

Part 2A of Form ADV: *Firm Brochure*

MerCap Advisors, Inc.

40 Darby Road
Paoli, PA 19301
Telephone: 610-616-3013
Facsimile: 610-647-1244
Email: info@mercapadvisorsinc.com
Website: www.mercapadvisorsinc.com

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This brochure provides information about the qualifications and business practices of MerCap Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 610-616-3013 or info@mercapadvisorsinc.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 MerCap Advisors, Inc. is also 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 170092. Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

Since its initial brochure dated 02/25/2014, the firm has made the following changes:

1. Effective April 22, 2015, S&G, Inc. changed its name to MerCap Advisors, Inc.
2. Effective April 22, 2015, MerCap Advisors, Inc. established its main office at 40 Darby Road, Paoli, PA 19301. MerCap Advisors, Inc. will no longer be eligible for SEC registration as we will not be located at the same principal place of business as the SEC registered adviser we are affiliated with, The Strategic Financial Alliance, Inc. Therefore, we are in the process of switching from SEC to state registration.
3. Dale Pope has been appointed President and Chief Compliance Officer.
4. The firm is affiliated through common ownership with MerCap Securities, Inc., a registered broker/dealer, which will share office facilities and certain staff.
5. We now offer a wrap fee program. For more information, please see Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure.

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Item 4 Advisory Business

MerCap Advisors, Inc., formerly known as S&G, Inc., (hereinafter “MCA”, we, us, our, ours) which is located in Paoli, Pennsylvania, is a Georgia corporation, formed in December 2013. MCA is registered as an investment adviser with the Pennsylvania Department of Banking and Securities and various other states’ securities divisions as required.

MCA is a wholly owned subsidiary of SFA Holdings, Inc. (“SFAH”). SFAH is also the parent company of The Strategic Financial Alliance, Inc. (“SFA”), a broker/dealer and SEC-registered investment adviser and MerCap Securities, LLC (“MCS”), a broker/dealer. SFA offers securities and advisory products and services to the general public through its independent financial advisors in offices throughout the United States. MCS conducts business as a broker/dealer offering mutual funds and variable life insurance or annuities. MCA, MCS and SFA will share certain staff.

Dale Pope is the President of MCA and the President of MCS.

We provide a platform for individuals providing investment advice (each, an “Investment Professional”) to share resources, ideas and research. Each Investment Professional is committed to MCA’s Process of Building and Maintaining Wealth:

1. Understand a client’s goals and risk
2. Analyze the macroeconomic environment to provide rational expectations on future economic conditions
3. Build a sound foundation by matching investment products to the economic environment
4. Identify “relative value”—what is over valued and what is under valued in the marketplace

Within this framework, each Investment Professional has his or her own investment selection process and approach to investing. Different Investment Professionals may provide different advice to clients with similar financial situations and investment goals. Each Investment Professional may provide any or all of the services listed below. While each Investment Professional will inform the client of the specific services he or she will provide, the client should carefully review the description of services below to fully understand which services the client will receive.

PORTFOLIO MANAGEMENT

We provide continuous advice to individual clients and businesses 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 develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we 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 or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable 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 generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities, including 529 college savings plans
- Mutual fund shares
- Exchange-traded funds
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers service.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established.

Based on the client's individual circumstances and needs we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client, the investment philosophy of the selected registered investment adviser, and the fairness and competitiveness of the selected registered investment adviser's fee. Clients should refer to the selected registered investment adviser's Disclosure Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account. Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with information about the client's investment goals, tolerance for risk, and any reasonable restrictions on the account. The adviser(s) then creates and manages the

client's portfolio based on the client's individual needs.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's needs, we may suggest that the client contract with a different registered investment adviser. Under this scenario, our firm assists the client in selecting a new registered investment adviser. The independent investment advisers we may recommend will not be hired or terminated without receiving the client's prior consent unless the client has granted us the discretionary authority to do so in the management agreement.

Prior to introducing clients to another investment adviser, we will be responsible for determining the following:

- a) Whether the investment adviser is registered with the Pennsylvania Department of Banking and Securities under Section 301 of the Pennsylvania Securities Act of 1972 (1972 Act);
- b) Whether the investment adviser is relying on an exclusion from the definition of investment adviser under Section 102(j) of the 1972 Act;
- c) Whether the investment adviser is relying on an exemption from registration under Section 302(d) of the 1972 Act; or

When the investment adviser is registered with the Securities and Exchange Commission, that the investment adviser has filed a Notice Filing with the Pennsylvania Department of Banking and Securities under Department Regulation 303.015(a).

PRIVATE WEALTH MANAGEMENT

Our firm is the sponsor of Private Wealth Management ("PWM"), an investment advisory service program. Our firm's Investment Professionals may offer the investment advisory services described here to their clients and potential clients. Different Investment Professionals may offer only some of the following services. Each client should ask his or her Investment Professional which services are being considered for the client.

Private Wealth Management provides clients access to continuous management of their investment portfolios through one or more of the following investment management programs:

- Advisor as Portfolio Manager
- Separately Managed Account Program ("SMA")
- Mutual Fund Wrap Program(s)
- ETF Wrap Program(s)
- Multi-Manager Account Program ("MMA")
- Unified Managed Account Program ("UMA")
- Envestnet Reporting Service

The Advisor as Portfolio Manager and SMA programs are offered on a fee plus commission basis or on a wrap fee basis. Clients interested in obtaining these services on a wrap fee basis should refer to our Form ADV Part 2A Appendix 1 Wrap Fee Brochure. We manage wrap fee accounts the same as non-wrap accounts. We receive a portion of the wrap fee for

our services.

Mutual Fund Wrap Programs, ETF Wrap Programs, MMA and UMA are offered on a wrap-fee basis only. Clients interested in learning about these services should refer to our Form ADV Part 2A Appendix 1 Wrap Fee Brochure.

As part of the PWM program, we have engaged certain Third-Party Managers ("TPM's") to provide various administrative services to PWM clients. TPMs include these services to both wrap and non-wrap clients at no additional cost to the client. TPM's may also provide additional services to PWM program clients including:

- Assessment of the client's investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the client's objectives
- Recommendations to MCA on suitable style allocations
- Identification of appropriate managers and investment vehicles suitable to the client's goals
- Evaluation of asset managers and investment vehicles meeting style and allocation criteria
- Engagement of selected asset managers and investment vehicles on behalf of the client
- Ongoing monitoring of individual asset manager's performance and management (for approved SMA managers and mutual funds only)
- Review of client accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations to MCA for account rebalancing, if necessary
- Online reporting of client account(s) performance and progress

Once the client selects an Investment Professional and an advisory relationship is initiated, the Investment Professional will obtain information from the client on the client's financial background, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerance, among other things. This review also considers the suitability and appropriateness of the PWM investment account for the client. Our firm and the Investment Professional maintain the client profile information. Clients are advised to update their profile information any time changes to their financial situation and/or investment objectives occur. When this happens our firm and Investment Professionals may require clients to complete an investor profile questionnaire to ascertain whether the account and its investments remain suitable and appropriate.

Once an advisory relationship is established, there are no restrictions on a client's ability to contact either our firm or their Investment Professional. The Investment Professional will contact the client periodically to determine if there have been any changes in their financial information so that the management of the account may be adjusted accordingly. In the event any information is received by our firm directly from the client, that information is communicated promptly to the Investment Professional.

The information provided by the client is forwarded to the TPM(s) for review. The TPM(s) will analyze the information and recommend to MCA an appropriate strategy based on the client's

needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. The TPM's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes and risk premiums.

The TPM(s) will then propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes.

Each Investment Professional managing a PWM account chooses his/her own research methods, investment style, and management philosophy. The investment strategies utilized by an Investment Professional in implementing the investment services provided to clients may include long and short-term purchases.

Advisor as Portfolio Manager Program

Within the Advisor as Portfolio Manager Program, the Investment Professional will direct the investment and reinvestment of client assets in the Private Wealth Management account ("Program Account"). The Program Account will be managed by the Investment Professional in accordance with an investment style selected by the Client, and subject to the Client meeting the program minimum account size. Clients will receive the program sponsor's disclosure document (Form ADV Part 2A and/or Part 2A Appendix 1 Wrap Fee Program Brochure) that describes the program minimum account size. Clients may impose reasonable restrictions on the Investment Professional. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of specific securities or specific types of securities. The Program Account will be managed by the Investment Professional based on the specific investment needs of the client on an ongoing basis utilizing investments that may include mutual funds, exchange traded funds, stocks, bonds, options, and variable annuity and insurance products. On a periodic basis, the Investment Professional will review each client's account and direct the rebalancing and/or reallocation of the investments within the account for discretionary accounts and depending on the client's investment objective. The client selects the Investment Professional who will manage the client's account. PWM program accounts are managed on a discretionary basis. Clients may impose reasonable limitations or restrictions on the Investment Professional's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

Separately Managed Account Program ("SMA")

The Investment Professionals also provide the Separately Managed Account Program ("SMA"), in which the client and/or the Investment Professional can select the investment advisory services of professional portfolio management firms ("Portfolio Managers") and their different investment styles for the individual management of the client's account. Investment styles include Equity, Balanced and Fixed Income. The TPM(s) will recommend to MCA individual Portfolio Managers and investment vehicles that correspond to the proposed asset classes and styles. The Investment Professional may recommend managers in this program to the client.

Clients whose accounts are custodied at Schwab or Pershing, have access to the investment management services of Envestnet Management, Inc. ("Envestnet") through various investment management programs sponsored by Envestnet. The programs consist of Envestnet's proprietary model asset allocation portfolios. Each model is designed to meet a particular investment goal and are positioned at various points along the risk/return spectrum.

Client accounts will be managed by Envestnet or the Investment Professional, depending upon the model selected. The model portfolios will typically contain either mutual funds or exchange-traded funds ("ETFs"). Clients will receive Envestnet's disclosure document (Form ADV Part 2A and/or Part 2A Appendix 1 Wrap Fee Program Brochure) that describes in detail the services and model portfolios offered within each Program. Clients are encouraged to review the disclosure document to learn more about the particular characteristics of each of the services offered within each Program, including whether they may impose restrictions on the investment in certain securities or types of securities.

Clients that participate in a program are required to grant full discretionary investment authority to Envestnet if the model portfolio is managed by Envestnet rather than the Investment Professional. Envestnet generally will only use this grant of discretion to replace investment vehicles, including sub-managers, when it deems such a change is necessary; to rebalance a client's account as agreed between the client and Envestnet; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable. However, there may be situations in which Envestnet will fully utilize this grant of discretion, such as to liquidate a position.

Envestnet Reporting Service: For all accounts that are charged an advisory fee at either of the following custodians: Charles Schwab or Pershing, we require the client to use Envestnet's Reporting Only Service. Envestnet's Reporting Only Service allows Investment Professionals to monitor their clients' accounts and examine their clients' holdings, allocation of assets and portfolio performance. The fee for this service is \$50 per account, per calendar year, and is billed on a pro-rata basis each quarter based on the number of days in the calendar quarter. The fee will be debited from the client's account in accordance with the client authorization in Envestnet's Data Aggregation and Reporting Services Account Administration Form.

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 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, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed 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.

Investment recommendations in financial plans may include any or all of the following:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities, including 529 college savings plans
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

- Any investments held by the client at the inception of the advisory relationship.

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. In performing our services, we are not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and we will rely on such information. Investment Professionals may recommend the services of us, themselves, and/or other professionals to implement the financial planning recommendations. Clients are advised that a conflict of interest exists if Investment Professionals or MCA recommend their own services. The client is under no obligation to act upon any of the recommendations made by us under a financial planning or consulting engagement or to engage the services of any such recommended professional, including us or any affiliate. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of our recommendations. Clients are advised that it remains their responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT

The annual fee is charged as a percentage of assets under management, and generally, fees received by us will not exceed the amounts noted below, according to the following schedule:

Managed Assets	Maximum Annual Fee
First \$2,000,000	1.50%
Next \$3,000,000	1.00%
Above \$5,000,000	0.75%

Each client's custom fee schedule is negotiated on a client-by-client and Investment Professional-by-Investment Professional basis; therefore fees may vary among Investment Professionals and clients. The annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Investment Management Agreement. If the client terminates the Investment Management Agreement after the commencement of a calendar quarter billing period, the unearned portion of the Management Fee will be promptly refunded.

SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES

The annual fee is charged as a percentage of assets under management, and the combined fee, which includes our fee and the third party manager's fee will not exceed the amounts noted below, according to the following example fee schedule:

<u>Managed Assets</u>	<u>Maximum Annual Fee</u>
First \$2,000,000	2.50%
Next \$3,000,000	2.00%
Above \$5,000,000	1.75%

The percentage we earn from the combined fee typically ranges from 1.375% – 1.5% of the client's managed assets. The percentage the third party manager earns from the combined fee typically ranges from 0.375% up to 1.00% of the client's managed assets. Investment Professionals do not determine the third party money manager's fee. Each third party money manager's fee is disclosed in its Form ADV Part 2A Brochure and client service agreement, which are both provided to the client by the Investment Professional.

Similar advisory services may be available from other registered investment advisers for similar or lower fees.

Each client's custom fee schedule is negotiated on a client-by-client and Investment Professional-by-Investment Professional basis; therefore fees may vary among Investment Professionals and clients. The annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Investment Management Agreement. If the client terminates the Investment Management Agreement after the commencement of a calendar quarter billing period, the unearned portion of the Management Fee will be promptly refunded.

Investnet Reporting Service: For all accounts that are charged an advisory fee at either of the following custodians: Charles Schwab or Investnet, we require the client to use Investnet's Reporting Only Service. Investnet's Reporting Only Service allows Investment Professionals to monitor their clients' accounts and examine their clients' holdings, allocation of assets and portfolio performance. The fee for this service is \$50 per account, per calendar year, and is billed on a pro-rata basis each quarter based on the number of days in the calendar quarter. The fee will be debited from the client's account in accordance with the client authorization in Investnet's Data Aggregation and Reporting Services Account Administration Form.

PRIVATE WEALTH MANAGEMENT

The fees for the Advisor as Portfolio Manager and SMA programs ("Program Fee") are assessed based upon an annual percentage of the client's assets under management and cover a number of services including investment management, performance reporting, consulting, activity reporting, and tax reporting. This fee schedule includes all fees and charges for the Program services of our firm, Investment Professional, and Investnet, but does not include brokerage and custodial fees unless the client is paying a wrap fee. A wrap

fee includes brokerage and custodian fees. The annual Program Fee is based upon a percentage of the client's assets under management. A sample fee schedule appears below.

<u>Managed Assets</u>	<u>Maximum Annual Fee</u>
First \$2,000,000	2.50%
Next \$3,000,000	2.00%
Above \$5,000,000	1.75%

Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Investment Professional will negotiate with each client to determine the fees to be charged; therefore fees may vary among Investment Professionals and clients. As the advisory fees and charges may be negotiable, those fees and charges may vary among PWM clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided, and the length of the advisory relationship with the client, among other things. Fees are negotiated at the discretion of, and within the means of our firm, Envestnet, and the Investment Professional.

Program Fees charged are calculated as an annual percentage of assets based on the market value of the account at the end of the quarter or as an average market value for the preceding quarter. Program Fees are charged on a calendar quarter basis in advance and prorated to the end of the quarter upon inception of the account or may be charged in arrears if using the average market value for the quarter. The minimum annual Program Fee charged per Account for participation in the Program varies among Programs and ranges from \$0 - \$180 depending upon the Program selected. Clients should refer to Envestnet's disclosure document (Form ADV Part 2A and/or Part 2A Appendix 1 Wrap Fee Program Brochure) for a detailed explanation of the Program Fee. We will provide clients with Envestnet's disclosure document.

If the client terminates the Investment Management Agreement after the commencement of a calendar quarter billing period, the unearned portion of the Management Fee will be promptly refunded.

The Advisor as Portfolio Manager and SMA programs can be offered on a wrap fee basis. Mutual Fund Wrap Programs, ETF Wrap Programs, MMA and UMA are offered on a wrap-fee basis only. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. A client's portfolio transactions may be executed without commission charge (if any) 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 review with clients any separate program fees that they may be charged. Clients interested in learning about these services and the fees charged for these services should refer to our Form ADV Part 2A Appendix 1 Wrap Fee Brochure.

FINANCIAL PLANNING FEES

Our 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. The services may be offered on an hourly or fixed fee basis.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$300 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 advisory relationship. One-half of the estimated total fee shall be due and payable upon signing the Investment Consulting Agreement, and the balance shall be due and payable upon completion of the agreed upon services.

Alternatively, our Financial Planning fees may be provided for a fixed fee, typically ranging from \$2,000 to \$15,000, depending on the specific arrangement reached with the client. One-half of the estimated total fee shall be due and payable upon signing the Investment Consulting Agreement, and the balance shall be due and payable upon completion of the agreed upon services.

If the Investment Consulting Agreement is terminated, the balance (if any) of our unearned fees shall be refunded to the client and the balance (if any) of our earned fees shall be charged to the client. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period.

Certain Investment Professionals and other employees are separately 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). In addition, MerCap Advisors, Inc. has subsidiaries engaged in such activities - MerCap Securities, LLC, is a FINRA-registered broker-dealer. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals and/or to MCS. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations and can purchase investment products we recommend through other brokers or agents that are not affiliated with MerCap Advisors, Inc. or MerCap Securities, LLC. The implementation of any or all financial planning recommendations is solely at the discretion of the client.

Each Investment Professional may, at his or her discretion, offset the client's Financial Planning fees to the extent the Investment Professional or other of our related persons have earned commissions from implementing financial planning recommendations. Commissions for product transactions will never serve as a credit on the client's account.

GENERAL INFORMATION

Direct Debiting of Advisory Fees:

- a. We possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian;
- b. We send the qualified custodian written notice of the amount of the fee to be deducted from the client's account; and
- c. We send the client a written notice itemizing the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Limited Negotiability of Advisory Fees: Although we have established the fee schedules listed above, each Investment Professional may 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, and the policy of the particular Investment Professional, among other factors. Clients with similar financial situations and investment goals who use different Investment Professionals may pay different fees. The specific fee schedule will be identified in the contract between our firm and each client.

We may 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.

Termination of the Advisory Relationship: If the appropriate disclosure brochures¹ are not delivered to the client at least 48 hours prior to the client entering into an investment advisory contract with MerCap Advisors, Inc., the client has the right to terminate the contract without penalty within five business days after entering into the contract. A client contract may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund and ETF Fees: All fees paid to MerCap Advisors, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These 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 directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds 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.

Additional Fees and Expenses: In addition to our advisory fees, and except in the case of any Third-Party Money Manager that manages client accounts through a wrap program (for which clients will receive a written brochure from the Third-Party Money Manager), our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent

¹ The appropriate disclosure brochures are the Firm Brochure (Part 2A of Form ADV), Brochure Supplement (Part 2B of Form ADV), and if the client is participating in a wrap fee program sponsored by MerCap Advisors, Inc., the Wrap Fee Program Brochure (Part 2A Appendix 1).

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.

ERISA Accounts: MerCap Advisors, 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 is 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, MerCap Advisors, 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 MerCap Advisors, Inc.'s advisory fees.

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 \$1200 for Pennsylvania clients (\$500 per client for clients located in states other than Pennsylvania) more than six months in advance of services rendered.

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

We do not charge performance-based fees.

As noted in Item 4 of this Brochure, different Investment Professionals may provide different advice to clients with similar financial situations and investment goals. A situation could arise in which one Investment Professional is purchasing a security at the same time that another Investment Professional is selling or shorting that security (please see Item 8 of this Brochure for a discussion of short selling). While each Investment Professional has access to and considers the opinions of the other Investment Professionals, and all have access to the same research, each Investment Professional is individually responsible for the day-to-day management of his or her own client's portfolios, and so is unaware of trades being placed by other Investment Professionals.

Item 7 Types of Clients

We provide advisory services to the following types of clients:

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

We have no minimum requirements for opening or maintaining accounts.

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

METHODS OF ANALYSIS

Each Investment Professional may use any or all of the following methods of analysis in identifying attractive investment opportunities or determining an investment program for the client. Clients should review with each Investment Professional the specific methods of analysis being used for the client's portfolio.

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

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 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.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.
A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.
A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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

Each Investment Professional may use any or all of the following investment strategies in identifying attractive investment opportunities or determining an investment program for the client. Clients should review with each Investment Professional the specific investment strategies being used for the client's portfolio.

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 advantage 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. When 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.

Trading. Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

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

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client

account realizes the profit.

Short selling results in some unique risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
3. *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

Margin transactions. We will purchase stocks 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. A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

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

BROKER-DEALERS AND INVESTMENT ADVISERS

Our Investment Professionals and other employees may be registered representatives of MerCap Securities, LLC ("MCS"), a wholly-owned subsidiary of SFA Holdings, Inc. MCS and MCA are affiliated through common ownership. In their separate capacities as registered representatives, these individuals can purchase and sell securities for advisory clients for separate and typical commissions or other compensation, and may also receive ongoing compensation in the form of 12b-1 fees from mutual funds purchased by clients.

Investment Professionals who are registered representatives will not receive commissions generated by securities transaction in Portfolio Management accounts, or in accounts managed by third party advisers. However, these persons may receive compensation for implementing recommendations in financial plans. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in 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 financial planning recommendations is solely at the discretion of the client.

Please see additional disclosures about brokerage practices in Item 12 of this Brochure.

MCA is affiliated through common ownership with The Strategic Financial Alliance, Inc. ("SFA"), a registered broker/dealer and SEC-registered investment adviser, wholly owned by SFA Holdings, Inc. SFA's home office is located in Atlanta, GA. SFA is an introducing broker for Pershing LLC. Pershing LLC will execute, settle and clear general securities transactions for SFA. There are no referral arrangements between MCA and SFA.

INSURANCE AGENTS, BROKERS AND AGENCIES

MCA is also affiliated through common ownership with SFA Insurance Services, Inc., an insurance agency. Certain of our owners, Investment Professionals, and other employees, in their individual capacities, are licensed insurance agents. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. 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.

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.

Our firm 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 quarterly securities transactions reports as well as initial and annual securities holdings 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.

Our 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 by email sent to compliance@strategicfinancialalliance.com, or by calling us at 610-616-3013.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security 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 where possible and when compliant with our duty to seek best execution for our clients. 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 will 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:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- 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.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices..
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.

- Any individual who violates any of the above restrictions may be subject to disciplinary action or termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as registered representatives of a broker-dealer 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

PORTFOLIO MANAGEMENT

Unless directed otherwise, we will arrange for the execution of securities brokerage transactions for the assets in client accounts through a broker-dealer that we reasonably believe will provide best execution. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rates for account transactions. Consistent with obtaining best execution, transactions for a client's account may be directed to registered broker-dealers in return for research products and/or services that assist us in our investment decision-making process. Such research generally will be used to service all of our clients, but brokerage commissions paid by you may be used to pay for research that is not used in managing your account. Thus you may pay the broker-dealer a greater commission 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.

You may direct us in writing to use a particular broker-dealer ("Directed Broker") to execute some or all transactions for your account (referred to as "directed brokerage"). In that case, you will have the sole responsibility to negotiate terms and arrangements for the account with the Directed Broker and we will not seek better execution services or process from other broker-dealers or be able to "batch" transactions for execution through other broker-dealers with order for other accounts we manage. As a result, you may pay higher commissions or other transaction costs, greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case.

Certain Investment Professionals are registered representatives of the broker-dealers listed in Item 10 of this Brochure. Broker-dealers are required to record and supervise all trades placed by their representatives. In order to meet this responsibility, the broker-dealers with which our Investment Professionals are registered may require that all trades in client accounts be placed through the broker-dealer with which the Investment Professional is registered, through the broker-dealers' clearing firm(s), or through other broker-dealers. Certain Investment Professionals will request that clients use the custodial, brokerage and clearing services of either Pershing Advisor Solutions, LLC ("Pershing"), Charles Schwab & Co., Inc. ("Schwab") or SEI and direct us to place all trades through either Pershing, Schwab,

or SEI. We have evaluated Pershing, Schwab and SEI and believe that they will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

Pershing, Schwab and SEI may provide to us, without cost, computer software and related systems support which allow us to better monitor client accounts which they maintain. We receive the software and related support without cost because we manage accounts for clients that maintain assets at Pershing, Schwab or SEI. The software and related systems support may benefit our firm but may not directly benefit our clients. While we endeavor at all times to put the interests of our clients first, the receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of Pershing, Schwab or SEI over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, we may receive the following benefits from Pershing, Schwab or SEI:

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services its participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- access to an electronic communication network for client order entry and account information.

Block Trading.

We will block trades placed by a particular Investment Professional where possible and when advantageous to clients. 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. We do not coordinate block trading among Investment Professionals.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Our 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 or our firm's order allocation policy.
- 2) The Investment Professional must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The Investment Professional must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order.
- 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) Our 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 our 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.

SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS

Please refer to the Form ADV Part 2A Brochure of any recommended manager for information on that manager's brokerage practices.

PRIVATE WEALTH MANAGEMENT

Private Wealth Management accounts are held at Pershing, Schwab or SEI, and clients must direct our firm and any separate account manager selected by the client to utilize Pershing, Schwab, SEI or an affiliate of them, for execution services. In directing the use of a particular broker, it should be understood that we may not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. Our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

Our firm is not a broker-dealer and will receive no revenue related to assets held, transactions, and activity in Program Accounts beyond the advisory fee.

FINANCIAL PLANNING

When consistent with our fiduciary duty, our Investment Professionals may recommend themselves or other persons in our firm who are registered representatives of a broker-dealer to financial planning clients for implementation of financial planning recommendations. No financial planning client is obligated to use any individual or broker-dealer firm to implement financial planning recommendations.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Portfolio Management accounts are continually monitored, these accounts are reviewed at least quarterly. 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 the Investment Professional who is managing the client's account.

REPORTS: Clients will receive monthly or quarterly statements from their custodian(s). The client may negotiate with his or her Investment Professional for additional reports.

SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS

REVIEWS: Clients account should refer to the independent registered investment adviser's Form ADV Part 2A Brochure for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

We will review these accounts on a quarterly basis. These accounts are reviewed by the Investment Professional in charge of the client's account.

REPORTS: These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

We do not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

PRIVATE WEALTH MANAGEMENT

REVIEWS: Each client may negotiate the frequency of account reviews with the client's Investment Professional. 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.

REPORTS: The client will receive a monthly statement from the custodian providing a detailed list of holdings with valuations and account activity as well as confirmations of all securities transactions from Pershing, Schwab or SEI. Clients utilizing SEI as their Custodian will elect, at account opening, whether they would like to receive statements on a monthly or quarterly basis; quarterly is SEI's default election. Clients enrolled in Envestnet's program will receive a quarterly statement from Envestnet showing the allocation of the assets in the account as well as the performance of the account during the previous quarter.

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.

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 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.

Each Solicitor is registered as an investment adviser or investment adviser representative as required by state law.

OTHER COMPENSATION

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect

the judgment of these individuals when making recommendations.

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. We obtain written authorization from the client to deduct advisory fees from an account held by a qualified custodian.

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.

Other than the automatic deduction of our advisory fee from client accounts, our firm does not have custody of the assets in client accounts.

Item 16 Investment Discretion

Clients may 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;
- determine the broker or dealer to be used for purchase or sale of securities for a client's account;
- determine the commission rates to be paid to a broker or dealer for a client's securities transactions;

Clients give us discretionary authority when they sign a discretionary agreement with our firm, 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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our

firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients will receive proxies and shareholder communications directly from their custodian. Clients are reminded that they are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client for Pennsylvania clients (\$500 per client for clients located in states other than Pennsylvania) more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. MerCap Advisors, Inc. has no additional financial circumstances to report.

MerCap Advisors, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of MerCap Advisors, Inc.:

- Dale A. Pope, President & Chief Compliance Officer
- Megan A. Reilly, Director of Operations

Information regarding the formal education and business background for Mr. Pope is provided in his respective Brochure Supplement. Megan Reilly's formal education and business background is as follows:

Megan A. Reilly

Education:

- Harcum College, Bryn Mawr, PA, Associates Degree in Business Administration (2003)

Securities Licensing Examinations:

- Series 6, Investment Company Products/Variable Contracts Representative Examination
- Series 63, Uniform Securities Agent State Law Examination
- Series 26, Investment Company Products/Variable Contracts Principal Examination
- Series 99, Operations Professional Qualification Examination

Business Background:

- MerCap Advisors, Inc., Director of Operations, 06/2015 to Present
- MerCap Securities, LLC, Director of Operations, 02/2012 to Present
- Merion Wealth Partners, LLC, Director of Operations, 03/2010 to Present
- American Portfolios Financial Services, Inc., Registered Representative, 04/2010 – 12/2011
- FSC Securities Corporation, Registered Representative, 11/2009 – 05/2012
- Financial Network Investment Corporation, Registered Representative, 10/2008 – 11/2009
- Strategic Wealth Management Advisors, LLC, Business Manager, Licensed Producer (Life/Health), 07/2008 – 02/2010

MerCap Advisors, Inc. is not engaged in any business activity other than giving investment advice.

Neither MerCap Advisors, Inc. nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither MerCap Advisors, Inc. nor our management personnel have a relationship or arrangement with any issuer of securities.