

# **GODFREY FINANCIAL ASSOCIATES, INC.**

SEC File # 801-78531

## **ADV Part 2A, Firm Brochure Dated: March 8, 2024**

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This Brochure provides information about the qualifications and business practices of Godfrey Financial Associates, Inc. If you have any questions about the contents of this Brochure, please contact us at (518) 767-2574 or [kgodfrey@godfreyfinancial.com](mailto:kgodfrey@godfreyfinancial.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 Godfrey Financial Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Godfrey Financial Associates, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2           Material Changes

There have been no material changes to this ADV Part 2A, Firm Brochure since the January 23, 2023 Annual Amendment Filing.

**Godfrey Financial Associates, Inc.’s Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client has about this Firm Brochure.**

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#### **Item 4            Advisory Business**

- A. Godfrey Financial Associates, Inc. (the “Registrant”) is a New York corporation formed on October 26, 2006. The Registrant was previously registered with the state of New York as an investment adviser. The Registrant has been registered with the U.S. Securities and Exchange Commission since September 20, 2013. The Registrant is principally owned by Kathleen Godfrey, the Registrant’s President and Chief Compliance Officer.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, corporations and other business entities, etc.) investment advisory services, and financial planning/consulting services.

##### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management, generally range from 0.50% to 1.25% and may vary depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Registrant’s annual investment advisory fee shall include investment advisory services, and general 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 pursuant to a stand-alone Financial Planning Agreement (see below).

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Then, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant generally allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual fund shares, corporate debt, exchange traded funds (“ETFs”), US government securities, and certificates of deposit on a discretionary basis in accordance with the client’s designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance, asset allocation and client investment objectives, and may rebalance the account accordingly.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant may also provide financial planning and/or consulting services (including investment and non-investment related matters, including tax and estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

Before engaging the Registrant to provide stand-alone planning or consulting services, clients are 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 before Registrant commences services. **Please Note:** The Registrant **does not** serve as an attorney or accountant and no portion of our services should be construed as legal or accounting services. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. Accordingly, the Registrant **does not** prepare estate planning or any other legal documents or tax returns. In addition, the Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes including Registrant's President, Kathleen Godfrey, in her separate individual capacity as a licensed insurance agent (**See** disclosure below). The client is under no obligation to engage the services of Ms. Godfrey or 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 regarding an engagement, the client agrees to seek recourse exclusively from and against the engaged professional. If, and when, the Registrant is involved in a specific matter (i.e., estate planning, insurance, accounting-related engagement, etc.), it is the engaged licensed professionals (i.e., attorney, accountant, insurance agent, etc.), and not the Registrant, that is responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

#### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** 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 Registrant's representatives in their separate individual capacity as licensed insurance sub-producers. 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. 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. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.) and not the Registrant shall be responsible for the quality and competency of the services provided. **Conflict of Interest:** The recommendation by Registrant's representative that a client purchase an insurance commission product through Registrant's representative in 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 agents or agencies.

**Registrant's Chief Compliance Officer, Kathleen Godfrey remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Retirement Plan 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 Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. If Registrant provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant, whether it is from an employer's plan or an existing IRA. Registrant's Chief Compliance Officer, Kathleen Godfrey, 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.**

**Custodian Charges-Additional Fees:** Broker-dealers such as *Fidelity* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including *Fidelity*, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that *Fidelity* will not change their transaction fee pricing in the future. **Please Also Note:** *Fidelity* may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. **Tradeaways:** When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by *Fidelity*). The above fees/charges are in addition to Registrant's investment advisory fee at Item 5 below. Registrant does not receive any portion of these fees/charges. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding the above.**

**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. 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), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: The Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.**

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, Registrant shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Registrant reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. Please Note: The above does not apply to the cash component maintained within a Registrant actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Registrant unmanaged accounts. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding the above.**

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. The Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary, nor prudent. Clients remain subject to the fees described in Item 5 below during periods of account inactivity.

**Other Assets.** A client may:

- hold securities that were purchased at the request of the client or acquired prior to the client's engagement of the Registrant. Generally, with potential exceptions, the Registrant does not/would not recommend nor follow such securities, and absent mitigating tax consequences or client direction to the contrary, would prefer to liquidate such securities. Please Note: If/when liquidated, it should not be assumed that the replacement securities purchased by the Registrant will outperform the liquidated positions. To the contrary, different types of investments involve

varying degrees of risk, and there can be no assurance 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). In addition, there may be other securities and/or accounts owned by the client for which the Registrant does not maintain custodian access and/or trading authority; and,

- hold other securities and/or own accounts for which the Registrant does not maintain custodian access and/or trading authority.

**Corresponding Services/Fees:** When agreed to by the Registrant, the Registrant shall: (1) remain available to discuss these securities/accounts on an ongoing basis at the request of the client; (2) monitor these securities/accounts on a regular basis, including, where applicable, rebalancing with client consent; (3) shall generally consider these securities as part of the client's overall asset allocation; (4) report on such securities/accounts as part of regular reports that may be provided by the Registrant; and, (5) include the market value of all such securities for purposes of calculating advisory fee.

**Please Note: Socially Responsible Investing Limitations.** *Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating [potential investments](#): Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not, and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. Registrant does not maintain or advocate an ESG investment strategy, but will seek to employ ESG if directed by a client to do so. If implemented, Registrant shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

**Please Note: Use of Mutual and Exchange Traded Funds:** Registrant utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed above, 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). The mutual funds and exchange traded funds utilized by the Registrant are generally available directly to the public. Thus, a client can generally obtain the funds recommended and/or utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client does so, then they will not receive Registrant's initial and ongoing investment advisory services.

**Please Note: Use of DFA Mutual Funds:** Registrant utilizes the mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate

Registrant's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding the above.**

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

**Cybersecurity Risk.** The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Registrant has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Registrant does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

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

**Disclosure Brochure.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of an agreement between the client and the Registrant.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2023, the Registrant had \$137,460,119 in assets under management



on a discretionary basis.

## Item 5 Fees and Compensation

The Registrant is generally compensated for its investment management services on a quarterly basis. The fee is determined quarterly, in arrears, based upon the market value of such assets on the last day of the previous quarter. The Registrant's policy is to treat intra-quarter account additions and withdrawals equally unless indicated to the contrary on the Registrant's Investment Advisory Agreement executed by the client.

The advisory fee will be pro-rated, and paid quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. Unless Registrant agrees otherwise, in writing, Registrant shall debit the account directly for its advisory fee. In the event of termination, Registrant shall refund any unearned portion of the advanced fee paid based upon the number of days remaining in the billing quarter.

### A. INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary investment advisory services on a fee basis. Registrant's negotiable annual investment advisory fee shall generally be based upon a percentage (%) of the market value and type of assets placed under Registrant's management as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
First \$500,000	1.25%
Next \$500,000	1.00%
Next \$4,000,000	0.75%
More than \$5,000,000	0.50%

**Fee Dispersion:** Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge a fee on a different interval, 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, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, status as a non-profit organization, status as an employee of the Registrant, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding advisory fees.

The Registrant's policy is to treat intra-quarter account additions and withdrawals equally and the advisory fee is adjusted pro-rata for the addition or withdrawal of client assets to or from an account based upon the number of days remaining in the billing period.

**The Registrant's Chief Compliance Officer, Kathleen Godfrey, 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, 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 the Registrant charges \$5,000 on a fixed fee basis or \$350 per hour on an hourly 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 arrears, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Fidelity, an SEC-registered and FINRA/SIPC member broker-dealer serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, and fixed income securities transactions). In addition to Registrant's investment management fee and brokerage transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

- C. The Registrant's quarterly investment advisory fee shall be prorated and paid quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may reduce or waive its investment advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, 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 debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.

- D. Except as set forth in Item 10 regarding Ms. Godfrey's insurance activities, 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**

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

## **Item 7                      Types of Clients**

The Registrant's clients shall generally include individuals, high net worth individuals, corporations and other business entities. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may reduce or waive its investment advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

**Please Note: Fee Dispersion:** Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge a fee on a different interval, 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, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

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)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

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

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

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. 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). **Please Also Note:** Investing in securities involves risk of loss that clients should be prepared to bear.

Investors generally face the following types investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- 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, 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Registrant recommends asset allocations based on a particular client's economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, and present and anticipated tax situation. Registrant also

considers historical yields, potential appreciation and marketability before making investment recommendations. Registrant recommends and manages many types of asset allocations, including: exchange-listed securities, mutual fund shares, corporate debt, ETFs, US government securities, and certificates of deposit on a discretionary basis in accordance with the client's designated investment objective(s).

Risks associated with these asset types include:

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 ETFs and mutual funds 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. As such, a mutual fund or ETF client or investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are 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 shareholder's fee. 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 in the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the 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 can 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. While clients and investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from shareholders 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.

## **Item 9           Disciplinary Information**

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

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

As indicated at Item 4 above, Registrant does not serve as an attorney or accountant, and no portion of our services should be construed as same. Accordingly, Registrant does not prepare legal documents or prepare tax returns. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purposes (i.e., attorneys, accountants, etc.).

- 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. **Licensed Insurance Agent.** Investment adviser representatives of the Registrant in their separate capacity, are licensed insurance sub-producers who may recommend the purchase of certain fixed life insurance-related products on a commission basis. As referenced in Item 4B above, clients can engage the Registrant's representatives to effect insurance transactions on a commission basis.

**Conflict of Interest:** The recommendation by Ms. Godfrey, or other licensed insurance agents, that a client purchase insurance commission product presents a **material conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission product from Ms. Godfrey or other licensed agents of the Registrant. Clients are reminded that they may purchase insurance products recommended by Ms. Godfrey, or other licensed agents of the Registrant, through other non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective may have regarding the above conflicts of interest.**

- D. The Registrant does not recommend or select other investment advisors for its clients.

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

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

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

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a 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 before 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 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. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings. However, 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 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Fidelity. 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 Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Fidelity can charge transaction fees for effecting certain securities transactions (*See* Item 4 above). To the extent that a transaction fee will be payable by the client to Fidelity, the transaction fee shall be in addition to Registrant's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, Registrant shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the 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, transaction rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. 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 Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Fidelity (or another broker-dealer/custodian investment platform, unaffiliated investment manager, vendor, unaffiliated product/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 are obtained by the Registrant are 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 travel and 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 are 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 Fidelity as a result of this arrangement. There is no corresponding commitment made by the Registrant to Fidelity 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, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest that such arrangement creates.**

2. The Registrant does not receive referrals from broker-dealers.
3. **Directed Brokerage.** The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, 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, Kathleen Godfrey, remains available to address any questions that a client or prospective**



**client may have regarding the above arrangement.**

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

**Item 13      Review of Accounts**

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

**Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant receives receive economic benefits from Fidelity including support services and/or products without cost or at a discount. Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of this arrangement. There is no corresponding commitment made by the Registrant to Fidelity 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, Kathleen Godfrey, 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.**

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

## **Item 15           Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16           Investment Discretion**

The client can determine to engage Registrant to provide investment advisory services on a discretionary basis. 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.

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

## **Item 17           Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18           Financial Information**

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

- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Kathleen Godfrey, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**