

## **Ray Mignone & Associates, Inc.**

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*Brochure dated: February 9, 2016*

### **Form ADV Part 2A: Disclosure Brochure**

*This brochure provides information about the qualifications and business practices of Ray Mignone & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 718-229-2514 or [ray@raymignone.com](mailto:ray@raymignone.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 Ray Mignone & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching the following IARD/CRD number: 112307.*

*Ray Mignone & Associates, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.*

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our amended return dated September 2, 2015 we have no material changes to report.

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## Item 4 Advisory Business

Ray Mignone & Associates, Inc. (hereinafter "Mignone" or the "Firm") was founded in 1990, and is primarily based in Boynton Beach, FL with a secondary office located in Little Neck, NY. Our firm's sole owner is Raymond D. Mignone.

The following paragraphs describe our Firm's services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Ray Mignone & Associates, Inc., and the words "you", "your" and "client" refer to you as either a client or prospective client of our Firm. Ray Mignone & Associates, Inc. offers investment advice with the assistance of its Investment Adviser Representatives (IARs). The use of these terms is not intended to imply that there is more than one individual associated with this firm. Currently, Raymond D. Mignone is our firm's sole investment adviser representative. Our Firm's services include investment management and financial (and retirement) planning.

### Investment Management

Our Firm primarily offers investment management services where we manage our clients' investments within the larger context of the client's financial plan. Investment management services consist of ongoing advice and discretionary or non-discretionary investment management services that are customized to each client's unique circumstances. These services include an initial consultation along with follow up consultations, as may be agreed, to discuss the client's unique investment objectives, time horizon, risk tolerance, tax circumstances, and various other financial factors.

Based on our Firm's evaluation of the foregoing factors, we will use the information we gather to develop a strategy and customized investment portfolio for each client in accordance with their specific risk tolerance and investing objectives. Once our Firm constructs an investment portfolio, we will monitor the performance for each client portfolio on an ongoing basis, and will periodically rebalance the portfolio as required by, among other things, changes in market conditions and in the client's individual financial circumstances.

If clients engage our Firm for discretionary management services, we require clients to grant our Firm discretionary authority to manage the account(s). Discretionary authorization will allow our Firm to determine the specific securities, and the amount of securities, to be purchased or sold for the account without client approval prior to each transaction. For clients entering into non-discretionary arrangements with our Firm, we will obtain client approval prior to executing any transactions on behalf of the client account(s). Please see Item 16 (Investment Discretion) of this Disclosure Brochure for more information on the different types of management authority we offer under our investment management services.

The investment management process varies for each client as it is based on the client's individual financial circumstances. In the event our Firm accepts a client account that does not meet our Firm's stated account minimum (see Item 7 of this Disclosure Brochure), we may alter the investment management process structure to better accommodate the client's needs and requested services.

Our Firm uses a tactical asset allocation approach. Investments are typically made in no load mutual funds but stocks, bonds, ETF's, and other securities may be used as well. Additionally, we may advise clients on any type of investment that we deem appropriate based on the client's stated goals and objectives. We may also provide advice on any type of investment held in the client's portfolio at the inception of our advisory relationship. Clients may impose restrictions on investing in certain securities or types of securities subject to written approval from our Firm's Chief Investment Officer, Ray Mignone.

As part of our investment management services, our Firm may, in its sole discretion, provide clients with complimentary or reduced cost financial planning services that complement the management of the client's investment portfolio in order to better serve our clients and help them manage their overall financial affairs.

Under our management services we also provide consulting services that typically involve the review of your investment portfolio, such as your 401K account, and in an effort to achieve your target allocation we may recommend investment allocations based on your investment profile. We will not cause any transactions in conjunction with the advice and/or recommendations given, and you will be responsible for implementing our investment recommendations. To the extent we have access to your closing quarterly account statements, we may agree to monitor your account on a quarterly basis to ensure the account remains aligned with your stated financial objectives. You are free at all times to accept or reject any of our investment recommendations. These consulting services are based on the financial information you provide to us, and you must promptly notify our firm if your financial situation, goals, objectives, or needs change.

As of December 31, 2015, our Firm managed approximately \$271,670,000 in client assets. Of those assets, approximately \$258,680,000 was managed on a discretionary basis while approximately \$12,990,000 was managed on a non-discretionary basis.

### **Financial Planning**

Our Firm typically begins the advisory relationship by working with clients to create a written financial plan. The financial plan may cover retirement planning, education funding, investment planning, insurance review and planning, estate planning, tax planning or other financial matters relevant to the client's individual circumstances. Clients may engage our Firm for broad-based financial planning, project-based planning, or general consulting services.

The financial planning process generally involves a review of the client's current financial condition, investment objectives, risk tolerance, and other relevant financial suitability information. Financial plans and/or recommendations are based on the financial information provided to our Firm. Clients must promptly notify our Firm if their financial situation, goals, objectives, or needs change. Clients are under no obligation to act on our financial planning recommendations, and are not required to implement our financial planning recommendations through our Firm's investment management services.

## **Item 5 Fees and Compensation**

### **Investment Management**

Our annualized fee for investment management services is based on a percentage of client assets under management. Fees range from 0.20% to 2.50% per annum of assets under management, and the fee is billed and payable quarterly in advance based on the value of the client account on the last trading day of the previous quarter. The advisory fee and all terms of the advisory relationship will be set forth in the service agreement executed between the client and our Firm. Some clients may be subject to different fee schedules and minimum fee requirements that were in place at the time they became a client of our Firm. Our Firm imposes a minimum quarterly fee of \$1,250 for new managed accounts, but under no circumstances will such minimum fee exceed 3% of the client's assets under management with our Firm.

If the investment management agreement is executed at any time other than the first day of a calendar quarter, our Firm's fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee and/or for purposes of meeting our Firm's minimum account balance requirement (see Item 7 of this Disclosure Brochure). For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in clients paying a reduced advisory fee subject to negotiation.

Our Firm will deduct our fee directly from the client account through the qualified custodian holding the client's funds and securities. We will deduct our advisory fee only when the client has given our Firm written authorization permitting the fees to be paid directly from their account. Additionally, the qualified custodian will deliver an account statement to the client at least quarterly. These account statements will show all disbursements from the client account, and clients should review all statements for accuracy. Our Firm will receive a duplicate copy of the statement that was delivered to the client.

Clients may terminate the investment management agreement upon written notice to our Firm. If a client terminates the investment management agreement within the first year of the advisory relationship, that client will be required to pay a \$2,500 fee to offset the significant time and costs associated with establishing the client's customized investment portfolio. Clients will incur a pro rata charge for services rendered prior to the termination of the investment management agreement, which means clients will incur advisory fees only in proportion to the number of days in the quarter for which they are a client. If clients have pre-paid advisory fees that our Firm has not yet earned, clients will receive a prorated refund of those fees subject to the \$2,500 fee for accounts terminated within the first year of the advisory relationship.

In the event a client terminates the advisory relationship and subsequently requests our Firm to provide certain information on the account, such as historical costs bases, our Firm reserves the right to charge a fee to such client.

### **Financial Planning**

Our Firm charges an hourly fee of \$250 for financial planning services, which is negotiable depending on the scope and complexity of the plan and the client's financial circumstances and objectives. At the inception of the relationship, our Firm will provide an estimate of the fee that will be charged and in certain circumstances, the total fees may exceed the initial fee quoted, in which case, we will obtain approval from the client before performing additional services. Our Firm typically requires clients to pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. In instances where our Firm is engaged for project-based planning or general consulting, fees are generally due upon completion of services rendered. If our Firm requires a prepayment of fees exceeding \$1,200, we will perform that work within 6 months from the date of contract.

Clients may terminate the financial planning agreement by providing our Firm with written notice. Clients will incur a pro rata charge for services rendered prior to the termination of the agreement. If clients have pre-paid advisory fees that our Firm has not yet earned, the client will receive a prorated refund of those fees. On occasion we may agree to charge a fixed fee for the preparation of a financial plan based on the expected number of hours required to complete the financial plan.

In the event clients retain our Firm for both financial planning and investment management services, our Firm, in its sole discretion, may offset some financial planning fees against fees charges for investment management services.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may recommend that you invest in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our Firm, and others.

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

Our Firm does not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the Fees and Compensation section above (Item 5 of this Disclosure Brochure), and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in the client advisory account.

## **Item 7 Types of Clients**

Mignone offers its services to individuals, trusts, pension plans, endowments, non-profits, foundations and others. The vast majority of our Firm's clients are individuals and families. The minimum portfolio requirement for new clients is \$500,000, which may be comprised of multiple account registrations including joint, trust, IRA, 401(K), 403(B), other retirement accounts, minor children's accounts or others.

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

### **Tactical Asset Allocation**

Mignone's investment management strategy takes a tactical asset allocation approach. Studies have shown that asset allocation (the mix of different asset classes such as stocks, bonds, international, real estate, etc.) is the primary factor in investment returns.

Next the Firm incorporates Harry Markowitz' Nobel Prize winning work in Modern Portfolio Theory to attempt to create portfolios with better risk/return characteristics. Markowitz suggested that using investments whose returns are counter-cyclical can produce better returns with lower risk. Unfortunately, it's difficult to find asset classes that regularly maintain the counter-cyclical returns so Mignone uses broad diversification among several asset classes to help reduce volatility. Even then investment markets can show losses in many asset classes at once as occurred in late 2008 and early 2009.

On an ongoing basis Mignone monitors the valuations of several major asset classes to attempt to determine whether an asset class may produce better risk adjusted returns. We'll then overweight or underweight asset classes based on our outlook in hopes of achieving better investment returns.

In structuring the asset allocation of our client portfolios the Firm examines many factors, including the price/earnings ratios of stocks, bond yields, dividend yields, trends in the economy, the US dollar, corporate earnings and more. We input these factors into our proprietary forecasting model to help derive our asset allocation recommendations.

The asset allocations are further defined by the client's investment time horizon. Clients that are drawing income, for instance, will have a portfolio structured with less volatility than a client that may not need to draw income for many years.

### **Security Selection**

Once the client's asset allocation is determined Mignone then seeks out the best investments available for each asset class. We'll typically use mutual funds that offer broad diversification of an asset class along with the specialized expertise a professional manager can offer. We'll use other security types as appropriate, including individual stocks, bonds, ETF's and others. Generally the firm utilizes investments that are readily marketable.

In managing a client's 401(k) or other retirement assets Mignone may be limited to the investment choices available within the employer sponsored plan. In these cases we'll seek out the best options in the plan and attempt to balance these with other client accounts that may have more flexibility. In working with a client's assets we manage the portfolio as a whole rather than at the account level in order to minimize trading and tax costs.

The majority of assets managed by our Firm have a long term time horizon. We view inflation as a type of risk and attempt to grow our client portfolios in real, inflation adjusted terms. Our focus on longer term, real returns means that there will be some short term volatility. As a result, short term losses are to be expected periodically in portfolios managed for the long term. And, of course, there is no guarantee that the strategies will prove successful even over the long term.

### **Recommendation of Particular Types of Securities**

As mentioned above we primarily offer advice on mutual fund shares, exchange traded funds, equity securities, and corporate debt securities. In addition, we offer advice on certain TIAA-CREF products, including qualified annuities offered in retirement plans such as the TIAA Real Estate Account, which is a variable annuity primarily consisting of directly owned, income-producing commercial real estate properties. We may also recommend other types of securities since each client may have different needs and/or risk tolerances. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

*Mutual Funds and ETFs:* Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge



such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

*Equity Securities*(Stocks): There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

*Corporate Debt Securities*: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

### **Tax Management**

Client portfolios may consist of multiple accounts with differing tax treatment of gains, interest, dividends and withdrawals. Mignone attempts to minimize the long term impact of taxes by taking advantage of the various tax favored investments available to clients. For instance moves may include taking tax losses, postponing a gain to achieve more favorable tax rates or the recommendation of a Roth conversion. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

## **Item 9 Disciplinary Information**

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

In 2015, the Florida Office of Financial Regulation took certain disciplinary actions against Ray Mignone, our firm's President, for conducting investment advisory business within the State of Florida without being properly registered. Prior to relocating to the State of Florida, Mr. Mignone and Ray Mignone & Associates, Inc. were previously located in the State of New York where Investment Adviser Representatives (Ray Mignone) were not required to register. Unlike New York, the State of Florida requires Investment Adviser Representatives of SEC registered advisory firms to register with the State. While Mr. Mignone properly notice filed his firm (Ray Mignone & Associates, Inc.) with the State of Florida, he did not register himself as an Investment Adviser Representative with his firm in the State of Florida. Mr. Mignone was not aware of this requirement when his firm relocated its principal office to the State of Florida.

Mr. Mignone was required to pay an administrative fine, and the matter has been resolved. Mr. Mignone has no outstanding issues and is appropriately registered without restriction as an Investment Adviser Representative in Florida on behalf of Ray Mignone & Associates, Inc. For more information on this matter, please visit the Investment Adviser Public Disclosure (IAPD) website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) and search Mr. Mignone's individual CRD number (4387662). If you have any questions, please contact Mr. Mignone at (718) 229-2514.

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

We have not provided information on other financial industry activities and affiliations because we do not have any investment-related relationship or arrangement that is material to our advisory business or to our clients.

Our Firm does not have any investment adviser representative registered with FINRA to receive commissions on investment product sales. Mignone's only revenue is directly from clients (see the Fees and Compensation for more details). Mignone has arrangements with TD Ameritrade Institutional and TIAA CREF to service client accounts. Mignone is not affiliated with either of these firms. Please see the Brokerage Practices section of this Disclosure Brochure for more details.

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

### **Description of Our Code of Ethics**

Mignone strives to comply with applicable laws and regulations governing our Firm's practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our Firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the receipt of fee-only compensation for investment advisory services.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we may have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. In efforts to mitigate this conflict of interest, it is our policy that neither our Firm nor persons associated with our Firm shall have priority over your account in the purchase or sale of securities. As a fiduciary, it is our Firm's obligation to act in our client's best interest.

## **Item 12 Brokerage Practices**

### **Brokerage Recommendations**

Mignone will recommend brokers to clients such as TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer, among others. Such recommendations will take into account a number of factors, some of which may include custodial fees charged by the broker-dealer for holding securities for the client, commission rates, quality of execution, and record keeping and reporting capabilities, among other factors.

When recommending a broker, Mignone will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that the recommended broker charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another broker. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as Mignone recommends.

The brokerage firms Mignone may recommend are not affiliated with Mignone. They may provide Mignone and his clients access to their institutional trading and custody services which are typically not available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as they maintain certain minimum levels of client assets at the brokerage firms. These arrangements are not otherwise contingent upon Mignone committing to the firms any specific amount of business (assets in custody or trading). Services provided by the firms to Mignone include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher initial investment.

The brokerage firms also make available to Mignone other products and services that benefit Mignone but may not benefit its clients' accounts. Some of these other products and services assist Mignone in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Mignone's fees from its clients' accounts; and assist with back office functions, recordkeeping and client reporting. The brokerage firms may also provide Mignone with consulting, publications, conferences on practice management, information technology, marketing and regulatory compliance.

Research products and services Mignone may receive from brokerage firms, including TD Ameritrade and TIAA CREF, may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to the firm in the performance of its investment decision making responsibilities. Such research products and services are provided to all investment advisers that utilize TD Ameritrade and TIAA CREF, and are not considered to be paid for with soft dollars. However, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker-dealer are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Brokerage for Client Referrals**

We do not currently receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Trade Aggregation / Block Trading**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of

the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm do not participate in block trading with your accounts.

Where we block trade accounts, we do so only for discretionary accounts. We do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

### **Investment Management**

All clients' portfolios are subject to numerous regular reviews by Raymond Mignone.

- Each quarter accounts are reviewed to ensure that the client's asset allocation is appropriate.
- Each quarter client's investment returns are reviewed to ensure that they are performing in line with expectations.
- Accounts are reviewed at least annually to optimize tax savings.
- Additional reviews may be done periodically if there is a change in the firm's investment outlook.

In addition to statements that clients receive from their brokerage firm or other custodian, Mignone produces a quarterly client report which is mailed or posted as a PDF file. Clients that have been with the firm for a complete calendar year receive a customized Annual Financial Report. Clients may receive an annual update of their retirement plan, education funding plan, or net worth statement by requesting a meeting. In addition they may request financial planning services at any time. There are no additional fees for these financial planning services.

### **Financial Planning Services**

If you engage our Firm for the purpose of obtaining financial planning services, but not for the purpose of obtaining investment management services, any review and/or modification of your financial plan after the completion of our initial engagement will be conducted only upon your request. Each such review and/or modification will constitute a new and distinct engagement requiring the execution of a new advisory agreement, and services will be provided by our Firm at our then current hourly rate.

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

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Mignone receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include Envestnet Tamarac, Schwab Performance, Advicent (EISI-NaviPlan), Litman Gregory, MoneyGuide Pro, LiquidHub, Integrated Concepts, Make it a great day, and Salesforce. Ameritrade provides the Additional Services to Mignone in its sole discretion and at its own expense, and Mignone does not pay any fees to TD Ameritrade for the Additional Services. Mignone and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Mignone's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Mignone, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Mignone's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Mignone, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Mignone may have an incentive to recommend to its clients that the assets under management by Mignone be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Mignone's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

As a result of past participation in TD Ameritrade's AdvisorDirect program (the "referral program"); Advisor received client referrals from TD Ameritrade. TD Ameritrade established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor is no longer participating in the referral program for purposes of receiving client referrals but it is obligated to pay TD Ameritrade



an on-going fee for each successful client relationship established as a result of past referrals. This fee is usually a percentage (not to exceed 15%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members who hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred to it through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its other clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients.

Our Firm does not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

## **Item 15 Custody**

The client's independent qualified custodian will directly debit client account(s) for the payment of our investment management fee. Unless our Firm has made an exception to act in a trustee capacity on your behalf, we do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this Disclosure Brochure.

In limited circumstances and in our sole discretion, Ray Mignone may agree to serve as trustee on your behalf. This capacity as trustee causes our firm to have physical custody over such assets. Consequently, we are required to have such assets audited by an independent accountant on an annual basis and report such audit findings to the Securities and Exchange Commission. If you have any questions about this capacity, please contact us at the phone number listed on the cover page of this Disclosure Brochure.

## **Item 16 Investment Discretion**

If you engage us to perform discretionary management services, you must first sign our discretionary management agreement before we can buy or sell securities on your behalf. Discretionary authorization enables our firm to exercise discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. This type of management authority allows Mignone to quickly and proactively manage client accounts in an efficient manner. Clients may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for their account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

In limited circumstances where clients engage our Firm for non-discretionary management services, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

### **Balance Sheet**

A balance sheet is not required to be provided because our Firm does not serve as a custodian for client funds or securities nor does our Firm require prepayment of fees of more than \$1,200 per client and six (6) months or more in advance.

### **Financial Conditions**

Our Firm has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither our Firm nor our management personnel have had any bankruptcy petitions in the last ten years.