

Part 2A of Form ADV: *Firm Brochure*

The Mustico Financial Group, Inc.

221 W. Church St.
Elmira, NY 14901

Telephone: 607-733-7935
Email: admin@musticofinancial.com
Web Address: www.musticofinancial.com

1/26/2015

This brochure provides information about the qualifications and business practices of The Mustico Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 607-733-7935 or admin@musticofinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Mustico Financial Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 125763.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated as of the date listed on the cover page, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new 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 required.

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-By-Side Management	10
Item 7	Types of Clients	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9	Disciplinary Information	12
Item 10	Other Financial Industry Activities and Affiliations	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12	Brokerage Practices	15
Item 13	Review of Accounts	19
Item 14	Client Referrals and Other Compensation	20
Item 15	Custody	20
Item 16	Investment Discretion	21
Item 17	Voting Client Securities	21
Item 18	Financial Information	22

Item 4 Advisory Business

The Mustico Financial Group, Inc. is a SEC-registered investment adviser with its principal place of business located in New York. The Mustico Financial Group, Inc. began conducting business in 1999.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Michael William Mustico, President

The Mustico Financial Group, Inc. offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we help develop a client's personal investment guidelines and create and manage a portfolio based on those guidelines. During our data-gathering process, we generally attempt to determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated written objectives (i.e. capital preservation, growth, income, etc), as well as tax considerations.

Clients may impose reasonable written restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and may include, but are not limited to, advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities

- Mutual fund shares
- United States governmental securities
- Other similar types of investments

FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to attempt to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate considering the use of living trusts, wills, review estate tax, powers of attorney, asset protection plans, etc.

We gather required information through in-depth personal interviews. Information gathered may include the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Other similar types of investments

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

PUBLICATION OF PERIODICALS

The Mustico Financial Group, Inc. publishes newsletters providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter is distributed free of charge to our advisory clients.

CONSULTING SERVICES

Clients can also purchase advice on a more focused basis. This may include advice on only

an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

The Mustico Financial Group, Inc., nor through any of its representatives or employees, will not provide legal advice or services of any nature.

AMOUNT OF MANAGED ASSETS

As of 12/31/2014, we were managing approximately \$118,438,000 of clients' assets.

Item 5 Fees and Compensation

Management personnel and/or other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in such a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 0.66% to 1.95%.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous year, plus additions into the account. Fees will be debited from the account in accordance with the client authorization.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable. The Mustico Financial Group, Inc. may choose to group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. For each account below this minimum account size, Advisor may charge an additional one-time processing fee of \$45, and an annual maintenance fee of \$45.

Limited Negotiability of Advisory Fees: Although The Mustico Financial Group, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate

alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may choose to group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

FINANCIAL PLANNING FEES

The Mustico Financial Group, Inc.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$150 to \$250 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the relationship.

Financial Planning Fee Offset: The Mustico Financial Group, Inc. reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

The client is billed monthly in arrears based on actual hours accrued.

PUBLICATION OF PERIODICALS OR NEWSLETTERS

Any annual subscription fee is waived for advisory clients of our firm.

Any fee we may implement will be billed quarterly in advance and is due and payable within 30 days of invoicing.

CONSULTING SERVICES FEES

The Mustico Financial Group, Inc.'s Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$150 to \$250 per hour. An estimate for the total hours is generally determined at the start of the advisory relationship.

OTHER REVENUE

The Mustico Financial Group, Inc., shares and/or subleases space to individuals and/or entities listed in Item 10, as well as Donald W. Mustico, Esq., which results in the receipt of monthly or annual rent payments.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 7 days written notice. As disclosed above, certain fees may be paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be refunded. In calculating a client's reimbursement of fees, we may pro rate any reimbursement according to the number of days remaining in the billing period.

Mutual Fund and Security Fees: All fees paid to The Mustico Financial Group, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by the individual securities and investments. Mutual funds fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or other investment directly, without our services. In that case, the client would not receive the services provided by our firm. Accordingly, the client should review both the fees charged by the underlying investments and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any trading and transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to The Mustico Financial Group, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's

minimum account requirements will differ among clients.

ERISA Accounts: The Mustico Financial Group, Inc. may be deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm may be subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, for those accounts in which The Mustico Financial Group, Inc. has discretionary authority, The Mustico Financial Group, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset The Mustico Financial Group, Inc.'s advisory fees on those investments.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

The Mustico Financial Group, Inc. does not charge performance-based fees.

Item 7 Types of Clients

The Mustico Financial Group, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other entities not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

As previously disclosed in Item 5, our firm has established certain minimum account requirements to maintain an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We generally use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and/or management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We may use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the

decision to sell.

Short-term purchases. If utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Margin transactions. We may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Some management personnel, including Damien Andrew Mustico, of The Mustico Financial Group, Inc. are separately licensed as registered representatives of FSC Securities, Corp., an unaffiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation, including, but not limited to, commissions, 12b-1 fees and other sales related compensation.

While The Mustico Financial Group, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Michael W. Mustico, a member of our firm's management, is an attorney licensed to practice law in the state of New York. However, this individual does not, under any circumstances, provide legal services or advice of any nature, in his capacity as an employee or representative of The Mustico Financial Group, Inc.

The Mustico Financial Group, Inc., shares and subleases space to the above individuals and entities, in addition to Donald W. Mustico, Attorney-at-law, which results in the receipt of monthly or annual rent payments.

Management personnel of our firm, including Damien Andrew Mustico, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by The Mustico Financial Group, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. The Mustico Financial Group, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and/or our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we generally collect relevant client background information, including the client's financial objectives;
- our firm's management conducts an initial review of each client account to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

The Mustico Financial Group, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of initial and annual securities account reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

The Mustico Financial Group, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy in writing.

Our Code of Ethics is designed to help assure that the personal securities transactions, activities and interests of our employees will not interfere with making decisions in the best interest of advisory clients.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security immediately prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics,

to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security immediately prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable accounts for anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These accounts are updated on an annual basis.
6. We have established procedures for the maintenance of all required books and records.
7. Clients are informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

For discretionary clients, The Mustico Financial Group, Inc. requires these clients to provide us with instruction regarding the broker dealer to use, and thus subjecting them to the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in writing. Clients may change/amend these limitations as required. Any such amendments must be provided to us in writing.

The Mustico Financial Group, Inc. may block trades. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. The Mustico Financial Group, Inc. may choose to aggregate trades among clients whose accounts can be traded at a given broker, and may rotate or vary the order of brokers through which it places trades for clients on any particular day. The Mustico Financial Group, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with The Mustico Financial Group, Inc., or our firm's order allocation policy.
- 2) The purchase or sale of the particular security involved must be appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or written restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable The Mustico Financial Group, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to

avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) The Mustico Financial Group, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on The Mustico Financial Group, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

The Mustico Financial Group, Inc. has an arrangement with TD Ameritrade Institutional, a division of TD Ameritrade Inc., member SIPC (together with all affiliates, "TD Ameritrade") as well as National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"). All shall be referred to as "Custodian" or "Custodians". Through this arrangement, Custodians provide our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like The Mustico Financial Group, Inc. in conducting business and in serving the best interests of our clients but that may also benefit us.

Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain mutual funds, commissions are charged for individual equity and debt securities transactions, etc.). Custodians enable The Mustico Financial Group, Inc. to obtain many mutual funds without transaction charges and other funds at nominal transaction charges. Custodians' commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Custodian may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Custodian also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Custodian directly from independent research companies, as selected by The Mustico Financial Group, Inc. (within specified parameters). These research and brokerage services are used by our firm to manage accounts for which we have investment discretion.

The Mustico Financial Group, Inc. may also receive various incidental services from time to time. Without this arrangement, we might be compelled to purchase the same or similar

services at our own expense.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Custodians' services. We examined this potential conflict of interest when we chose to enter into the relationship with Custodian and have determined that the relationship is in the best interests of The Mustico Financial Group, Inc.'s clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while The Mustico Financial Group, Inc. will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. The Mustico Financial Group, Inc. and Custodians are not affiliated.

The Mustico Financial Group, Inc. participates in the institutional customer program offered by Custodians. Custodians offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. The Mustico Financial Group, Inc. receives some benefits from Custodians through our participation in the program.

The Mustico Financial Group, Inc. participates in Custodians' customer program and we may recommend Custodians to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive benefits through our participation in the program that are typically not available to Custodians' retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to The Mustico Financial Group, Inc. by third party vendors. Custodians may also pay for business consulting and professional services received by The Mustico Financial Group, Inc.'s related persons; and may also pay or discount expenses (including travel, lodging, meals and entertainment expenses) for The Mustico Financial Group, Inc.'s personnel to attend conferences or meetings relating to the program or to Custodians' custody and brokerage services generally.

Some of the products and services made available by Custodians through the program may benefit The Mustico Financial Group, Inc. but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Custodians. Other services made available by Custodians are intended to help us manage and further develop our business enterprise. Clients should be aware, however, that the receipt of economic benefits by The Mustico Financial Group, Inc. or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of Custodian for custody and brokerage services.

The Mustico Financial Group, Inc. may at some point also receive from Custodians certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Custodians provide the Additional Services to our firm in its sole discretion and at its own expense, and The Mustico Financial Group, Inc. does not pay any fees to Custodians for the Additional Services. If applicable, The Mustico Financial Group, Inc. and Custodians will have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

The Mustico Financial Group, Inc.'s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, Custodians most likely consider the amount and profitability to Custodians of the assets in, and trades placed for, our client accounts maintained with Custodians. Custodians have the right to terminate the Additional Services Addendum with The Mustico Financial Group, Inc., in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from Custodians, we may have an incentive to recommend to our clients that the assets under management by us be held in custody with Custodians and to place transactions for client accounts with Custodians.

The Mustico Financial Group, Inc.'s receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: The underlying securities within Individual Portfolio Management Services accounts are regularly monitored, as well as the accounts themselves. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by either/or:

-Michael W. Mustico, President

-Damien A. Mustico, Financial Advisor

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

REPORTS: Consulting Services clients will not typically receive reports due to the nature of the service.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is The Mustico Financial Group, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients, unless otherwise

described herein.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

We do not believe our firm is deemed to have custody of client accounts.

Item 16 Investment Discretion

Clients typically hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We may vote proxies for client accounts, if authorized by the client; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures, or alternatively we may choose not to vote proxies. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created

by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote, or choose to not cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Michael W. Mustico in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will typically vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Michael W. Mustico in writing.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

The Mustico Financial Group, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

The Mustico Financial Group, Inc. has no additional financial circumstances to report.