

Vahanian & Associates Financial Planning Inc.

SEC File Number: 801 – 55829

ADV Part 2A, Brochure

Dated: March 26, 2018

Contact: Bonnie M. Boyce, Chief Compliance Officer

60 Railroad Place, Suite 104

Saratoga Springs, NY 12866

www.vahanian.com

This Brochure provides information about the qualifications and business practices of Vahanian & Associates Financial Planning Inc. (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (518) 583-0891 or vahanian@vahanian.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 Vahanian & Associates Financial Planning Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Vahanian & Associates Financial Planning Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to this ADV Part 2A, Brochure since the March 22, 2017 Annual Amendment filing. However, this Brochure has been amended since that time to make disclosure additions and enhancements, including at Items 4, 5, 12, and 14, regarding retirement rollovers, a written acknowledgment of fiduciary status with respect to certain accounts governed by the Employee Retirement Income Security Act of 1974 / the Internal Revenue Code, or both, advisory fees, forgivable loans, and economic benefits.

Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client has about this Brochure.

Item 3 Table of Contents

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

Item 4 Advisory Business

- A. Vahanian & Associates Financial Planning Inc. (the “Registrant”) is a corporation formed on July 14, 1986 in the state of New York. The Registrant became registered as an Investment Adviser Firm in August 1998. The Registrant is owned by Jeffrey C. Vahanian, the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (currently: individuals, high net worth individuals, trusts and estates, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Prior to engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

The Registrant shall provide investment management services specific to the needs of each client. Prior to providing investment management services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The Registrant primarily allocates client investment assets among various mutual funds and/or exchange traded funds (“ETFs”), and, to a lesser extent, individual equity (stocks) and debt (bonds) securities on a discretionary basis in accordance with the client’s designated investment objective(s). The Registrant shall provide investment management services specific to the needs of each client. Before providing investment management services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute or recommend execution of transactions for the account based upon such reviews.

RASA 044 ACCOUNTS

In addition to the above, the Registrant offer RASA 044 Accounts (“RASA”) as a non-commissionable advisory account for which Registrant purchases load waived and no-load mutual funds and other equity, debt and option securities on behalf of the client. Registrant will obtain the relevant financial data from the client to ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s) within the client’s RASA account.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. (See disclosures at Items 5.E. and 10.C.). 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 the Registrant. **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:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by the client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. To the extent requested by a client, Registrant may recommend the services of other professionals for certain implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant in their separate individual capacities as registered representatives of Royal Alliance Associates ("Royal") 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 Registrant and/or its representatives. **Please Note:** If the client engages any 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 Registrant's representative that a client purchase a securities or insurance commission product through Registrant's representative in his/her separate and individual capacity as a registered representative of Royal and/or as an insurance agent presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment or insurance 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 through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by Registrant through other, non-affiliated broker-dealers and/or insurance agents. **Registrant's Chief Compliance Officer, Bonnie M.**

Boyce remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Cash Positions. Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive or liquidity purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee.

Use of Mutual Funds and ETFs. While the Registrant may recommend allocating investment assets to mutual funds and ETFs that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds and ETFs that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds and ETFs without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such a rollover recommendation.**

ERISA / IRC Fiduciary Acknowledgment. If a client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then the Registrant represents that it and its

representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

eMoney Advisor Platform. Registrant may provide its clients with access to an online platform hosted by “eMoney Advisor” (“eMoney”). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the “Excluded Assets”). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. **Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance.** The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Registrant and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant’s assistance or oversight.

Client Obligations. In performing its services, Registrant 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 their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant’s previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant’s written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant’s services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2017, the Registrant had \$153,475,765 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary or investment advisory services on a non-negotiable *fee* basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a fee basis, the Registrant's non-negotiable annual investment advisory fee shall be 1.25% of the assets placed under the Registrant's management.

RASA 044 ACCOUNTS

Registrant offers RASA as an account billed with separate advisory fees and transaction charges. As such, in addition to the quarterly account fee described below, clients will also pay separate per-trade transaction charges. Clients are urged to review their RASA agreement for a complete list of applicable charges.

RASA clients will pay a quarterly account fee, in arrears, based upon the market value of the assets held in the account as of the last business day of the preceding calendar quarter. RASA account fees are negotiable and may be directly deducted from the client's custodial account in accordance with Item 5.B. below.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's non-negotiable planning and consulting fees is \$250.00 per hour.

- B. Both Registrant's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Royal Alliance Associates Inc. ("Royal") (which clears through Pershing, LLC) serve as the broker-dealer for client investment management assets. Broker-dealers such as Royal charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by Royal, and the charges imposed at the mutual fund and exchange traded fund level are in addition to, and separate from Registrant's advisory fee referenced in this Item 5.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.
- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Jeffrey C. Vahanian, the Registrant's President, in his separate and individual capacity as registered representative of Royal, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Royal, then Royal will charge brokerage commissions to effect securities transactions, a portion of which commissions Royal shall pay to Mr. Vahanian, as applicable. The brokerage commissions charged by Royal may be higher or lower than those charged by other broker-dealers. In addition, Royal, as well as Mr. Vahanian, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

In addition, Royal has provided financial assistance to Mr. Vahanian, in his separate and individual capacity as a registered representative of Royal as part of a compensation package through a forgivable loan program ("Forgivable Loan"). The Forgivable Loan term is three (3) years in length, and constitutes additional economic benefits. Under the Forgivable Loan, loan repayments due and owing by Mr. Vahanian are offset by corresponding annual payments made by Royal to Mr. Vahanian, so long as Mr. Vahanian remains continuously affiliated with, or otherwise provides continuing and uninterrupted services, for Royal. The Forgivable Loan therefore incentivizes Mr. Vahanian to remain affiliated with Royal in a separate individual capacity as a registered representative. Accordingly, the receipt of the Forgivable Loan presents a **conflict of interest**, because Registrant's representatives are incentivized to recommend that clients utilize Royal for brokerage services in order to maintain Mr. Vahanian's affiliation necessary to achieve loan forgiveness, rather than basing such recommendations on a client's particular needs. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Royal and/or Registrant's representatives, and that they may purchase such securities commission products from other, non-affiliated broker-dealers and registered representatives.

1. **Conflicts of Interest:** Based upon the above compensation arrangements, the recommendation that a client purchase a commission product from Royal presents **conflicts of interest**, as the receipt of commissions or other compensation may provide an incentive to recommend investment products based on commissions and other compensation to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representative sells an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representative does not also receive commission compensation or additional 12b-1 fees for such advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representative on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients currently include: individuals, high net worth individuals, trusts and estates. While the Registrant does not impose any mandatory requirements for opening or maintaining investment advisory accounts, the Registrant generally seeks to provide such services to clients having at least \$500,000 in assets designated for Registrant's management.

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
 - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. 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 Registrant) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds and/or ETFs, and, to a lesser extent, individual equity (stocks) and debt (bonds) securities on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of Royal.** As disclosed above in Item 5.E, Jeffrey C. Vahanian, the Registrant's President, is also a registered representative of Royal, an SEC-registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Broker Dealer.** As disclosed above in Item 5.E, Jeffrey C. Vahanian is a registered representative of Royal, an SEC-registered and FINRA member broker-dealer. Clients can therefore choose to engage Mr. Vahanian, in his separate and individual capacity to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of Registrant's representatives, in their separate and individual capacities, are also licensed insurance agents who may recommend the purchase of certain insurance-related products on a commission basis and may be engaged in such a capacity.

Conflicts of Interest: The recommendation by Registrant's representatives that a client purchase a securities or insurance commission product presents **conflicts of interest**, as the receipt of commissions or other compensation including Forgivable Loans 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 commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents or broker-dealers. **The Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Royal Alliance Administrative Advisory Panel. As discussed in response to Item 12.A.1. below, Registrant's Chief Compliance Officer, Bonnie Boyce, serves on the Royal Alliance Administrative Advisory Panel ("Royal Administrative Panel"). Ms. Boyce is not compensated by Royal for this service. However, Royal pays for Ms. Boyce's lodging, meals and other incidental expenses incurred in attending meetings. Registrant's principal owner and President, Jeffrey C. Vahanian, previously served in a similar capacity on other Royal Alliance Advisory Boards. This relationship presents a **conflict of interest** because it may incentivize Registrant to recommend that clients engage Royal as broker-dealer based on Ms. Boyce's receipt of the above-described benefits for her service to the Royal Administrative Panel. Clients are therefore reminded that they are not required to engage Royal to provide broker-dealer services.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Royal/Pershing, LLC. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Royal/Pershing, LLC (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant’s clients

shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant 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's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant 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, Registrant's investment management fee. The Registrant'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.

1. Non-Soft Dollar 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, Registrant receives from Royal/Pershing, LLC (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant receives can include: 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 free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events (which can also include transportation and lodging), marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As referenced above, certain of the support services and/or products that Registrant can receive may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because the Registrant has the incentive to recommend that clients utilize Royal/Pershing, LLC as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Royal/Pershing, LLC as a result of this arrangement. There is no corresponding commitment made by the Registrant to Royal/Pershing, LLC or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Clients are further reminded that they are not under any obligation to purchase securities commission products through Royal/Pershing, LLC and/or Registrant's representatives, and that they may purchase such securities commission products through other, non-affiliated broker-dealers. **The Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any**

questions that a client or prospective client may have regarding the above arrangement and conflicts of interest presented.

Royal Alliance Administrative Advisory Panel. As indicated in Item 10.C. above, Registrant's Chief Compliance Officer, Bonnie Boyce, serves on Royal Administrative Panel, which is comprised of approximately nine representatives who have been invited by Royal to participate in meetings and discussions related to Royal's services and operations. Ms. Boyce is not compensated by Royal for this service. However, Royal pays for Ms. Boyce's lodging, meals and other incidental expenses incurred in attending meetings. This relationship presents a **conflict of interest** because it may incentivize Registrant to recommend that clients engage Royal as broker-dealer based on Ms. Boyce's receipt of the above-described benefits for his service to the Royal Administrative Panel. Clients are therefore reminded that they are not required to engage Royal to provide broker-dealer services.

2. The Registrant does not receive referrals from broker-dealers.

3. **Directed Brokerage.**

The Registrant 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 Registrant 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 Registrant. As a result, the 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 Registrant 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 Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **The Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Items 5.E. and 12.A.1. above, the Registrant and its representative receive economic benefits from Royal/Pershing, LLC (or could receive from another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, and/or product/fund sponsor) including support services and/or products without cost or at a discount. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Royal/Pershing, LLC or any other entity as a result of this arrangement. There is no corresponding commitment made by the Registrant to Royal/Pershing, LLC or any other 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. **The Registrant's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**
- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance. **Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

The Registrant provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from the Registrant to transfer client funds to “third parties.” In accordance with the guidance provided in the SEC Staff’s February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client’s account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the client’s attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client’s name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant’s discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant’s use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Registrant’s Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.