

**Form ADV Part IIA**

**D'Arcangelo Financial Group, LLC**

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**March, 2015**

**This brochure provides information about the qualifications and business practices of D'Arcangelo Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at (315) 797-8401. 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 D'Arcangelo Financial Group, LLC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

Since our last annual amendment, dated March, 2014, there have been no material changes to our Part 2A.

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## **Item 4: Advisory Business**

D'Arcangelo Financial Group, LLC. ("we", "our", "us"), is a SEC Independent Registered Investment Adviser. Our business focuses on individual wealth management.

We are also registered as an Investment Adviser with the Securities and Exchange Commission ("SEC"), SEC File No. 801-70094, in order to offer investment advisory products and services to our advisory clients ("you"). Such services are offered through our Financial Advisers ("FAs") who have registered as our Investment Adviser Representatives ("Advisory Representatives"). The registration of our firm and its advisers does not imply a certain level of skill or training.

We have been a SEC registered Investment Adviser since 2009 and manage, as of 12/31/14 \$ 9,600,000 of assets on a discretionary basis.

Separate and apart from their registration as Advisory Representatives of the Adviser, the Advisory Representatives are also Registered Representatives of Royal Alliance Associates, Inc., ("Royal Alliance"), a Financial Industry Regulatory Authority ("FINRA") broker/dealer and a SEC registered investment adviser. Such registration of the Registered Representatives or Royal Alliance does not imply a certain level of skill or training. Royal Alliance is also a member of various other regulatory bodies. Royal Alliance does not provide any investment advisory services in conjunction with or as part of the investment advisory services provided by the Adviser.

We are owned by Paradigmci Holding, LLC and D'Arcangelo Holding, LLC.

### **VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS PROGRAM**

The Wealth Management Platform – Advisor Managed Portfolios Program ("Advisor Managed Portfolios") provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC ("Pershing").

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire ("Questionnaire") and discussions that we have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. Portfolios may consist of mutual funds, exchange traded funds, equities, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

**For further Advisor Managed Portfolios details, please see the Advisor Managed Portfolios Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in Advisor Managed Portfolios. Please read it thoroughly before investing.**

### **VISION2020 WEALTH MANAGEMENT PLATFORM – MODEL PORTFOLIOS PROGRAM**

The Wealth Management Platform - Model Portfolios Program (“Model Program”) offers Clients managed asset allocation models (“Asset Allocation Models”) of mutual funds or exchange traded funds (“ETFs”) diversified across various investment styles and strategies. The Asset Allocation Models are constructed by managers (“Program Managers”) such as Russell Investment Management Company, ICON Advisers, Inc. and Morningstar Associates, LLC.

Based upon the risk tolerance of each Client, the Model Program utilizes a system that selects a specific Asset Allocation Model which may contain either 1) a combination of mutual funds or 2) a combination of exchange traded funds (“ETFs”) depending on which Program Manager is used. Together, we will select a recommended Asset Allocation Model. After the Asset Allocation Model is chosen, we, with the assistance of the Model Program sponsor, will open a Model Program account. Your assets will be invested in the specific investments contained within the recommended Asset Allocation Model. You have the opportunity to place reasonable restrictions on investments held within the Model Program account.

**For further Model Program details, including a full list of Program Managers, please see the Model Program Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in the Model Program. Please read it thoroughly before investing.**

### **VISION2020 WEALTH MANAGEMENT PLATFORM – SMA AND UMA PROGRAM**

The Wealth Management Platform – SMA and UMA Account Program (“Wealth Managed Account Program” or “WMA”) provides you with the opportunity to invest your assets across multiple investment strategies and asset classes by implementing an asset allocation strategy. WMA is a Wrap Account program that offers these advisory services along with brokerage and custodial services for a single, annual, asset-based advisory fee.

We will present you with a WMA asset allocation model (“WMA Model”) for your approval which will consist of: 1) third party money managers (“WMA Managers”) who will manage your WMA account according to a particular equity or fixed income model or strategy, or 2) no-load mutual funds (“Funds”), or 3) exchange traded funds (“ETFs”) or any combination thereof (individually or collectively, “WMA Investments”). WMA Investments will be managed according to the selected WMA Model. WMA Investments are held within a separately managed account or a series of separately managed accounts (collectively, “SMA Account”) or in one, unified managed account (“UMA Account”).

We will suggest a WMAP Model to you based on your responses to a risk tolerance questionnaire (“Questionnaire”) and discussion that we have together regarding among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation. In addition, you have the opportunity to place reasonable restrictions on investments held within your WMAP account.

**For further WMAP details, please see the WMAP Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in WMAP. Please read it thoroughly before investing.**

### **RASA 044 ACCOUNTS**

We offer RASA 044 Accounts (“RASA”) as a non-commissionable advisory account where we can purchase load waived and no-load mutual funds and other equity, debt and option securities for you. Our Advisory Representative will obtain the relevant financial data from you and assist you in the selection of suitable investments. We will base our investment strategy on your specific goals and situation. In addition, you have the opportunity to place reasonable restrictions on investments held within your RASA account.

### **FLEX ACCOUNTS**

We offer Flex Accounts (“Flex”) as a non-commissionable advisory account where we can purchase load waived and no-load mutual funds and other equity, debt and option securities for you. Our Advisory Representative will obtain the relevant financial data from you and assist you in the selection of suitable investments. We will base our investment strategy on your specific goals and situation. In addition, you have the opportunity to place reasonable restrictions on investments held within your Flex account.

## **Item 5: Fees and Compensation**

### **VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS PROGRAM**

We offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account"). We also offer Advisor Managed Portfolios with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the Advisor Managed Portfolios Wrap Fee Program Brochure for further details.

Our Advisor Managed Portfolios account fee schedule is as follows:

0 - \$99,999.99	1.600%
\$100,000.00 - \$249,999.99	1.600%
\$250,000.00 - \$499,999.99	1.400%
\$500,000.00 - \$749,999.99	1.375%
\$750,000.00 - \$1,249,999.99	1.250%
\$1,250,000.00 - \$1,999,999.99	1.225%
\$2,000,000.00 - \$4,999,999.99	1.050%
\$5,000,000.00 - \$24,999,999.99	0.975%
Over \$25,000,000	0.800%

### **VISION2020 WEALTH MANAGEMENT PLATFORM – MODEL PORTFOLIOS PROGRAM**

We offer the Model Program as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the Model Program Wrap Fee Program Brochure for further details.

Our Model Program account fee schedule is as follows:

0 - \$249,999.99	2.700%
\$250,000.00 - \$499,999.99	2.400%
\$500,000.00 - \$999,999.99	2.350%
\$1,000,000.00 - \$1,999,999.99	2.300%
\$2,000,000.00 - \$4,999,999.99	2.300%
\$5,000,000.00 - \$9,999,999.99	2.200%
Over \$10,000,000	2.150%

### **VISION2020 WEALTH MANAGEMENT PLATFORM – SMA AND UMA PROGRAM**

We offer WMAP as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the WMAP Wrap Fee Program Brochure for further details.

Our WMAP account fee schedule is as follows:

0 - \$249,999.99	2.750%
\$250,000.00 - \$499,999.99	2.750%
\$500,000.00 - \$999,999.99	2.700%
\$1,000,000.00 - \$1,999,999.99	2.650%
\$2,000,000.00 - \$4,999,999.99	2.650%
\$5,000,000.00 - \$9,999,999.99	2.600%
\$10,000,000.00 – 24,999,999.99	2.550%
Over \$25,000,000	2.500%

### **RASA 044 ACCOUNTS**

We offer RASA as an account billed with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below, you will also pay separate per-trade transaction charges. Please see your client agreement for a complete list of transaction charges.

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you



terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Our RASA fee schedule is as follows:

0 - \$249,999.99	1.500%
\$250,000.00 - \$749,999.99	1.050%
\$750,000.00 - \$999,999.99	1.000%
\$1,000,000.00 - \$1,999,999.99	1.000%
Over \$2,000,000	1.000%

## **FLEX ACCOUNTS**

We offer Flex as an account billed with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below, you will also pay separate per-trade transaction charges. Please see your client agreement for a complete list of transaction charges.

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Our Flex fee schedule is as follows:

0 - \$99,999.99	2.000%
\$100,000.00 - \$249,999.99	2.000%
\$250,000.00 - \$499,999.99	1.950%
\$500,000.00 - \$749,999.99	1.800%
\$750,000.00 - \$1,249,999.99	1.550%
\$1,250,000.00 - \$1,999,999.99	1.300%
\$2,000,000.00 - \$4,999,999.99	1.050%
\$5,000,000.00 - \$24,999,999.99	1.050%
Over \$25,000,000	0.800%

## **Additional Fees and Expenses:**

Mutual fund investments in the programs that we offer are no-load or load at NAV. Your mutual fund investments may be subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details.

In addition to the per-trade transaction charges referenced above, you will also be subject to per-trade confirmation fees as disclosed on your trade confirmation (typically \$4.00 per trade) and an additional fee of \$1.50 for each trade confirmation that you do not elect to

receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to Royal Alliance and our custodian. Please see Item 10 which explains our relationship with Royal Alliance.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

You will be charged an additional fee of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to Royal Alliance and our custodian. Please see Item 10 which explains our relationship with Royal Alliance.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

In addition to providing advisory services, our Advisory Representatives will likely also sell you securities products and other investment and insurance products in their capacity as registered representatives of Royal Alliance and as licensed insurance agents. We will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. We will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

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

Not applicable. We do not charge performance-based fees.

## **Item 7: Types of Clients**

We provide advisory services to individuals, high net worth individuals, as well as pension and profit sharing plans.

We do require minimum amounts to open various advisory accounts. The account minimum for the Wealth Management Platform and Flex Accounts is generally \$50,000. RASA 044 Accounts have no minimum.

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

### **Methods of Analysis:**

When analyzing investments that may be right for you, we use a methodology that utilizes both quantitative and qualitative factors into evaluating investment managers and their strategies, to arrive at a score for the investment. This scoring system is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best).

Ninety percent of the investment's score is quantitative, incorporating modern portfolio theory statistics, risk and return factors, style attribution analysis and peer group rankings. The remaining ten percent of the score is qualitative, taking into account the average tenure of the investment management team. Other criteria that may be considered include the viability of the firm managing the assets, management or personnel issues, regulatory issues and/or whether there has been a change in direction of the stated investment strategy.

Combined, these factors represent our way of measuring the relative performance, characteristics, behavior and overall appropriateness of an investment for inclusion in your portfolio. General investment guidelines are illustrated below:

Good:	9-10 Points
Acceptable:	7-8 Points
Watch List:	5-6 Points
Poor:	0-4 Points

An investment scoring a 7 or better may be selected for your portfolio. Investments are reviewed quarterly. If an investment scores a 5 or 6, it is placed on a watch list. If an investment remains on the watch list for two consecutive quarters, it is removed from your portfolio and replaced with another investment scoring at least a 7. Investments which score 4 or lower are evaluated for immediate removal and replacement in your portfolio.

### **Investment Strategies:**

Subject to suitability requirements, we generally advise the long-term purchase of mutual funds to our clients. Long-term purchases are typically defined as the purchase of securities held for at least a year. However, we do utilize a tactical approach to asset allocation, which means we may overweight a certain asset class at any given time, if we feel it is undervalued relative to others. This may cause us to utilize short-term purchases, in which securities are held for less than one year.

### **Methods of Analysis Risks:**

When using quantitative and qualitative analysis, we generally rely on, among other things, data base subscriptions for the statistics utilized in our methodology. Data we review is generally considered reliable but we cannot guarantee nor have we verified its accuracy. In

addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in quantitative and qualitative analysis.

### **Investment Strategy Risks:**

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

Short-term purchases – Using a short-term purchase strategy generally assumes that we can predict how Financial Markets will perform in the short-term which may be very difficult. There are many factors that can affect Financial Market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

### **Security Type Risks:**

Mutual Funds – Investing in mutual funds involves the assumption of risk including:

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.
- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

### **Associated Risks:**

When using quantitative and qualitative analysis, we generally rely on, among other things, data base subscriptions for the statistics utilized in our methodology. Data we review is generally considered reliable but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in quantitative and qualitative analysis.

When pursuing our long-term purchase strategy, we are assuming the Financial Markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall Financial Markets advance. Purchasing investments long-term may create an opportunity cost - “locking-up” assets that may be better utilized in the short-term in other investments.

When pursuing our short-term purchase strategy, we are assuming that we can predict how Financial Markets will perform in the short-term which may be very difficult. There are many factors that can affect Financial Market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

We primarily recommend mutual funds to you. Investing in mutual funds involves the assumption of risk including:

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.
- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

Listed above are some of the primary risks associated with the way we recommend investments to you, please do not hesitate to contact us to discuss these risks and others in more detail. In instances where we recommend that a third party manage your assets, please refer to the third party's ADV and associated disclosure documents for details on their investment strategies, methods of analysis and associated risks.

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

### **Item 9: Disciplinary Information**

Not applicable.



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

All representatives of our firm that provide advice to you (“Advisory Representatives”) are associated with Royal Alliance Associates, Inc. (“Royal Alliance”) as Registered Representatives. Royal Alliance is a diversified financial services company registered with the Financial Industry Regulatory Authority (“FINRA”) as a broker-dealer engaged in the offer and sale of securities products. Our Advisory Representatives may recommend the purchase of securities offered by Royal Alliance. If you purchase these products through them, they will receive normal commissions which may be in addition to customary advisory fees. As such, Advisory Representatives may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

In addition, some members of our RIA are affiliated with Royal’s Investment Advisor. Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

We are a joint venture formed by members of Paradigm Consulting, Inc. (PCI), a SEC Registered Investment Adviser (SEC File Number 801-68347) and D’Arcangelo & Co., LLP, a certified public accounting firm. We provide our clients (individuals, business entities, trusts, estates, charitable organizations, etc.) with discretionary investment advisory services in conjunction with a sub-advisory agreement with Paradigm Consulting, Inc. We share with PCI common ownership, management, investment and administrative personnel, and offices.

We are also affiliated with D’Arcangelo & Co., LLP (CPA firm), a certified public accounting firm. Some of our officers and representatives also serve as certified public accountants with the CPA firm. If a CPA firm client needs investment advisory services, the CPA firm, if requested by the client, will recommend us. Although the CPA firm will not receive referral fees from us, members of the CPA firm are entitled to receive indirect distributions relative to their interests in the CPA firm.

If you require accounting advice and/or tax preparation services, we, if requested by you, will recommend the services of the CPA firm. These services will be provided to you independent of us, as outlined in a separate agreement between you and the CPA firm. Although we will not receive a referral fee from the CPA firm, some of our members are entitled to receive distributions relative to their respective interests in the CPA firm.

If you maintain assets under management with us in excess of \$500,000 and you engage the CPA firm for tax preparation services, we will allocate an agreed upon portion of our fee to the CPA firm to defray the cost of the tax preparation service.

Please be aware that you are not required to engage the CPA firm for accounting services and that no client of the CPA firm is required to engage us for investment advisory services.

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

We have adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility;
- The fiduciary principle that information concerning the identity of your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to you or any prospective client upon request.

We may recommend securities to you or buy or sell securities for your account at or about the same time we may buy or sell the same securities in our own account. As such, there may be instances where our interests may appear to be placed ahead of yours. To mitigate this conflict, our firm policy prohibits us from receiving a better price on our order, if you and we invest in the same security on the same side of the market on the same day.

## **Item 12: Brokerage Practices**

As described in Item 10, our Advisory Representatives are also Registered Representatives of Royal Alliance, a FINRA registered broker-dealer. In order to meet its FINRA supervisory obligations, Royal Alliance requires that all investment advisory activities that we conduct are processed through Royal Alliance's clearing relationships with Pershing LLC ("Pershing"). As a result, we do not have the discretion to choose the broker-dealer or commission rates to be paid. However, we do believe that Pershing's blend of execution services, commission and transaction costs as well as professionalism will allow us to seek best execution and competitive prices.

We may aggregate your orders with those of other clients in a bunched trade or trades when securities are purchased or sold. For each account that we include in the bunched trade, we must reasonably believe that the bunched order is consistent with our duty to seek best execution and may benefit you and each client participating in the aggregated order. The average price per share of each bunched trade is allocated to each account that participates in the bunched trade. Accounts that participate in the same bunched trade are charged transaction costs, if applicable, in accordance with their advisory contracts.

If a bunched 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 in a manner that is consistent with the initial pre-allocation. Partial fills will be allocated in a way that does not consistently advantage or disadvantage particular client accounts and are generally filled pro-rata among participating accounts.

### **Item 13: Review of Accounts**

Accounts under our management and supervision will be reviewed by us on an ongoing basis. You will be contacted at least annually by one of the following representatives to review your financial status, goals, and objectives:

Laurie A. Schoen, President  
Amy L. Mielnicki, Investment Advisor Representative  
Gary G. Casab, Investment Advisor Representative

Janice P. Williams, Chief Compliance Officer, is responsible for ensuring that such reviews and contacts are made.

You will receive written Quarterly Performance Reports (“QPRs”) from us on a quarterly basis for the following Advisory Programs: Wealth Management Platform (Advisor Managed Portfolios, Model Portfolios, SMA and UMA Programs) and Flex. These reports contain the following information:

- Summary of all the accounts we manage for you
- Performance of your accounts over stated time periods and how they compare to selected benchmarks
- Additions to or withdrawals from your accounts
- Asset allocation of your investment holdings
- Details of your investment holdings
- Realized gains and losses in your taxable accounts

If you have a RASA account, you will receive a written quarterly statement from us containing the following information:

- Summary of all the accounts we manage for you
- Performance of your accounts over stated time periods and how they compare to selected benchmarks
- Asset allocation of your investment holdings
- Details of your investment holdings

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

As discussed previously, all our Advisory Representatives are Registered Representatives of Royal Alliance. This arrangement requires us to offer you advisory services and programs sponsored or approved by Royal Alliance. Royal Alliance sets limits on how much we can charge you for these advisory services. Some advisory programs have higher fee limits than others. As such, there may be an incentive for us to recommend to you advisory services or programs with higher limits. In addition, Royal Alliance may charge us certain usage fees and expenses to use their advisory programs which may decrease the amount of money we make when offering investment advice to you. Therefore, there may be an incentive to provide you with advisory programs and services that may be cheaper for us to use but not as suitable to your needs as other advisory programs that Royal Alliance sponsors which may be more expensive for us to use.

In addition, Royal Alliance offers our Advisory Representatives educational, training and incentive programs for those Advisory Representatives that meet certain sales production goals. There may be an incentive for us to manage your account in ways that assist us in meeting these production goals even if such strategies may not always be suitable for your account.

When we offer you a Wrap Account, the fee for transactions executed in your account are included in your quarterly account fee. However, Royal Alliance will still assess the transaction charges to us. This may influence us to charge you a higher quarterly account fee than we would otherwise charge you in an effort to recoup from you the transaction charges Royal Alliance charges us. We may also have incentive to trade your account less often to lessen our transaction fees or to trade your account with certain securities where Royal Alliance reduces or eliminates the transaction charges (such as the Focus Elite and FundVest Programs mentioned below) to us even if such trading strategies may not always be suitable for your account.

Our Advisory Representatives participate in the Focus Elite and FundVest Programs, provided by Royal Alliance. In these programs, transaction charges for purchasing securities that participate in these programs may be reduced or waived. This may provide us with incentive to invest your account in these securities over securities that do not participate in these programs to reduce our transaction costs even if such investments may not always be suitable for your account.

Royal Alliance has provided some of our Advisory Representatives with funding in the form of loans as incentive to establish, maintain or expand our broker-dealer relationships with Royal Alliance. Such loans are typically used to assist in the transition and expansion of our practice. All or a portion of the loans require cash repayments of principal and interest if specific production levels are not achieved over a specified time frame. Any year in which the practice achieves its production levels initiates pro rata loan forgiveness by Royal Alliance. Thus, there may be an incentive for us to offer advisory services and programs to you that may not be suitable in an effort to achieve specific production levels.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

### **Item 15: Custody**

Not applicable, we do not maintain custody of your assets. Your account assets are maintained at Pershing, LLC.

## **Item 16: Investment Discretion**

We may manage your accounts on a discretionary basis upon obtaining your consent. Your consent is typically granted and evidenced in the client agreement that you sign with us. We define discretion as: the ability to trade your account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. It does not extend to the withdrawal or transfer of your account funds.

We do not manage the Modelfolios program on a discretionary basis. This advisory program is delivered to you as non-discretionary services. If you are invested in this program, we will take no action on your account unless specifically requested by you.



## **Item 17: Voting Client Securities**

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we may receive to you. Please contact us at any time with questions you may have regarding proxy solicitations.

## **Item 18: Financial Information**

In certain circumstances our Advisory Representatives may use investment discretion in your account, subject to your approval. We are well capitalized in full compliance with applicable regulations and do not foresee any financial conditions that may impair our fulfillment of reasonable obligations or contractual commitments to you.

## **Item 19: Requirements for State-Registered Advisers**

Not applicable, we are an SEC registered investment adviser.