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This brochure provides information about the qualifications and business practices of Marshall & Sterling Wealth Advisors, Inc. (hereinafter "Marshall & Sterling" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, Marshall & Sterling is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 29, 2018. The Firm has amended Items 4, 5, and 7 to discuss certain advisory programs recommended to the Firm's clients that are sponsored by LPL Financial LLC ("LPL"). The Firm has also amended Item 12 to reflect additional disclosures relating to benefits received by the Firm from LPL..

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## Item 4. Advisory Business

Marshall & Sterling (the “Firm”), a wholly-owned subsidiary of Marshall & Sterling Enterprises, Inc., has been a registered investment adviser since 2012. As detailed below, the Firm primarily offers investment management and financial planning services to individuals, pension and profit sharing plans, trusts, estates, corporations and other business entities. Marshall & Sterling works with its clients to develop an investment strategy that is customized to their individual goals and objectives.

Prior to engaging Marshall & Sterling to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Marshall & Sterling setting forth the terms and conditions under which the Firm renders its services (collectively the “Agreement”). As of December 31, 2017, Marshall & Sterling had approximately \$94,041,098 in regulatory assets under management, all of which was managed on a discretionary basis. In addition, Marshall & Sterling oversees and consults on approximately \$55,358,949 in retirement plan assets under advisement, which do not meet the technical requirements of regulatory assets under management under current SEC guidance.

This Disclosure Brochure describes the business of Marshall & Sterling. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Marshall & Sterling’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Marshall & Sterling’s behalf and is subject to the Firm’s supervision or control.

### Investment Management Services

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Marshall & Sterling provides its clients three options for receiving investment management services:

- (1) Within the Marshall & Sterling Wrap Fee Program (“the Program”)
- (2) Within the Program, and including a broad range of financial planning services (described below)
- (3) On a standalone basis, outside of the Program

In the provision of investment management services within the Program, Marshall & Sterling primarily allocates clients’ investment management assets among no-load mutual funds and exchange-traded funds (“ETFs”). The Firm primarily manages assets through the use of disciplined investment strategies. Tailored allocations are built for clients utilizing diversified model portfolio(s) within the following strategy themes based on the clients’ needs: Core Capital, Income, Growth and Specialty. Marshall & Sterling also provides advice about any type of investment held in clients’ portfolios, as necessary.

As a standalone investment management service outside of the Program, the Firm provides a momentum strategy, with more frequent trading and whereby on a monthly basis multiple technical analysis factors are analyzed, including but not limited to chart pattern, relative strength, and moving average convergence/divergence, to identify investment opportunities within the S&P 500 index sectors. Upon

completion of the analysis, the Firm trades the accounts to put the portfolios in line with the analysis performed.

The Firm tailors its advisory services to the individual needs of clients. The Firm consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the client. Marshall & Sterling ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Marshall & Sterling if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Marshall & Sterling's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Marshall & Sterling's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. The Firm currently only provides investment management services on a discretionary basis, but also reserves the right to offer these services on a non-discretionary basis.

Within the Program, Marshall & Sterling provides advisory services through certain programs sponsored by LPL Financial LLC ("LPL"), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program offered through Marshall & Sterling. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs, please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

#### *Strategic Wealth Management Program II ("SWM II")*

SWM II offers clients an asset management account that allows Marshall & Sterling to direct and manage specified client assets. The SWM II program also allows the client to select a third party investment manager to manage the client's assets. In the SWM II program, clients pay a single wrap fee for advisory services and execution of transactions. Although clients do not pay a transaction charge for transactions in a SWM II account, clients should be aware that Marshall & Sterling pays LPL a fixed transaction charge based on the account value. . In many instances, LPL makes available mutual funds in a SWM II account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as "Class I," "institutional," "investor," "retail," "service," "administrative" or "platform" share classes ("Platform Shares"). The Platform Share class offered for a particular mutual fund in SWM II in many cases will not be the least expensive share class that the mutual fund makes available, and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through SWM II. In other instances, a mutual fund may offer

only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage-related services”) to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time, and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

#### *Model Wealth Portfolios Program (“MWP”)*

MWP offers clients a professionally managed mutual fund asset allocation program. Marshall & Sterling will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. Marshall & Sterling will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL’s Research Department consistent with the client’s stated investment objective. LPL’s Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

#### *Guided Wealth Portfolios (“GWP”)*

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal (“Investor Portal”). Investment recommendations to buy and sell open-end mutual funds and exchange-traded funds are generated through proprietary, automated, computer algorithms (collectively, the “Algorithm”) of Xulu, Inc., doing business as FutureAdvisor (“FutureAdvisor”), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the “Model Portfolio”). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although Marshall & Sterling will be available to discuss investment strategies, objectives or the account in general in person or via telephone. A preview of the Program (the “Educational Tool”) is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and Marshall & Sterling by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or Marshall & Sterling, do not enter into an advisory agreement with LPL, FutureAdvisor or Marshall & Sterling, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

Marshall & Sterling generally receives compensation as a result of a client's participation in these LPL programs. As such, a conflict of interest exists as Marshall & Sterling has an incentive to recommend these programs to its clients. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what Marshall & Sterling would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

### **Financial Planning Services**

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As stated above, Marshall & Sterling offers its clients a broad range of comprehensive financial planning services. For those clients participating in the Program and receiving the broad range of financial planning services, these services include, advice on investments, insurance, retirement, education, estate and tax planning, cash flow, and, as appropriate, business continuity planning. For other clients participating in the program, they may receive any of those services, upon request. The Firm may also provide any of these financial planning services on a standalone basis to clients not receiving investment management services or participating in the Program.

In performing its services, Marshall & Sterling is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Marshall & Sterling recommends the services of itself, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Marshall & Sterling recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Firm under a financial planning engagement or to engage the services of any such recommended professional, including Marshall & Sterling itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Marshall & Sterling's recommendations. Clients are advised that it remains their responsibility to promptly notify Marshall & Sterling if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Marshall & Sterling's previous recommendations and/or services.

### **Retirement Plan Consulting Services**

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Marshall & Sterling provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Investment Consulting
- Implementation
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Group Enrollment Assistance
- Participant Education

As disclosed in the retirement plan consulting agreement, certain of the foregoing services are provided by Marshall & Sterling as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Marshall & Sterling’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## Item 5. Fees and Compensation

The Firm offers its services on a fee basis, which may include fixed fees and/or hourly fees as well as fees based upon assets under management. Additionally, certain of the Firm’s Supervised Persons, in their individual capacities, offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Fees for Standalone Investment Management**

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The Firm provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Marshall & Sterling. For certain clients, this fee may include financial planning services. Marshall & Sterling’s annual fee, for those clients not in the Firm’s wrap fee program, is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Marshall & Sterling does not, however, receive any portion of these commissions, fees, and costs. The Firm’s annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter. The annual fee varies between 0.50% and 1.80% depending upon the market value of the assets under management and the type of investment services to be rendered. The Firm may charge a fee at the higher end of the range for the momentum strategy described above.

### *Fees for LPL Advisory Programs*

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:



LPL Program	Maximum Account Fee
SWM II	2.5%
MWP	2.83%*
GWP	1.35%**

\* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

\*\* GWP Managed Service clients are charged an account fee consisting of an LPL program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or expenses by the applicable broker or adviser, as well as underlying investment fees and expenses. Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between client and Advisor.

Excluding GWP, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL.

Marshall & Sterling and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Marshall & Sterling may also be registered representatives of LPL.

The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated ("robo") investment advisory services

through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with Marshall & Sterling.

### **Financial Planning Fees**

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The Firm charges a fixed fee for financial planning services. These fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis, depending upon the level and scope of the services as well as the professional rendering the financial planning services.

Prior to engaging the Firm to provide financial planning services, the client is required to enter into a written agreement with Marshall & Sterling setting forth the terms and conditions of the engagement. Generally, the Firm requires one-half of the financial planning fee payable upon entering into the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### **Retirement Plan Consulting Fees**

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Marshall & Sterling charges an asset-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the agreement. These fees vary within a range of 24 and 100 basis points (0.24% - 1.00%), depending on the scope of services to be rendered and the amount of assets to be managed.

### **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Marshall & Sterling generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

The Firm may only implement its investment management recommendations after the client has arranged for and furnished Marshall & Sterling with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers recommended by Marshall & Sterling, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

Clients will incur certain charges imposed by the Financial Institutions and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage

accounts and securities transactions. Additionally, those clients not in the Firm's wrap fee program will incur brokerage commissions and other transaction costs. Such charges, fees and commissions are exclusive of, and in addition to Marshall & Sterling's fee.

In many circumstances, Marshall & Sterling's Agreement and the separate agreement with any Financial Institution authorize Marshall & Sterling or the Financial Institution (including the custodian) to debit the client's account for the amount of Marshall & Sterling's fee and to directly remit that management fee to Marshall & Sterling. Any Financial Institutions recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Marshall & Sterling.

#### **Fees for Management During Partial Quarters of Service**

For the initial period of investment management services, the fees are calculated on a pro rata basis.

The Agreement between Marshall & Sterling and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Marshall & Sterling's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to the Firm's right to terminate an account. The Firm's practices regarding additional deposits or withdrawals after fees have been calculated will depend upon the custodian of the account. For accounts held at LPL Financial, if Assets are deposited to or withdrawn from an Account after the inception of a quarter the Management Fee payable with respect to the Assets will be prorated based on the number of days remaining in the quarter. For accounts held at other custodians, if Assets are deposited to or withdrawn from an Account after the inception of a quarter the Management Fee payable with respect to the Assets will not be prorated based on the number of days remaining in the quarter.

Additions may be in cash or securities provided that Marshall & Sterling reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Client withdrawals are subject to the usual and customary securities settlement procedures. However, Marshall & Sterling designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. As necessary, the Firm will consult with its clients about the options and ramifications of transferring securities. Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Commissions and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Marshall & Sterling (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Marshall & Sterling.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of LPL Financial ("LPL") and doing business as Marshall & Sterling Wealth Management, provide securities brokerage services and implement securities transactions under a separate commission based arrangement (the "Brokerage Relationship"). Supervised Persons are entitled to a portion of the brokerage commissions paid to LPL, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds through the Brokerage Relationship. Where appropriate, Marshall & Sterling also recommends no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with LPL.

A conflict of interest exists to the extent a supervised person of the Firm recommends the purchase or sale of securities through the Brokerage Relationship where such Supervised Persons receive commissions or other additional compensation as a result of such recommendations.

Clients should understand that the transactions effected through the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty to the client with respect to such transactions. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that Marshall & Sterling, in its sole discretion, deems appropriate, Marshall & Sterling provides its investment advisory services on a fee-offset basis. In this scenario, Marshall & Sterling offsets its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of LPL.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Marshall & Sterling does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### **Item 7. Types of Clients**

The Firm provides its services to individuals, pension and profit sharing plans, trusts, estates, corporations and other business entities.

The Firm does not require a minimum account size or minimum fee for opening or maintaining an account with the Firm. LPL may require a minimum amount of investable assets to open and maintain an account:

- A minimum initial account value of \$25,000 is suggested for SWM II. In certain instances, Marshall & Sterling may permit a lower minimum account value.
- MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.
- A minimum account value of \$5,000 is required to enroll in the GWP Managed Service.

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

### Methods of Analysis

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Marshall & Sterling manages assets through the use of model portfolios with a focus on Core Capital, Income, Growth and Specialty to build a tailored strategy for clients. Marshall & Sterling will primarily utilize a combination of fundamental and technical analysis.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. The Firm will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and positing of a company may be good, market conditions may negatively impact the security.

*Technical analysis* involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Marshall & Sterling will be able to accurately predict such a reoccurrence.

### Investment Strategies

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The Firm primarily allocates clients' investment management assets among no-load mutual funds and ETFs. The Firm constructs tailored allocations for clients and may also provide advice about any type of investment held in clients' portfolios, as necessary.

The Firm also offers a momentum strategy, as described above in Item 4.

## **Risk of Loss**

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### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the previous day's NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### *Market Risks*

The profitability of a significant portion of the Firm's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Marshall & Sterling will be able to predict those price movements accurately.

*Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

*Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

**Item 9. Disciplinary Information**

The Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Marshall & Sterling does not have any required disclosures to this Item.

**Item 10. Other Financial Industry Activities and Affiliations****Related Insurance Agencies**

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Marshall & Sterling is under common control with insurance agencies Marshall & Sterling, Inc., Marshall & Sterling Upstate, Inc., Marshall & Sterling St. Croix, Inc., and Marshall & Sterling St. Thomas, Inc., all of which refer clients to Marshall & Sterling. Certain of Marshall & Sterling's Supervised Persons, in their individual capacities, are also licensed insurance agents with Marshall & Sterling, Inc., and various insurance companies, and in such capacity, recommend, on a fully-disclosed commission basis, the purchase of certain insurance products where appropriate. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Marshall & Sterling.

A conflict of interest exists to the extent that Marshall & Sterling recommends the purchase of insurance products where Marshall & Sterling's Supervised Persons receive insurance commissions or other additional compensation. In addition, a conflict of interest exists where the related companies refer clients to the Firm. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interests regardless of any such affiliations.

**Registered Representatives of a Broker/Dealer**

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Certain of the Firm's Supervised Persons are registered representatives of LPL and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Marshall & Sterling. The Firm will continue to review clients that have a commission arrangement with Firm Supervised Persons to ensure the relationship is in the best interest of those clients.

**Item 11. Code of Ethics**

Marshall & Sterling and persons associated with Marshall & Sterling ("Associated Persons") are permitted to buy or sell securities that they also recommend to clients consistent with Marshall & Sterling's policies and procedures.

Marshall & Sterling has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). When Marshall & Sterling is purchasing or considering for purchase any security on behalf of a client, no Covered Person (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Marshall & Sterling is selling or considering the sale of any security on behalf of a client, no Covered Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in Marshall & Sterling's procedures (summarized above), neither Marshall & Sterling nor any of Marshall & Sterling's Associated Persons may effect for himself or herself, for an Associated Person's immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively "Covered Persons"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Marshall & Sterling's clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither Marshall & Sterling nor any of its Associated Persons has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment



companies. Moreover, the Firm does permit Associated Persons to effect a transaction in a security at the same time as its clients if the transaction is done as part of a batch trade (described below).

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. In this situation, the Firm may “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Marshall & Sterling’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Marshall & Sterling’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent Marshall & Sterling determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm’s Associated Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission and applicable state law. Marshall & Sterling does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Marshall & Sterling determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations will be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Marshall & Sterling will exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Marshall & Sterling’s clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Marshall & Sterling will maintain records of these trades, including the reasons for any exceptions.

In accordance with Section 204A of the Advisers Act, Marshall & Sterling also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Marshall & Sterling or any of its Associated Persons.

Clients and prospective clients may contact Marshall & Sterling to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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Marshall & Sterling generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“Fidelity”), or LPL for investment management accounts. Nonetheless, neither the Firm nor any of its supervised persons have the discretionary authority to choose the broker/dealer used for transactions, or commission rates to be paid.

Factors which Marshall & Sterling considers in recommending Fidelity, LPL or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity, and LPL enable Marshall & Sterling to obtain many mutual funds and ETFs without transaction charges and other securities at nominal transaction charges.

The commissions paid by Marshall & Sterling’s clients comply with Marshall & Sterling’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Marshall & Sterling determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Marshall & Sterling seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Marshall & Sterling periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Marshall & Sterling in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Marshall & Sterling will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Marshall & Sterling (as described below). As a result, the client may pay higher transaction costs (including, among others, commission and spreads), or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Marshall & Sterling may decline a client’s request to direct brokerage

if, in Marshall & Sterling's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Marshall & Sterling in its investment decision-making process. Such research generally will be used to service all of Marshall & Sterling's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Marshall & Sterling does not have to produce or pay for the products or services.

#### **Software and Support Provided by Financial Institutions**

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The Firm may receive from Fidelity and LPL, without cost to Marshall & Sterling, computer software and related systems support, which allow Marshall & Sterling to better monitor client accounts maintained at Fidelity and LPL. The Firm may receive the software and related support without cost because Marshall & Sterling renders investment management services to clients that maintain assets at Fidelity and LPL. The software and support are not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit Marshall & Sterling, but not its clients directly.

Certain associated persons of the Firm are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Firm's clients, even if the client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Craig Pesce (845-554-1046).

Marshall & Sterling receives support services and/or products from LPL Financial, many of which assist Marshall & Sterling to better monitor and service program accounts maintained at LPL Financial; however, some of the services and products benefit Marshall & Sterling and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- 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
- Consulting services
- Attendance at conferences, meetings, and other educational and/or social events
- Marketing support

- Computer hardware and/or software
- Other products and services used by the Firm in furtherance of its investment advisory business operations

In addition, the Firm received financial support from LPL for transitioning business to LPL and starting a relationship as a “hybrid adviser” because the Firm has affiliated registered representatives. The support was used to offset transfer fees for client accounts charged to transfer to LPL from another custodian. This support results in a conflict of interest to recommend LPL for brokerage services.

In fulfilling its duties to its clients, Marshall & Sterling endeavors at all times to put the interests of its clients first. Clients should be aware; however, that Marshall & Sterling’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits create an incentive for Marshall & Sterling to choose one broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Firm may receive the following benefits from Fidelity and LPL through their divisions that work with investment advisers: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Item 13. Review of Accounts**

For those clients to whom Marshall & Sterling provides investment management services, the Firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Marshall & Sterling provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the Firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. Marshall & Sterling contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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Marshall & Sterling compensates third parties for client referrals. If a client is introduced to Marshall & Sterling by either an unaffiliated or an affiliated solicitor, Marshall & Sterling may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Marshall & Sterling's investment management fee and does not result in any additional charge to the client. If the client is introduced to Marshall & Sterling by an unaffiliated solicitor, the solicitor provides the client with a copy of Marshall & Sterling's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Marshall & Sterling discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Marshall & Sterling's written disclosure brochure at the time of the solicitation.

### Other Economics Benefits

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In addition, Marshall & Sterling is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

Marshall & Sterling's Agreement and/or the separate agreement with any Financial Institution may authorize Marshall & Sterling or the Financial Institution (including the custodian) to debit the client's account for the amount of Marshall & Sterling's fee and to directly remit that management fee to Marshall & Sterling in accordance with applicable custody rules.

The Financial Institutions recommended by Marshall & Sterling have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Marshall & Sterling. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to the invoices received from Marshall & Sterling.

**Item 16. Investment Discretion**

Marshall & Sterling is given the authority to exercise discretion on behalf of clients. Marshall & Sterling is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Marshall & Sterling is given this authority through a power-of-attorney included in the executed agreement between Marshall & Sterling and the client. Clients may request a limitation on this authority (including that certain securities not be bought or sold). Marshall & Sterling takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

**Item 17. Voting Client Securities****Declination of Proxy Voting Authority**

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Marshall & Sterling does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

**Item 18. Financial Information**

The Firm is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.