



WHARTON  
Business Group, LLC

**ADV Part 2A, Firm Brochure**  
**April 18, 2024**

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This brochure provides information about the qualifications and business practices of Wharton Business Group, LLC the "Registrant". If you have any questions about the contents of this brochure, please contact us at (484) 328-3590 or [bj@whartonbusinessgroupllc.com](mailto:bj@whartonbusinessgroupllc.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 Wharton Business Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Wharton Business Group, LLC 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

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There have been no material changes made to this ADV Part 2A, Firm Brochure since last year's Annual Amendment filing in March 2022.

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## ITEM 4      ADVISORY BUSINESS

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Wharton Business Group, LLC (the “Registrant”) is a limited liability company formed on September 23, 2009 in the State of Delaware. The Registrant became registered as an Investment Adviser Firm in November 2009. The Registrant is directly owned by Alera Group Inc.

- A. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, pension and profit sharing plans, trusts, estates and charitable organizations, 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 determine to engage the Registrant to provide discretionary and/or non- 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, generally between negotiable and 1.00%.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### **RETIREMENT PLAN CONSULTING SERVICES**

Registrant provides retirement consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (hereafter the “Company”) in meeting their management and fiduciary obligations to the plan under the Employee Retirement Income Securities Act (“ERISA”). Retirement consulting services will consist of general or specific advice, and may include any one or all of the following:

1.      **Strategic Planning and Investment Policy Development/Review.** Meet with the Company and/or the named fiduciary or their fiduciary delegate to assist them in developing an investment policy statement (hereafter the “IPS”). Alternatively, if the plan has an existing investment policy statement, Registrant will review the existing IPS and assist the Company, named fiduciary and/or their fiduciary delegate to determine whether the plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the plan’s liquidity requirements, performance goals and risk tolerance levels of the plan using information provided by the Company;
2.      **Plan Review.** Conduct a review of the plan design and advise the named fiduciary whether the plan is operating in accordance with plan documents and applicable provisions of ERISA; and review named fiduciary’s compliance with fiduciary responsibilities, including compliance with requirements for self-directed plans (if applicable) under ERISA Section 404(c);
3.      **Plan Fee and Cost Review.** Conduct an annual review fees and costs charged to

plan by other service providers to assist named fiduciary to determine reasonableness of fees and costs paid by plan;

4. **Third Party Service Provider Liaison.** Act as liaison for the plan and the named fiduciary when dealing with the trustee, custodian, plan actuary and other third party service providers to plan;

5. **Assessment of Investments.** Conduct a periodic review of fund expenses, investment performance, and style drift for mutual funds offered by the plan to participants, comparing them with other funds in the same asset category using Morningstar data from Principia and MPI Stylus; provide suggestions to the named fiduciary from time to time as deemed warranted by the IAR for alternative mutual fund options for the plan to make available to its participants (which decision shall remain the sole and exclusive decision of the named fiduciary and/or their fiduciary delegate);

6. **Participant Education and Communication.** Coordinate and/or conduct investment education and enrollment meetings for plan participants as determined by the Company.

The Company may also engage Registrant to provide the following additional services, for separate compensation:

1. **Executive Benefits.** Review, design and implementation for nonqualified plans/deferred compensation.

2. **Plan Conversion.** Assist with conversion to alternate vendors, including preparation of Request for Proposal ("RFP") from prospective new vendors, and review and comparison of responses to RFP.

3. **Merger and Acquisition Assistance.** Perform merger and acquisition due diligence review of pension plan documents and investments for possible merger or termination of duplicate plans.

4. **Compliance Correction.** Assist with corrective actions as necessary to comply with applicable laws and regulations.

5. **Coordination with Other Advisers.** Interact with outside advisors, or tax, legal and accounting counsel as necessary.

Registrant and the Company will determine in advance the scope of services to be performed and the fees for all requested services. Prior to engaging Registrant to provide pension consulting services, the Company will be required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee paying arrangements. In performing the contracted services, Registrant shall not be required to verify the accuracy or consistency of any information received from the Company.

All client accounts are regulated under ERISA. Registrant will provide pension consulting services to the Company as described above. In providing pension consulting services, Registrant and the Company agree that Registrant will serve in a fiduciary capacity with respect to certain of the services provided, and as referenced in the *Investment Advisory Agreement*. However, the Company is free to seek independent advice about the appropriateness of any recommendations made by Registrant.

Although allowable under certain circumstances, Registrant, will not render advice to utilize any affiliated mutual funds and will not act as broker of record or directly receive any commissions or mutual fund 12b-1 fees from investments of the plan assets.

### **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 the Registrant's representatives in their individual capacities as licensed insurance agents. (**See** disclosure at Item 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 his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/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 non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant in their separate individual capacities 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 unaffiliated 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 an insurance commission product through Registrant's representative in his/her separate and individual capacity as an insurance agent, presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend 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 insurance commission products through such a representative. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non- affiliated insurance agencies. **Registrant's Chief Compliance Officer, B.J. Webster, Jr.,**

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

**Retirement Rollovers-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. Registrant will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under 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 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

**Please Note: Cash Positions.** At any specific point in time, 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 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. **ANY QUESTIONS: The Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

**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 designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/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*.

- B. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.
- C. The Registrant does not participate in a wrap fee program.
- D. As of March 26, 2024, the Registrant had \$3,333,268,060 in assets under management on a discretionary basis and \$319,111,872 in assets under management on a non- discretionary basis.

## ITEM 5 FEES AND COMPENSATION

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

### INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary and/or non- discretionary investment advisory services on a negotiable *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between negotiable and 1.00%) as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee</u>
Less than \$2,000,000	0.50%
\$2,000,001 to \$10,000,000	0.375% - 0.50%
\$10,000,001 to \$20,000,000	0.30% - 0.375%
Over \$20,000,000	Negotiable

### RETIREMENT PLAN CONSULTING SERVICES

The fee for the services may be charged either at a pre-determined hourly rate, a fixed fee or based upon a percentage of the plan assets. The exact fee will be negotiated in advance of services rendered and shall be clearly set forth in the *Investment Advisory Agreement*.

Fixed Fee: Based on scope of services agreed upon in engagement, reasonable in light of geographical location, complexity of engagement, size of plan, and other relevant factors.

RANGE: \$5,000-\$100,000

Hourly Fee: Based on estimate of hours needed as provided in engagement (client must approve in writing hours above original engagement); reasonable in light of geographical location, complexity of engagement, size of plan, and other relevant factors.

RANGE: \$50-\$300 per hour

Basis Points: Based on specific asset levels in plan at dates provided in the engagement.

RANGE: \$0 to \$20,000,000	0.10 to 1.00% of Assets Under Management
\$20,000,001 to \$40,000,000	0.05 to 0.50% of Assets Under Management
\$40,000,001 and above	0.03 to 0.25% of Assets Under Management

At the inception of the relationship, the Company is required to pay Registrant an initial fixed retainer prior to services rendered. Thereafter, all such fees are payable quarterly in advance as invoiced. As noted below, in special circumstances other fee paying arrangements may be negotiated. Moreover, at the Company's consent, Registrant may bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost to the Company.

**Fee Dispersion:**

The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors, including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above. **The Registrant's Chief Compliance Officer, B.J. Webster, Jr. remains available to address any questions that a client or prospective client may have regarding the above fee determination.**

**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 planning and consulting fees are negotiable, but generally range from \$750 to \$8,500 on a fixed fee basis, and from \$175 to \$325 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. 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 advance, 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 Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment



management assets. Broker-dealers such as *Schwab* 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 exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (*Schwab*).

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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 refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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

## ITEM 7 TYPES OF CLIENTS

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The Registrant's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Note:** Similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client may have regarding its advisory feeschedule.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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- A. The Registrant may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - 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)

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. 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 the Registrant) will be profitable or equal any specific performance level(s).

- 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.

**ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks) and fixed income securities, mutual funds and/or exchange

traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

## ITEM 9 DISCIPLINARY INFORMATION

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

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a 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.

- a. **Licensed Insurance Agents.** Matthew S. Delaney and Marc A. Hembrough, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.
- b. **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 may provide an incentive to recommend insurance or 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 insurance or securities commission products from Registrant's representatives. Clients are reminded that they may purchase securities or insurance commission products recommended by Registrant through other, non-affiliated broker-dealers or insurance agents.

Principals of WBG serve as General Partner for and are invested in SWR Acquisition LLC, IRWB1 LP, Irish Whiskey Ventures LLC, and Irish Whiskey Ventures II LLC. Accordingly, WBG has a conflict of interest in recommending an investment in these investment vehicles, as the Principals will benefit from the investment's success, which cannot be achieved without investments from others. WBG attempts to mitigate this conflict by disclosing it to clients and investors here, and by requiring that any investment in the listed investments be done on a non-discretionary basis. All investing, but especially private placement investing, bears risk, including the loss of principal, that investors in the investments listed should be prepared to bear.

**The Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

- 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

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- 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

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- 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 *Schwab*. 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 *Schwab* (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 obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the 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. 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 may receive from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) 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. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that is received 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.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* 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.

**The Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest created by such arrangement.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant recommends that its clients utilize the brokerage and custodial services provided by Schwab. 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, 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, B.J. Webster, Jr., 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

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- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals 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

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- A. As referenced in Item 12.A.1 above, the Registrant may receive an economic benefit from Schwab. The Registrant, without cost (and/or at a discount), may receive support services and/or products from Schwab.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab 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.

**The Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest created by such arrangement.**

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

## ITEM 15 CUSTODY

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The Registrant shall have the ability to have its advisory fee for each client debited by the custodian. 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.

## ITEM 16 INVESTMENT DISCRETION

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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 anytime, 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

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- 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 beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- 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

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- 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: The Registrant's Chief Compliance Officer, B.J. Webster, Jr., remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.***