

This brochure provides information about the qualifications and business practices of Aspetuck Financial Management, LLC. If you have any questions about the contents of this brochure, please contact us at 203-226-5733 or email marketingAFM@optonline.net. 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 Aspetuck Financial Management, also is available on the SEC's website at www.adviserinfo.sec.gov.



Part 2A of Form ADV Firm Brochure

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SUMMARY OF MATERIAL CHANGES TO THE BROCHURE SINCE THE LAST ANNUAL AMENDMENT

The material changes in this brochure from the last annual updating amendment of Aspetuck Financial Management, LLC on 02/23/2023 are described below. Material changes relate to Aspetuck Financial Management, LLC's policies, practices, or conflicts of interests.

- Aspetuck Financial Management, LLC clients at TD Ameritrade merged with its clients at Charles Schwab Institutional on September 5, 2023. Aspetuck Financial Management, LLC only recommends Charles Schwab & Co. Inc as its Broker and Custodian.
- Any IRA Rollover from a qualified plan or IRA transfer recommendation intends to comply with the requirements of Prohibited Transaction Exemption 2020-02.
- Third Party Administration of an ERISA Plan will also provide to Plan Sponsor and participants educational materials.
- AFM will vote proxies on behalf of a client solely in the best interest of the relevant client. (item 17)

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ADVISORYBUSINESS

Aspetuck Financial Management's RMP - Risk Managed Portfolio Program (also referred to as "RMP Program") is a service of Aspetuck Financial Management, LLC ("AFM"). AFM is a limited liability company organized in the state of Connecticut. Patrick T. Byrne, sole owner, founded AFM in July 2005.

RMP Program

RMP program provides clients with portfolio selection, portfolio construction, investment selection, and ongoing investment management on a discretionary basis. Aspetuck Financial Management, LLC has fiduciary responsibility for giving advice to retirement plans, solo 401(k)s, IRAs, and to all clients.

Our portfolio management program seeks to actively manage your portfolio's risks, pursue higher income, and return opportunities, by making appropriate adjustments in your portfolio as market conditions change. Generally, assets in the program are invested with a minimum investment horizon of three years. Often, equity investments are made with the intention of owning the investment for several years. AFM are not day traders but instead long-term strategic investors. Our expectation is that over longer periods of time, investors are more likely to be rewarded. However, longer holding periods do not assure investors of a profit.

AFM's investment management program is designed to achieve your goal over longer periods of time and is not seeking to beat the market. Instead, it seeks to produce positive returns on a more consistent basis than riskier streakier higher risks and return strategies. Of course, there can be no guarantee that Aspetuck Financial Management's investment program will achieve your goal. Lastly, equities are long term investments. When treated that way they will provide growth in your account over meaningful time periods of greater than three years. Absolutely, missing best days in the market by being out and or panic selling after a correction, will lower your long-term returns and compromise goal achievement.

Introduction to Program

The RMP Program offers four portfolio strategies to choose from with different risk & reward characteristics. Your account is managed according to one of these four portfolio strategies:

1. [Aggressive](#)

Emphasis on maximizing long-term capital appreciation. Portfolio strategy seeks to produce total returns that approximate Aggressive benchmark returns over a five-year period. Expect similar principal risk and fluctuation to popular World Equity Indexes and acceptable over the intended five-year investment horizon. Portfolio will invest predominantly in U.S. and Foreign equity investments, global fixed-income securities, and U.S. cash-equivalent investments. Generally, equity market exposure approximately ranges from 70-85%. Aggressive diversified benchmark components: Barclays US Aggregate Bond Index 10%, Barclays Euro Aggregate Gov't 10+ Yr. EUR 2.5%, Barclays Euro Aggregate Non-Gov't EUR 2.5%, US Treasury Bills 0-3 Month 10%, DJ Global World Real Estate Index 5%, DJ UBS Commodity Index 5%, MSCI EAFE index 20%, MSCI EM Index 10%, S&P 500 Index 20.00%, Russell 2000 Index 15%.

2. [Moderate](#)

The primary objective is capital appreciation. Income is a secondary consideration. Portfolio strategy seeks to produce total returns that approximate the Moderate diversified benchmark returns over a five- year period. Expect a

moderately lower principal risk and fluctuation than popular World Equity Indexes and acceptable over the intended five-year investment horizon. Portfolio invests in global equities, global fixed-income, and domestic cash-equivalents investments. Generally, equity market exposure approximately ranges from 50-70%. Moderate benchmark components: Barclays Euro Aggregate Government 10+ Yr. EUR 5%, Barclays Euro Aggregate Non-Government EUR 5%, Barclays US Aggregate Bond Index 15%, BofAML US Treasury Bills 0-3 Months Index 15%, DJ Global World Real Estate index 5%, DJ UBS Commodity Index 5%, MSCI EAFE Index 14%, MSCI EM Index 6%, S&P 500 Index 20%, Russell 2000 Index 10%.

3. Conservative

Primary objective is current income and capital appreciation is secondary. The portfolio strategy seeks to produce total returns that approximate the Conservative diversified benchmark over a five-year period. Expect a significantly lower principal risk and fluctuation than major World Equity Indexes and acceptable over the intended five-year investment horizon. Portfolio holds global equities, global fixed-income, and domestic cash-equivalents investments. Generally, equity market exposure approximately ranges from 35-50%. Conservative benchmark components: Barclays Euro Aggregate Gov't 10+ Yr. EUR 5%, Barclays Euro Aggregate Non-Government EUR 5%, Barclays US Aggregate Bond Index 35%, BofAML US Treasury Bills 0-3 Months Index 15%, DJ Global World Real Estate Index 5%, DJ UBS Commodity Index 5%, MSCI EAFE Index 7%, MSCI EM Index 3%, S&P 500 Index 15%, Russell 2000 Index 5%.

4. Risk Averse

Primary objective is current income, and stability of principal is secondary. Portfolio strategy seeks to produce total returns that approximate the Risk Averse diversified benchmark over five years. Expect lower principal risk and fluctuation and is acceptable over the intended five-year investment horizon. Portfolio will consist of a determined allocation among domestic cash-equivalents, global fixed-income securities, and global equity investments. Generally, equity market exposure approximately ranges from 20-35%. The Risk Averse benchmark components: Barclays Euro Aggregate Government 10+ Yr. T EUR Index 5%, Barclays Euro Aggregate Non-Gov't EUR Index 5%, Barclays US Aggregate Bond Index 40%, BofAML US Treasury Bills 0-3 Months Index 20%, DJ Global World Real Estate Index 5%, DJ UBS Commodity Index 5%, MSCI EAFE Index 3%, MSCI EM Index 2%, S&P 500 Index 10%, Russell 2000 Index 5%.

Index Definitions:

S&P 500 Index is composed of 500 largest U.S. companies by market capitalization. These widely held stocks often used as a proxy for the U.S. equity market.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Barclays U.S. Aggregate Bond Index is composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity and have an outstanding par value of at least \$250 million.

Barclays Emerging Market Bond Index includes fixed and floating rate USD-denominated debt from emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia.

DJ Global World Real Estate Total Return US Dollar. Global Real Estate Index is designed to represent

general trends in eligible real estate equities worldwide.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure the developed markets' equity performance, excluding the U.S. & Canada, for 21 countries.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 22 countries.

MSCI All Country World Index, which is a free-float-weighted index of large- and mid-cap companies in nearly all equity markets around the world, including developed and emerging.

BofAML US Treasury Bills 0-3 Month Total Return US dollar is comprised of a Treasury Bills that mature in three months that are rolled over into new issues.

DJ UBS Commodity Index, Total Return, U.S. Dollar, is composed of commodities traded on U.S. exchanges, except for aluminum, nickel, and zinc, which trade on the London Metal Exchange.

Barclays Euro Aggregate Gov't 10+ Year, total return, euro denominated, aims to track the performance of the European Government Bond with maturities of 10 years plus, as closely as possible. The index offers exposure to Euro denominated investment grade government bonds issued by EMU member states with an original term of 10 years or greater.

Barclays Euro Aggregate Non-Gov't total return, euro denominated, index tracks the fixed-rate, investment-grade euro-denominated corporate bond market. The index includes publicly issued securities from industrial, utility, and financial companies that meet specified maturity, liquidity, and quality requirements.

Investment Adviser Services and Responsibilities

Investment advisory services involve a review of current investment holdings, preparing a personal Investment Policy Statement ("IPS") that addresses a client's portfolio objective, risk tolerance, income needs, liquidity requirements, investment horizon, tax implications, and financial circumstances.

The client's IPS determines which portfolio strategy is suitable, what investments are suitable, and how the account will be managed (for growth, for income & growth, etc.). Ultimately, it is the client's decision to invest in any RMP portfolio. AFM is responsible for managing client accounts on a discretionary basis, executing transactions to manage client accounts. AFM is not responsible for performance of discretionary accounts where client is instructing the Investment Adviser on trades in an account or securities clients wants in account that are contrary to AFM recommendation.

Summary of Services

- Portfolio Analysis and Recommendation - Our IPM - Improving Portfolio Management™ Service reviews your current portfolio for ways to improve its construction and performance. Our recommendations seek to manage overall portfolio risks, enhance your portfolio's income, and return opportunities over time. The service assists with the selection of a suitable portfolio based on many factors.

- Establishment of an Investment Policy Statement - creation of your own Investment Policy Statement (IPS). Your IPS determines a suitable portfolio strategy and guides us on how to manage your assets according to your objective, needs, and circumstances. Investment Policy Statement is reviewed during optional account review or can be updated by client as their circumstances change and or risk preference.
- Dedicated Experienced Investment Adviser - to provide ongoing investment advice, ancillary retirement planning services, as well as caring responsive service. Above all else, AFM believe you will benefit most by having a long-term relationship with a trusted Investment Advisor who is familiar with your circumstances, needs, and goals.
- Ongoing Account Management and Investment Supervision of Model Securities – seeks to factor in global economic and market conditions, investment fundamentals, tax law changes, and your goals.
- Account Review – clients may request an account review either by telephone or in person. Although, AFM are available anytime during business hours to speak to you.
- Web Based Account Information – balance, positions, transactions, and cost basis information.
- Reporting - Monthly brokerage account statement, Morningstar Client Account Growth Chart Net Investment report (account performance), Morningstar quarterly billing invoice, and Brokerage firm realized gains/losses report, and year-end tax statements.
- Market and Portfolio Updates – e-mail communications, newsletter, events.
- Plan-To-Enjoy Life® Lifecycle Financial Planning Services– Our planning services recommend strategies that help a client with tax management, college planning, retirement planning, estate planning, small business retirement plan selection. Recommended planning strategies are executed through appropriate professionals such as a tax accountant, estate attorney, etc.
 - Tax management strategies seek to defer and or reduce current income taxes.
 - Estate planning and strategies seek to reduce estate taxes, income taxes, and distribute assets according to your wishes using a Trust(s) or appropriate account registrations.
 - Retirement strategies include retirement income needs analysis, retirement income strategies, and retirement plan choices.
 - Educational cost analysis and college savings strategies.

Clients receive ancillary planning services at no charge, upon request. Aspetuck Financial Management does not offer legal, insurance, or accounting advice to our clients. However, AFM may from time to time discuss or recommend financial strategies, products, and services which have tax and or legal implications. Clients are urged to consult with their own legal and tax adviser with respect to their specific situations, and to act on their tax, insurance, and or legal advice.

Adviser Services Under ERISA 3(38) Investment Manager

Client/Plan Sponsor may also hire the services of Adviser for the purpose of hiring an investment manager” under ERISA Section 3(38) and participate in the RMP Program. The adviser will use an independent Custodian, Third Party Administrator/Record Keeper services for portfolio management technology, custodial services, record keeping, and administration. Client/Plan Sponsor is provided with

a variety of investment-related services. A description of the services to be provided and the parties providing same is set forth in the Services section. Adviser acknowledges its co-fiduciary status to Plan Sponsor.

Adviser will manage Client/Plan Sponsor's assets through the Risk Managed Portfolio Program (Program). The adviser will have full discretionary authority and control to make the actual investment decisions. Adviser shall exercise discretion regarding the selection of Plan investments. The manager may select, monitor, remove and replace the investment options offered under the plan, subject to the terms of the plan documents and its investment policy statement. Adviser will help plan participants with investment education, set asset allocation and define investment risk. Adviser will assist in the education of the participants in the Plan about general investing principles.

And the investment alternatives available under the Plan. Adviser will assist in the group enrollment meetings to explain retirement plan participation, savings and investing for eligible employees.

Adviser agrees to perform the functions outlined in the Plan Sponsor's Investment Policy Statement and comply with ERISA 401(k) plan rules.

As a fiduciary under the Plan, Adviser will assist Plan Sponsor with the following:

- Create, maintain, update, and execute Plan Investment Policy Statement.
- Ensure that the Plan offers sufficient asset classes with different and distinct risk/return profiles, so each participant can prudently diversify his/her account.
- Manage the assets under its supervision in accordance with the guidelines and objectives outlined in Agreement, and Investment Policy Statement.
- Operating Plan Sponsor's Investment Management Committee (Committee).
- Exercise full investment discretion with regards to buying and selling investments in model portfolios.
- Annual review of model performance, investment option performance, and annual costs of plan.
- Communicate to the Committee all significant changes pertaining to the assets it manages or the investment management firm itself. Changes in ownership, organizational structure, and financial condition.
- Make available to the participants appropriate educational materials and opportunities within the parameters of applicable U.S. Department of Labor guidance. Third Party Plan Administrator will also make available educational materials for Plan Sponsor and participant.
- Adviser will provide ancillary financial/retirement planning services on an ad hoc basis.
- Use, with respect to the Plan, the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like retirement plans with like aims in accordance and compliance with ERISA and all applicable laws, rules, and regulations.
- Avoid prohibited transactions and conflicts of interest. Abide by PTE 2020 20 rule. Written acknowledgement of fiduciary status under the PTE.

The Plan Sponsor will retain a financial intermediary to serve as custodian. The assets of the Plan will be held in trust. The Custodian is responsible for the safekeeping of the Plan's assets and maintaining records. All duties and responsibilities of the Custodian shall be identified and agreed to in a separate Custodial agreement. The duties and responsibilities of the Administrator & Recordkeeper shall be identified and agreed to in a separate Plan services agreement by the Plan Sponsor.

Administrator/Record Keeper Adviser will provide quarterly Plan Participant account statements with investments held, transaction activity, and account performance.

CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS

AFM offers the same suite of services to all its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may/ may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent AFM from properly servicing the client account, or if the restrictions would require AFM to deviate from its standard suite of services, AFM reserves the right to end the relationship.

Advisory services are tailored to individual needs of client by placing them into a suitable portfolio strategy that supports their goals, need for income and or growth, liquidity, and circumstances. Underlying investments are supportive of portfolio strategy. For example, a client that needs current income would own fixed-income securities and dividend paying securities. A suitable portfolio model is the Conservative strategy model. Clients may impose restrictions on investing in certain securities or types of securities. And may request that certain securities or types of securities be purchased for account. They may even request minimum cash-equivalent amounts (liquidity) for their account(s). Client accounts can be customized or managed by one of our suitable portfolio strategies.

WRAP FEE PROGRAM

A wrap fee program is an investment program wherein the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. AFM does not participate in any wrap fee programs.

ASSETS UNDER MANAGEMENT

As of December 31, 2023, AFM had \$ 126,453,710 in discretionary assets under management and \$0 in non-discretionary assets under management.

FEES AND COMPENSATION

Investment Advisory Fee

Risk Managed Portfolio Program Fee Schedule A:

<u>AUM</u>	<u>Fee</u>
First \$1,000,000	0.85%
Next \$3,000,000	0.70%
Thereafter	0.65%

As a participant in the Program, Client will pay an annualized Investment Advisory Fee, in accordance with Schedule A which is in effect for new clients effective January 1, 2018. Aspetuck charges its fee based on a tiered or “blended rate” fee structure. This means that AFM may apply multiple percentage rates to determine our fee depending on the amount of assets under our management in your advisory account. For example, if you have assets under management of \$4,000,000, then AFM will charge the first \$1,000,000 at 0.85% and the next \$3,000,000 at 0.70%. Clients may request that AFM household their accounts for purposes of calculating fees.

Advisory fee may also be subject to negotiation at Aspetuck’s discretion depending upon many factors, including size of the accounts. Lower fees for comparable services may be available from other sources.

The Investment Advisory Fee is due and payable quarterly, in advance, and is based upon the market value of the client’s account assets as determined by the custodian as of the close of business on the last day of the previous calendar quarter. Fees for the initial quarter are adjusted pro-rata based upon the number of calendar days remaining in the calendar quarter. Fee payable for assets deposits after the inception of a quarter will be prorated based on the number of days remaining in the quarter. The Investment Advisory Fee may be deducted from the client account or paid by check. Morningstar fee invoice reports and Brokerage/Custodian statements may slightly differ in some cases by trade transactions that do not settle until after the statement date which occurs after close of business on the last business day.

Client may have multiple accounts as part of the Program and may elect to have Advisory fees debited from one previously selected Account.

If an Account is liquidated, due to a termination notice, proceeds will be payable to Client upon settlement of all transactions in the Account and any related fees or transaction costs due to liquidation. Client will be entitled to a pro-rated refund, payable to the Account where debit occurred, of any pre- paid quarterly Investment Advisory Fee based upon the number of days remaining in the quarter after the termination date. No advisory relationship exists between Adviser and Client when Agreement is terminated.

401(k) Plan Participant Accounts:

401(k) Plan Participant fees are due in arrears and calculated and invoiced by Plan Record Keeper/Administrator.

CollegeAmerica 529 Plan Accounts:

The RMP Program also manages CollegeAmerica 529 Plan accounts offered by American Funds and College America. CollegeAmerica 529 Savings Plan advisory fee is a flat fee of 0.65% for new account

effective January 2018. Investment Advisory fees are deducted from client's 529 Plan account by American Funds or payable by check.

ERISA 3(38) Manager Fee

Investment management fee ranges from 0.67% to 0.25% depending on several factors: number of plan participants, assets in plan, size of company, etc.

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by AFM. Please see Item 12 of this brochure regarding broker-dealer/custodian.

Neither AFM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-backed sales charges or service fees from the sale of mutual funds.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Not applicable

TYPES OF CLIENTS

AFM generally provides advisory services to the following types of clients: Individuals, Trusts, Corporations or Business Entities, and Pension and 401(k)/Profit-Sharing Plans. The minimum account size is \$50,000 but exceptions are made depending on client circumstances, and financial planning needs. For example, starting an IRA account with an initial contribution or a 529 Plan account.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

AFM manages four types of model portfolios: Aggressive, Moderate, Conservative, Risk Averse.

AFM has a professional portfolio construction process based on Modern Portfolio Theory, basic investment principles, and economic/market analysis. Generally, assets are allocated globally among equities, bonds, cash-equivalents, real estate securities, and commodity ETFs and individual securities using strategic asset allocation guidelines. In general, AFM believes it is a prudent investment practice to diversify among Electronically Traded Funds (ETFs), to reduce volatility and specific business risk associated with individual securities (individual stocks and bonds). It is our belief that it is easier to diversify and manage investment risk, return, and income from your account by investing among ETFs. Studies have shown that non-diversified approaches that use a limited number of individual securities increase the risks of producing streaky results. Our goal is to seek consistent results over time. With that said, AFM also believes that limited investing in individual securities can enhance income, return, and risk management of accounts. For example, at times, investing in a quality dividend paying stock, at the right price, can enhance account income, lower risks, and improve returns versus buying an overvalued lower yielding ETF. Our equity investment style is characterized as an Equity Income approach and Growth-At-Reasonable-Price approach towards stock selection. Generally, AFM invests in equities paying and growing dividends, which offer appreciation potential, and trade at a reasonable valuation or quality companies growing sales trading at reasonable valuations. Moreover, in general, AFM prefers quality companies with healthy fundamentals over speculative companies with poor fundamentals.

AFM actively manages portfolio characteristics to manage risk, income, and return. AFM has a robust research process to decide on tactical adjustments. AFM are top-down macro investors. Macro-economic themes such as inflation, and economic growth drive asset allocation decisions. This process involves an assessment of global economic and market conditions, and investment sector fundamentals. AFM monitors numerous cyclical economic and market factors that impact the performance of securities. These factors encompass monetary policy, fiscal policy, inflation trends, credit markets, interest rate trends, economic growth, earnings growth, employment, consumer spending, U.S. dollar, yield spreads, investor and consumer psychology, technical indicators, etc. Upon deciding which areas of the global market offer the best risk/income/growth proposition, AFM employs research driven, securities selection process to execute our investment allocation strategy.

In our analysis, AFM utilizes information provided by numerous private and public research providers. For instance, AFM use data provided by the Federal Reserve, Department of Labor, Standard & Poor's, FactSet, J.P. Morgan Chase, Ned Davis Research, Charles Schwab & Co., OECD, IMF, major asset management firms, CNBC, Barron's, Wall Street Journal, Morningstar Inc. Bespoke Investments, Bloomberg, etc. AFM also uses independent third-party research from multiple sources to evaluate equity and fixed income securities.

Risk Management

Investing in securities involves the risk of loss that the client should be prepared to bear. AFM seeks to manage risk by adjusting your account asset allocation and investment holdings based on economic and current market conditions and investment analysis. What is managed?

- Asset Allocation is our primary way of managing investment risks— do not put all your eggs in one basket like S&P 500 Index. Instead, asset allocate among major assets classes to manage investing risks. Conservative portfolio strategies will have less exposure to equity markets.

than aggressive strategies. Moreover, RMP Program adjusts asset allocation as market conditions change through economic cycle.

- Foreign Allocation – exposure to foreign markets. Invest globally as a long-term diversification strategy, however, partially hedge currency risks.
- Capitalization – exposure to Large, Mid, and Small sized companies
- Sector Orientation – cyclical and defensive exposure
- Credit Quality – adjust quality of fixed income investments as credit conditions change.
- Bond maturity – adjust portfolio duration to manage interest rate risk and income by changing deployment of assets over long term, intermediate, and short term.
- Securities selection – specific sectors, and mostly buy quality dividend growers/payers of large-cap companies at reasonable valuations.
- Being sensitive to investment valuations. Overpaying for an investment could result in a loss or lower return.
- Generally, limit each investment (ETF, security) position to no more than 25% of your portfolio (does not apply to small size account).
- Generally, limit the concentration in an investment sector less than 30% - concentration can enhance returns or losses.
- Investing a minor part of your portfolio in “low correlation” investments to a major part of your portfolio.
- Periodically rebalance asset allocation to manage portfolio risks or adjust assets by selling what AFM believes are overvalued investments and invest proceeds into what AFM believes is undervalued investment opportunity.
- Raising cash-equivalent levels as the market valuations become excessive and or market conditions begin to deteriorate.
- Make incremental adjustments to your account based on our market risk indicators.
- No leveraging or margin used.

Program Risks

Aspetuck’s Risk Managed Portfolio program risk-management process includes an effort to monitor and manage risk, but should not be confused with, and does not imply, low risk, or the ability to control risk. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Modern Portfolio Theory (MPT) states by investing in more than one security, an investor can reap the benefits of diversification - chief among them, a reduction in the riskiness of the portfolio. The risk in a portfolio of diverse individual securities will be less than the risk inherent in holding any one of the individual securities (provided the risks of the various securities are not causally related). The goal is to assemble a global portfolio of securities that do not respond the same way to investment related news. Therefore, a well-diversified portfolio reduces risk by owning some securities (in high enough proportion) that are not highly correlated to the movement of the other securities. MPT has some shortcomings in the real world. When a crisis hits, diversification may not work well because the lower correlated securities may become highly correlated to the other securities in a portfolio because everyone is selling to raise cash. Thus, diversification does not always work as well as intended to protect against bear market losses.

Investments in ETFs and individual securities involve the risk of investment losses as well as potential for gain. The price of equity securities rises and falls daily, monthly, quarterly, and annually. Stock prices move in up and down cycles. Price movement may result from factors specific to a company, industries, securities markets, and or investor psychology. In the short term, one month or even one year, equities can be extremely volatile due to negative investment sentiment, and other factors.

ETFs are subject to risk like those of their underlying securities, including, but not limited to, market, investment, sector, or industry risks, and those regarding short-selling and margin account maintenance. Some ETFs may involve international risk, currency risk, commodity risk, leverage risk, credit risk, and interest rate risk. Performance may be affected by risks associated with non-diversification, including investments in specific countries or sectors. Additional risks may also include, but are not limited to, investments in foreign securities, especially emerging markets, real estate investment trusts (REITs), fixed income, small-capitalization securities, and commodities. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Unlike mutual funds, shares of ETFs are not individually redeemable directly with the ETF. Shares are bought and sold at market price, which may be higher or lower than the net asset value (NAV).

Investments in Large-Cap, Mid-Cap, and Small-Cap stocks involve risk in which anyone of these types of stocks may suffer periods of underperformance or losses due to business conditions no longer favoring them and or excessive valuations. Generally, Small-cap stocks may experience higher volatility than Mid-cap and Large-cap stocks. Mid-cap stocks may experience higher volatility than Large-cap stocks. Greater risk is associated with higher volatility. Thus, Small-cap stocks are considered riskier than Mid-cap and Large-cap. And Mid-cap is viewed as being riskier than Large-cap.

The volatility of an investment is due to but not limited to, its sensitivity to economic swings, adverse market conditions, short term investor sentiment, forced liquidations tied to margin and leverage, program trading, shorting of stocks, foreign investors selling due to poor economic in home country, industry competition and health, demand for its product(s), the degree of a stock's marketability, and a slew of company operating characteristics (diversity of product lines, reliability of earnings, profitability, firm's financial condition, etc.). In general, a Small-Cap stock's operating characteristics (one product, more volatile earnings, smaller customer base, lower quality financial statements, smaller market for its products and stock) make them more susceptible to economic cycles and down markets. In general, certain larger size firms are less likely to be affected by economic swings and adverse market conditions because they might have globally diversified product lines, brands that help keep sales steady, multiple products that generate a reliable earnings stream, healthier balance sheets, and profit margins.

In general, international stocks may experience higher volatility than US stocks and carry special risks. Usually, foreign companies in developing markets are considered lower quality companies based on earnings reliability, profitability ratios, and financial condition and management. In addition, they may operate in a less stable economy. Foreign securities have currency risk too. This is the risk that the currency in which a foreign security is dominated in drops in value. A US Investor may experience losses in investment value when the foreign security is sold and the sale proceeds in foreign currency are converted into US dollars. A country's currency may weaken when its economy falters, or as inflation picks up. Geopolitical risk is also a greater risk factor in foreign markets. There is a greater chance of a country experiencing the following events: internal political troubles, financial problems, securities market volatility, expropriation of assets, etc. Commodities involve the risks of changes in the market, political, regulatory, and natural conditions. REITs involve the risks of real estate investing including declining property values.

Fixed Income Risks

The principal risks associated with investing in fixed-income securities are purchasing power risk, reinvestment risk, interest rate risk, and credit risk. Purchasing power risk occurs when the yield from your bond investment approximates the inflation rate. Over time, the income you receive after inflation and taxes purchases fewer goods and services. Reinvestment risk occurs when the CD or Bond you own matures and available bond yields are lower at that time. Income investors sustain a loss in income by investing in lower yielding bonds. Interest rate risk can cause a bond to lose value. Bond prices have an inverse relationship with interest rates. As interest rates rise, bond prices in the secondary market fall. The opposite occurs when interest rates fall. Thus, investing in bonds in a rising interest rate environment could result in losses if you sell your bonds that were bought when interest rates were lower. Credit quality risk occurs when a company's credit rating is downgraded. Any time a company's credit rating is downgraded, its bond price drops in value. The greater risk is that the company may go into bankruptcy and default on interest and principal payment.

Management Risk

Asset allocation decisions may not always be correct (sentiment and fundamentals sometimes change quickly and forward indicators as well as coincident indicators can send mixed signals and remain murky or highly uncertain and may adversely affect account performance. Actual account performance may vary from model composite net return performance due to numerous reasons such as variations in holdings, differences in weightings, entry point into the RMP Program, timing of individual investment inflows and outflows, clients requesting to move to cash from stocks after ten percent plus corrections, large unexpected and planned for funds request during down markets in addition to current withdrawal program, individual restrictions, individual additions, inability to invest in a particular security where your account is held, individual preferences for higher income and greater liquidity, client withdrawing large sums deep into market corrections, investing large sums at market highs, etc. Prior performance is no guarantee of future results and there can be no assurance and clients should not assume that future results will equal past performance. Short term results may not be indicative of the returns or volatility each model portfolio will generate over a long period.

The composite return performance results for the RMP Program Model strategies referred to herein include all discretionary accounts assigned and adhering to one of the following Model strategies: Aggressive, Moderate, Conservative, Risk Averse, including those of clients who are no longer with the firm. A new account is added to its respective composite after the first full month under management up to the present or until the cessation of the client relationship with Aspetuck Financial Management. Investment results are time-weighted performance calculations representing total return. Composites are valued monthly, and portfolio returns are asset-weighted by using beginning-of-month market values plus weighted cash flows. Annual returns calculated by using monthly geometric linking of performance results. Total return figures calculated using trade date accounting. All realized and unrealized capital gains and losses, as well as all dividends and interest from investments and cash balances are included. The performance figures presented are net returns, net of advisory fees, net of brokerage commissions and all other expenses such as mutual fund and ETF operating expenses. Advisory fees will reduce individual returns. Inception composite returns began 8/15/2011 when Aspetuck Financial became operational on Morningstar Portfolio Reporting system. A composite's investment returns shown are not necessarily representative of an individually managed account's rate of return, and differences can occur due to factors such as the timing of initial investment, timing and size of additional investments and withdrawals, client restrictions, cash movement, personal liquidity needs, minor variation in security weightings, clients demand to sell all equity securities during/after a market correction, etc. Securities used

to implement the strategies can differ based on account size, custodian, and client guidelines. The performance figures illustrated represent the Composite returns only for the time periods indicated.

The performance figures should be viewed in the profiles and asset allocation methodologies utilized by the asset allocation strategists in developing RMP model portfolios and should be accompanied or preceded by the model portfolio descriptions for each strategy. The performance of the models should also be viewed in the context of the broad market and general economic conditions prevailing during the periods covered by the performance information context of the various risk/return. There is no guarantee that participation in the Aspetuck Financial Management's RMP - Risk Managed Portfolio Program will protect you against loss of invested money or meeting your financial objectives. ETFs incur fees and expenses (including investment management and administrative fees) that are in addition to client advisory fees. Performance figures reflect those fees and expenses. Prior performance is no guarantee of future results and there can be no assurance and clients should not assume that future results will equal past performance.

Investments in ETFs, individual securities including RMP model portfolios involve the risk of investment losses as well as potential for gain. Short term results may not be indicative of future returns or volatility each model strategies portfolio will generate over a long period. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corp. or any other government agency. Although a money market fund seeks to preserve the value of your investments at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should be aware that there are risks inherent in all investments, such as fluctuations in investment principal. The portfolio performance is compared with the performance figures for an appropriate custom benchmark composed of broad-based indices. Broad-based indices are reinvestment of dividends, unmanaged and are not subject to fees and expenses. You cannot invest directly in an index or benchmark. The custom benchmarks are comprised of the following indices. The weighting of each index in the model benchmark varies and depends on the risk & reward preference for each model. S&P 500 Index is composed of 500 largest U.S. companies by market capitalization. These widely held stocks often used as a proxy for the U.S. equity market. Barclays U.S. Aggregate Bond Index is composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million. Barclays Emerging Market Bond Index includes fixed and floating rate USD-denominated debt from emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. DJ Global World Real Estate TR USD. Global Real Estate Index is designed to represent general trends in eligible real estate equities worldwide. MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure the developed markets' equity performance, excluding the U.S. & Canada, for 21 countries. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 22 countries. BofAML US Treasury Bills 0-3 Months, Total Return, US dollar, comprised of a Treasury bill with maturity of 3 months that are rolled over into new issue. DJ UBS Commodity Index, Total Return, U.S. Dollar, is composed of commodities traded on exchanges, except for aluminum, nickel, and zinc, which trade on the London Metal Exchange. Barclays Euro Aggregate Gov't 10+ Year, total return, euro denominated, aims to track the performance of the European Government Bond with maturities of 10 years plus, as closely as possible. The index offers exposure to Euro denominated investment grade government bonds issued by EMU member states with an original term of 10 years or greater. Barclays Euro Aggregate Non-Gov't total return, euro denominated, index tracks the fixed-rate, investment-grade euro-denominated corporate bond market. The index includes publicly issued securities from industrial, utility, and financial companies that meet specified maturity, liquidity, and quality requirements. Issuers included in the index are the major issuers of debt from EMU member states.

All investing is subject to risk, including the possible loss of the money you invest. Past performance is no guarantee of future returns. Diversification does not ensure a profit or protect against a loss. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any asset allocation or mix of investments will meet your investment objectives or provide you with a given level of income.

DISCIPLINARY INFORMATION

None

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither AFM nor its representatives are registered as, or have pending applications to become, a broker-dealer or representative of a broker-dealer, or a pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Neither AFM nor its representatives have any material relationship to this advisory business that would present a possible conflict of interest.

Neither ARM nor its representatives receive direct or indirect compensation for referring clients to other investment advisers.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

AFM has a compliance/code of ethics program. The Written Supervisory Policies (“WSP”) and procedures of the Adviser must be followed by all personnel in the conduct of their responsibilities on behalf of the Adviser. Its purpose is to help ensure that the Adviser conducts its business in compliance with all applicable federal and state laws, rules, and regulations and in keeping with the highest level of professional and ethical standards.

The Adviser has adopted certain compliance procedures, such as those relating to personal trading, which are applicable to all supervised persons. All supervised persons must follow such procedures or face severe sanctions, including possible loss of employment with the Adviser.

All personnel must read our Compliance manual and sign an acknowledgment of receipt and acceptance of responsibilities assigned to them.

Below are some areas our Compliance Program addresses:

- ❑ Fiduciary Responsibilities
- ❑ Portfolio management processes
- ❑ Established policies to ensure that the portfolio management processes are consistent with disclosures made by the Adviser.
- ❑ Trading practices
- ❑ Personal trading activities of employees
- ❑ Code of Ethics
- ❑ Advertising
- ❑ Custody
- ❑ Valuation
- ❑ Privacy policy
- ❑ Business continuity planning

A copy of our Code of Ethics is available to clients or prospective clients.

From time to time, representatives of AFM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of AFM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting from the recommendations they provide to clients. Such transactions may create a conflict of interest; however, AFM will never engage in trading that operates to the client’s disadvantage when similar securities are being bought or sold.

BROKERAGE PRACTICES

AFM selected Charles Schwab & Co. to function as its Broker. Brokerage services assist AFM in managing and administering clients' accounts and provides essential back-office functions and staff that allows AFM to focus on advising client assets. In addition, AFM relies on securities offered by Brokerage firm as its universe of investments to invest in the RMP Program. RMP program is restricted to investing in only securities that can be traded and held in custody at AFM's Broker.

AFM considers several factors in selecting a Broker/Custodian at which to locate its client accounts, including but not limited to breadth of services, scope of available products, transaction cost, execution capability, statements, web-based services, technology, client services, back-office, reputation of firm, size of business, and years in business. Brokerage firm also makes available to AFM other products and services that benefit AFM but may not directly benefit its client accounts. For instance, compliance publications, research reports, etc. AFM may have incentive to select or recommend a broker-dealer based on AFM interest in receiving the research or other products or services, rather than on client receiving most favorable execution. AFM receives benefits because AFM does not have to pay for research, products, services, or commissions. AFM will never charge a premium or commission on transactions beyond the actual cost imposed by the broker-dealer/custodian. Clients should be aware that AFM's acceptance of soft dollar benefits may result in higher commissions charged to the client. Presently, the Brokerage firm does not charge commissions for the equities and ETFs AFM buys and sells for client accounts.

AFM uses brokerage technology to invest client assets so that all accounts are treated fairly in the execution of trades. Brokerage firm provides trade execution tools that allow AFM to buy and sell securities for all accounts. Clients in model accounts benefit most from this technology. Non-model accounts will not benefit from this technology and may affect the ability of AFM to immediately place a trade in client's account and or supervise account. Generally, it is our practice to invest in non-commission ETFs and stocks to keep costs low.

AFM, in its discretion, may aggregate purchases and sales of securities for your account(s) with purchases and sales of securities of the same issuer for other Clients of Adviser occurring on the same day. When transactions are so aggregated, the actual prices applicable to aggregated transactions will be averaged, and the Account and the accounts of other participating Clients of Adviser will be deemed to have purchased or sold their proportionate shares of the securities involved at the average price so obtained. When AFM does not or cannot aggregate trades, clients may receive less favorable prices, or experience less efficient trade execution.

REVIEW OF ACCOUNTS

Investment accounts are periodically reviewed. The review is conducted by the firm's Portfolio Strategist, Patrick Byrne.

A change in an investment's fundamentals or market conditions may result in appropriate portfolio adjustments to the client's account.

A client may request an optional account review. AFM will review and confirm Investment Policy Statement/Portfolio Objective during each review among many things.

CLIENT REFERRALS AND OTHER COMPENSATION

Charles Schwab & Co., Inc. Advisor Services provides Aspetuck with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Aspetuck client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Aspetuck other products and services that benefit Aspetuck but may not benefit its clients' accounts. These benefits may include national, regional or Aspetuck specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Aspetuck by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Aspetuck in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Aspetuck's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Aspetuck's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Aspetuck other services intended to help Aspetuck manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Aspetuck by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Aspetuck. Aspetuck is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

There are no arrangements whereby Aspetuck Financial Management or a related person directly or indirectly compensates any person who is not Aspetuck Financial Management's supervised person for client referrals.

On occasion, AFM may refer our clients to another professional for financial planning services with their consent. For example, a tax accountant, estate attorney, or insurance professional. Aspetuck Financial Management does not receive any compensation for referring clients to another financial professional. Our client is under no obligation to buy any product or use any services of any professional referred.

CUSTODY

When it deducts fees directly from client accounts at a selected custodian, AFM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

INVESTMENT DISCRETION

Investment management is on a discretionary basis as agreed to in the Advisory Agreement. Where investment discretion has been granted, AFM generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share. Client's Investment Policy statement stated portfolio objective of RMP Program portfolio, and firm's investment views, guides trading in client account.

VOTING CLIENT SECURITIES

AFM acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. AFM will vote proxies on behalf of a client solely in the best interest of the relevant client. AFM has established general guidelines for voting proxies. AFM may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, AFM may vote in a manner that is contrary to the general guidelines if it believes that it would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between AFM and a client, then AFM will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting AFM in writing and requesting such information. Each client may also request, by contacting AFM in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period. Clients can send written requests to the Chief Compliance Officer at marketingafm@optonline.net.

FINANCIAL INFORMATION

Not applicable

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