



***Part 2A of Form ADV: Firm Brochure***

**New England Capital Financial Advisors, LLC**

79 Main Street  
South Meriden, CT 06451

Telephone: (203) 935-0265  
Email: [darrentapley@newenglandcapital.com](mailto:darrentapley@newenglandcapital.com)  
Web Address: [www.newenglandcapital.com](http://www.newenglandcapital.com)

3/17/2017

This brochure provides information about the qualifications and business practices of New England Capital Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 935- 0265 or [darrentapley@newenglandcapital.com](mailto:darrentapley@newenglandcapital.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 New England Capital Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://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 109203.

## **Item 2    Material Changes**

Since our last filing on March 16, 2016 we have not made any material changes to our Form.

.

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

## **Item 4     Advisory Business**

New England Capital Financial Advisors, LLC (“NECFA”, “We”, “Us” or “Our”) is a SEC-registered investment adviser with its principal place of business located in South Meriden, Connecticut. NECFA began conducting business in 1992 with Christopher W. Beale, CFP® as Managing Member and majority shareholder.

NECFA offers the following advisory services to our clients:

- INDIVIDUAL PORTFOLIO MANAGEMENT
- FINANCIAL PLANNING
- CONSULTING SERVICES
- PENSION CONSULTING SERVICES
- SEMINARS

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm offers continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we 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 basis. As of 03/15/2017, we managed \$228,584,813 of assets on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., aggressive, moderately aggressive, moderate, moderately conservative and conservative), 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 will generally include advice regarding exchange-listed securities, securities traded over-the-counter, warrants, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States governmental securities, options contracts on securities, interests in partnerships investing in real estate, and 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.

### **FINANCIAL PLANNING**

We offer 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, we ask detailed questions, gather information and analyze your financial status and life situation. 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 questionnaires 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 financial advisor. 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.

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.

As individuals of NECFA are registered as representatives of a broker dealer and/or as insurance agents/brokers of various insurance companies, recommendations made in financial plans are not limited to only those products offered through these companies.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

## **PENSION CONSULTING SERVICE**

We also offer several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. We may recommend John Hancock, American Funds and/or other independent service providers as appropriate to manage the assets and advise the individual participants and trustees of pension, profit sharing and 401(k) plans. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services. As of 3/15/2017, for these types of plans we managed \$6,809,629 of assets on a discretionary basis and \$24,156,684 on a non-discretionary basis.

### ***1.) Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

### ***2.) Selection of Investment Vehicles:***

We will assist plan sponsors in constructing asset allocation models, and review various investments to determine which investments are appropriate to implement the client's IPS. We will review various investments, consisting exclusively of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

### ***3.) Monitoring of Investment Performance:***

We will monitor client investments continuously, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm will not be involved in any way in the purchase or sale of these investments, we will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### ***4.) Employee Communications:***

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **SEMINARS**

Our firm offers educational seminars on various investment topics including technical portfolio analysis. The investment information provided under this service does not purport to meet the objectives or needs of each individual client. The seminars will provide participants with discussions on asset allocation strategies, estate and retirement planning,

and general educational topics. Our seminars may be open to the public.

## MISCELLANEOUS

**Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, NECFA *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. NECFA does not serve as an attorney, accountant, or insurance agent, and no portion of NECFA's services should be construed as same. To the extent requested by a client, NECFA may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of NECFA in their separate individual capacities as representatives of Purshe Kaplan Sterling Investments ("PKS"), an SEC registered and FINRA member broker-dealer and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from NECFA and/or its representatives. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by NECFA representatives that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of PKS and/or as insurance agents, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from NECFA representatives. Clients are reminded that they may purchase securities and insurance products recommended by NECFA through other, non-affiliated broker-dealers and/or insurance agencies. **NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Client Obligations.** In performing its services, NECFA shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify NECFA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising NECFA's previous recommendations and/or services.

**Please Note: Retirement Rollovers-No Obligation/Conflict of Interest:** A client or prospective client is under absolutely no obligation to engage NECFA as the investment adviser for his/her employer sponsored retirement account. Rather, a client can continue to self-direct his/her retirement account at his/her employer. If the client determines that he/she would like NECFA's assistance, NECFA shall charge a separate and additional advisory fee for its ongoing advisory services. The client will not incur this separate and additional advisory fee if he/she determines to continue to self-direct his/her account. As a result, any recommendation by NECFA that a client engage NECFA to manage his/her retirement account presents a conflict of interest since NECFA shall derive an economic benefit from such engagement. Again, a client is under absolutely no obligation to engage NECFA as the investment adviser for his/her retirement account. **ANY QUESTIONS:** NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client

may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

**Independent Programs/Managers.** NECFA may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers and/or programs (including wrap program sponsors) in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. NECFA shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the NECFA shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The client will receive written disclosure document provided by the program sponsor and will generally be required to execute a separate written agreement with the program sponsor and/or the *Independent Manager[s]* addressing the scope of services and fees, including costs and fees to be paid by the client **in addition to** NECFA's investment advisory fee. **See** disclosure below regarding wrap programs.

**Please Note: Inverse/Enhanced Market Strategies.** NECFA *may* utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct NECFA, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by NECFA) will be profitable or equal any specific performance level(s).

## Item 5 Fees and Compensation

### INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management as follows:

<u>Assets</u>	<u>Annual Fee</u>
Up to - \$250,000	1.50%
\$250,001 - \$500,000	1.25%
\$500,001 - \$2,500,000	1.00%
Over \$2,500,000	0.75%



Our fees are invoiced quarterly in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees that are debited from the account will be noted on their custodial account in accordance with the client authorization in the Client Services Agreement.

**Limited Negotiability of Advisory Fees:** Although we have established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **FINANCIAL PLANNING FEES**

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.

Fees for financial planning will be calculated based on one of two ways:

1. A negotiable hourly rate ranging from \$150 - \$450 per hour. At the time the client agreement is executed, we may estimate the amount of time it will take to complete the financial plan; or
2. A flat rate of \$150 to \$10,000 depending on the extent and complexity of the individual client's personal circumstances and needs. This flat rate may be negotiable under certain circumstances.

We will determine which method payment is appropriate for each client. All fees are agreed upon with each client prior to entering into a contract with any client. The minimum is \$150.

Fees are due and payable upon completion of the plan.

If a financial planning client becomes a NECFA portfolio management client, we may discount or waive its financial planning fee in lieu of its portfolio management fee.

### **CONSULTING SERVICES FEES**

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

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$150 to \$450 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

All Consulting Services fees are due and payable as incurred.

### **PENSION CONSULTING SERVICES FEES**

As described in Item 4, clients that choose this service may be referred to John Hancock

Retirement Plan Services, American Funds or other similar providers. We may enter into an agreement with these and other providers and may receive an advisory fee ranging from 20 basis points to 100 basis points annually on the assets in the pension or retirement plans in connection with our services.

Clients utilizing the services through these providers may also be charged various program fees and expenses in addition to our advisory fee. Such fees may include third party administrative fees, custodial fees, transaction fees, a per-participant fee and expenses associated with the underlying investment vehicles offered by each service provider. Clients should closely review the agreements with each service provider and the prospectuses or disclosure documents associated with each.

## SEMINARS FEES

Clients participating in our seminars are charged between \$25 and \$5,000 for the entire seminar program. The exact fee depends on the length and number of the sessions in the program, the materials included, and the location and additional expenses. Fees are due and payable at the completion of the program. Under certain circumstances, the seminar fee may be negotiable.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

***Mutual Fund Fees:*** All fees paid to NECFA 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.

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

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

additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to our minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** We are 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, we 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 our 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 \$1,200 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.

## **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 (other than plan participants)
- Charitable Organizations
- Corporations or business entities other than those listed above
- Trusts

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

### **METHODS OF ANALYSIS**

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

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and 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.

**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**

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

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

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

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take 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.

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

## **Item 9 Disciplinary Information**

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

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

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

### **MANAGEMENT PERSONNEL REGISTRATIONS:**

Certain management personnel and associated persons of our firm are separately licensed as registered representatives of Purshe Kaplan Sterling Investments, an unaffiliated FINRA member broker dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While management and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional

compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

## ***INSURANCE LICENSES***

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

## ***BANKING OR THRIFT INSTITUTION***

NECFA's Managing Member, Christopher W. Beale, CFP, has a small minority ownership interest in a savings and loan company, National Advisors Holdings, Inc. ("NAH") that has formed a federally chartered trust company, National Advisors Trust Company ("NATC"). NAH and NATC are regulated by the Office of the Comptroller of the Currency (OCC), a bureau of the U.S. Treasury Department. The trust company intends to provide a low-cost alternative to traditional trust service providers, and the NECFA intends to refer clients to NATC for trust services. Mr. Beale also serves on NATC's Board of Directors, for which he is compensated.

- **Conflict of Interest:** The recommendation by Mr. Beale that a client engage the trust services of NATC presents a conflict of interest, as the receipt of residual compensation by Mr. Beale, as an indirect owner and Board member of NATC, may provide an incentive to recommend NATC's trust services, rather than on a particular client's need. No client is obligated to engage NATC's trust services and clients are reminded that they may engage the trust services of other, non-affiliated trust companies. **NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective may have regarding this conflict of interest.**

## ***Conflicts of Interests***

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

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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

NECFA 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.

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [darrentapley@newenglandcapital.com](mailto:darrentapley@newenglandcapital.com), or by calling us at (203) 935-0265.

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. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security 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. 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:

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

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

### INDIVIDUAL PORTFOLIO MANAGEMENT

In the event that the client requests that NECFA recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the NECFA to use a specific broker-dealer/custodian), NECFA generally recommends that investment management accounts generally be maintained at *Fidelity*, *National Advisors Trust* (“NATC”) and/or *Schwab*. Prior to engaging NECFA to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with NECFA setting forth the terms and conditions under which NECFA shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that NECFA considers in recommending *Fidelity*, *NATC* and/or *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with NECFA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by NECFA's clients shall comply with the NECFA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the NECFA determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although NECFA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, NECFA's investment management fee. NECFA's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, NECFA may receive from *Fidelity*, *NATC* and/or *Schwab* (or another broker-dealer/custodian, investment manager, platform or fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist NECFA to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by NECFA may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by NECFA in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist NECFA in managing and administering client accounts. Others do not directly provide

such assistance, but rather assist NECFA to manage and further develop its business enterprise.

NECFA's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity, NATC and/or Schwab* as a result of this arrangement. There is no corresponding commitment made by the NECFA to *Fidelity, NATC and/or Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

**Directed Brokerage:** NECFA does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and NECFA will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by NECFA. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs NECFA to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through NECFA.

**Please Note (Unaffiliated Wrap/ Mutual Fund and Independent Manager Allocation Programs):** In the event that NECFA is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, NECFA will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. In the event that NECFA is engaged to provide investment advisory services as part of an unaffiliated managed account program, NECFA will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

## **PENSION CONSULTING SERVICES**

We may recommend the client utilize the services of John Hancock Retirement Plan Services, American Funds, and/or other similar retirement plan service providers (collectively "Service Providers") in connection with our Pension Consulting Services. We assist plan sponsors in selecting and designing their retirement plan(s) through the Service

Provider that best suit the client's objectives. Clients should review the disclosure documents of the Service Provider recommended and/or any prospectuses relating to the funds or investments in conjunction with this service.

In recommending these programs we cannot ensure that client will pay the lowest commissions or receive best execution on transactions within the program.

### **AGGREGATING "BLOCK" CLIENT TRADES**

We will block trades 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.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. NECFA 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 with NECFA, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager 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 portfolio manager must reasonably believe that the order aggregation will benefit, and will enable NECFA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order. 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) NECFA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

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

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

## **Item 13    Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services 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 initially reviewed by Christopher W. Beale, CFP® and Darren M. Tapley, CCO, Christopher M. Lee, CFP®. Thereafter these accounts are periodically reviewed by; Christopher W. Beale, CFP®, Christopher M. Lee, CFP®, Darren M. Tapley, Ann Marie Ocone, CFP®, Marc J. Libero, and Linda Storms, CFP®.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker dealer, we may provide quarterly reports summarizing account performance, balances and holdings.

### **FINANCIAL PLANNING SERVICES**

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

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

### **CONSULTING SERVICES**

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

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

### **PENSION CONSULTING SERVICES FEES**

**REVIEWS:** We review the client's Investment Policy Statement (IPS) whenever the client

advises us of a change in circumstances regarding the needs of the plan. We also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: The initial reviews are conducted by Christopher W. Beale, CFP® and Darren M. Tapley, CCO, Christopher M. Lee, CFP®. Thereafter these accounts are periodically reviewed by; Christopher W. Beale, CFP®, Christopher M. Lee, CFP®, Darren Tapley, Ann Marie Ocone, CFP®, Marc J. Libero, and Linda Storms, CFP®.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship or as provided for by the third-party service providers selected by the client.

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

It is our policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

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

## **Item 15 Custody**

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

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

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

Our firm does not have actual or constructive custody of 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

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 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 may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18    Financial Information**

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

As an advisory firm we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

We have not been the subject of a bankruptcy petition at any time during the past ten years.