services are separate and apart from any fees that A.G. Morgan may receive for the investment services it provides, which are discussed in “Fees and Compensation” above.

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

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A.G. Morgan has adopted a code of ethics which sets forth certain standards of business conduct that govern the personal investment activities of the firm’s employees and officers, including the standard that the interests of advisory clients must be placed first at all times. The code of ethics requires access persons to report their personal securities transactions on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain approval before they acquire any ownership interest in any security in an initial public offering or limited offering. The code of ethics applies not only to transactions by the individual, but also to transactions for accounts in which the person has an interest individually, jointly or as guardian, executor or trustee, or in which the person or the person’s spouse, minor children or other dependents residing in the same household have an interest. Compliance with the code of ethics is a condition of employment. The code of ethics requires all employees and officers to comply with applicable securities laws and to promptly report any violation of the code. Clients may obtain a copy of the firm’s code of ethics from A.G. Morgan upon request.

The firm’s officers and employees may invest in securities that are recommended for purchase or sale by clients. The firm’s officers and employees face a conflict of interest when they buy or sell securities at or about the same time that A.G. Morgan buys or sells the same securities for client accounts or recommends that clients buy or sell the same securities, because the firm’s officers or employees could take advantage of the information regarding the client transactions and execute their trades prior to the clients (commonly called “front running”). However, A.G. Morgan’s code of ethics only allows access persons to buy or sell a security at the end of the day on a day during which a client has bought or sold the same security.

## **Brokerage Practices**

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By agreement and instruction from the client, A.G. Morgan places transactions through APFS. This is often called a directed brokerage arrangement. Not all investment advisers require their clients to direct brokerage to a particular firm. Certain investment adviser representatives of A.G. Morgan are also registered representatives of APFS. By directing brokerage to APFS, A.G. Morgan may be unable to obtain favorable execution of client transactions, and this may cost clients more money.

A.G. Morgan may receive from APFS with or without cost (and/or at a discount) support services and/or products, certain of which assist A.G. Morgan to better monitor and service client accounts. APFS may provide A.G. Morgan investment-related research, pricing information and

market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by the firm in furtherance of its investment advisory business operations.

Certain of the support services and/or products that A.G. Morgan may receive from APFS may assist the firm in managing and administering client accounts. Other services or products may not directly provide client account assistance, but rather may assist the firm to manage and further develop its business enterprise. A.G. Morgan may use these services and other support in servicing any or all of its clients to different degrees and levels. A.G. Morgan receives substantial benefit from APFS since the support APFS provides relieves A.G. Morgan from having to maintain its own computer software and other back-office and recordkeeping systems.

## **Review of Accounts**

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A.G. Morgan's principals and associates conduct periodic account reviews throughout the year for continued suitability and to assure that accounts contain the correct investment options based on need, risk tolerance, changes in status, or market activity. A.G. Morgan performs client reviews at least annually, which includes a rolling 12-month written performance report and portfolio appraisal. The investment adviser representative and/or Compliance Officer is responsible for ensuring that such reviews and contacts are made.

Clients should advise A.G. Morgan of any changes in their investment objectives and/or financial or life situation. All clients, in person or via telephone, should review their financial planning issues, investment objectives and account performance with A.G. Morgan on an annual basis, as applicable.

Financial plans will be reviewed and updated at the clients' request or as required based on the signed agreement for services. Reviews that are not part of the overall plan implementation and on-going consulting services will be subject to A.G. Morgan's current hourly rate, or a fixed fee negotiated in advance with clients.

The broker-dealer/custodian for client accounts provides clients with statements on at least a quarterly basis and confirmation notices as transactions are executed.

## **Client Referrals and Other Compensation**

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A.G. Morgan enters into agreements providing cash compensation to firms or persons who refer clients to A.G. Morgan. The terms of the agreements differ somewhat depending upon the circumstances, but generally provide for compensation equal to a specified percentage of the fees received by A.G. Morgan from the clients referred, or for fixed compensation, payable quarterly. A.G. Morgan's fees include the fees paid to the solicitor. The solicitor discloses these fees in the disclosure statement provided to clients so that the client does not pay fees higher than A.G. Morgan's normal/typical advisory fees.

## **Custody**

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A.G. Morgan is deemed to have custody of client assets for purposes of the Investment Advisers Act of 1940 when it deducts advisory fees from client accounts. Clients will receive at least quarterly account statements from the clients' custodian and A.G. Morgan urges clients to carefully review those statements.

## **Investment Discretion**

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A.G. Morgan accepts discretionary authority to manage securities accounts on behalf of clients pursuant to an investment advisory agreement in which the client appoints A.G. Morgan as its agent and attorney-in-fact with full investment power and authority on behalf of the client's account. Pursuant to this discretionary authority, A.G. Morgan normally will determine which securities to buy or sell for the account, and the total amount of the purchases and sales. Clients may place limitations on this authority, including restricting or prohibiting purchases of certain securities or types of securities. Clients may amend these limitations as required; such amendments must be submitted in writing.

## **Voting Client Securities**

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A.G. Morgan does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact A.G. Morgan with questions about a particular solicitation; however, A.G. Morgan will not advise clients regarding how they should vote.

## **Financial Information**

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A.G. Morgan does not believe there is any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.