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**Form ADV Part 2A: Firm Brochure**  
**Item 1 – Cover Page**



Established 1980 | A Wealth of Knowledge

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**November 2023**

Firm Contact:  
Noreen McGorty  
Chief Compliance Officer

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

This brochure provides information about the qualifications and business practices of MONECO Advisors, LLC doing business as MONECO Advisors. If clients have any questions about the contents of this brochure, please contact us at (203) 319-3550 or through our website at [www.monecoadvisors.com](http://www.monecoadvisors.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 our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term “registered investment adviser” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise clients for more information on the qualifications of our firm and our employees.

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**Item 2 – Material Changes**

MONECO Advisors is required to make clients aware of information that has changed since the last annual update to the Firm Brochure (“Brochure”) and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since our firm’s last annual amendment filing on 3/17/2023, the following material change(s) have been made:

- Our firm no longer has a branch office location in Shelton, CT. Please reach out to MONECO Advisors for any additional questions or information.
- Our firm has further updated our ownership structure. Please see item 4 of our firm’s Form ADV Part 2A or reach out to MONECO Advisors for any additional questions or information.
- Our firm has disclosed a new financial affiliation that our firm has through the same holding company MONECO Advisors is under. Please see item 10 of our firm’s Form ADV Part 2A, item 9 of our firm’s Wrap Brochure or reach out to MONECO Advisors for any additional questions or information.
- Our firm has updated and disclosed additional soft dollar benefits our firm receives. Please see item 12 of our firm’s Form ADV 2A or reach out to MONECO Advisors for any additional questions or information.

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## **Item 4 – Advisory Business**

MONECO Advisors, LLC is an SEC registered investment adviser owned by Charles Rocco, Derrek Metz, Todd Schroeder, Chris Neubert, John Rosenau, Dave Lincoln, Scott Flynn, Ginnie Thompson, Jason Hyde, AJ Kelleher, Rudy Weiss, Eric Johnson, Salim Boutagy, Peter Osborne, Dana Preis, Reed Ameden, Colleen Galushko, Paul Farella, Timothy Hickey & Joanna Russell and located in Fairfield, Connecticut. Our firm is a limited liability company formed in 1980 and has been in business as an investment adviser since 2014.

Our firm also does business under the following names:

- MONECO Advisors
- MONECO New Canaan

MONECO Advisors provides fee based investment advisory services for compensation primarily to individual clients and high-net worth individuals based on the individual goals, objectives, time horizon, and risk tolerance of each client. Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value. Furthermore, our representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client.

### **Types of Advisory Services Offered**

#### **Asset Management**

As part of our Asset Management service, clients will be provided asset management and financial planning or consulting services on assets in the client's custodial Strategic Wealth Management (SWM) account held at LPL Financial. This service may be done on a discretionary or non-discretionary basis and is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client, consisting of individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. In addition to the creation of the portfolio, we may recommend fee-based variable annuities. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

Upon client request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service.

LPL Financial Sponsored Advisory Programs:

Our firm may provide advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program available to our firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2 or the applicable program's Appendix 1 (wrap fee program brochure) and the applicable client agreement.

*Optimum Market Portfolios Program (OMP)*

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

*Personal Wealth Portfolios Program (PWP)*

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

*Model Wealth Portfolios Program (MWP)*

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

### *Manager Access Select Program (MAS)*

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

### Pontera® Held Away Accounts Service:

In certain instances, our firm will provide an additional service for client's held away accounts through the Pontera platform ("the platform"). The accounts are not directly held in our custody (i.e., held away), but are ones wherein we still have discretion, and may leverage an Order Management System to implement tax-efficient asset location and opportunistic rebalancing strategies on behalf of the client. These are primarily 401(k) accounts, HSA's, and other assets we do not custody and cannot manage through our Asset Management service.

If our firm offers a client this service, then a link will be provided to the client allowing them to connect an account(s) to the platform. Once the client's account(s) are connected to the platform, our firm will review their current account allocations. Our firm will then review these accounts on a regular basis and when deemed necessary, our firm will rebalance the account considering client investment goals and risk tolerance. Any change in allocations will consider current economic and market trends.

### Retirement Plan Consulting

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant directed defined contribution plans and/or non-participant directed defined benefit plans. As the needs of the plan sponsor dictate, our firm may provide assistance with investment policy statements, ongoing investment recommendations/monitoring, performance reports, changes in investment options, 404(c), Qualified Default Investment Alternative ("QDIA"), service provider liaison, participation education services, participant enrollment, support and vendor analysis, benchmarking and/or fee identification.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets").

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### Financial Planning Services

Our firm provides a variety of standalone financial planning and consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, needs, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass Tax Planning, Investment Planning, Retirement Planning, Estate Needs, Business Needs, Education Planning, Life and Disability Insurance Needs, Long-Term Care Needs, and/or Cash Flow/Budget Planning.

Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity, specific actions to be taken by the clients, or specific securities and types of investment products which may be appropriate for the client to purchase. However, our firm will take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Implementation of the recommendations will be at the discretion of the client and the client is under no obligation to purchase any securities through our firm. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming that all the information and documents requested from the client are provided promptly, plans or consultations are typically delivered within 6 months of the client signing a contract with our firm.

### **Participation in Wrap Fee Programs**

Our firm previously offered a wrap fee program as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). However, our wrap fee program is no longer offered to new clients. Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Regulatory Assets Under Management**

As of December 31, 2023, our firm manages \$1,457,118,100 on a discretionary basis and \$14,907,888 on a non-discretionary basis.

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## **Item 5- Fees and Compensation**

### Asset Management:

#### *If LPL:*

The maximum annual fee to be charged to the client's account(s) will not exceed 2.00%. The negotiated advisory fee will be determined by the investment advisor representative and the client based on a variety of factors, including the scope and complexity of our engagement with the client, the client's overall aggregate household portfolio value, communication needs, and financial planning and consulting needs, whether the client is related to our firm's employees, and anticipated amount of work. The fee to be assessed to each account will be detailed in the client's signed advisory agreement, LPL Account Application or LPL Tiered Fee Authorization form.

Fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Please note that fees will be adjusted for deposits and withdrawals made during the quarter. If accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. Our firm bills on cash unless indicated otherwise in writing. In rare cases, our firm will agree to direct bill clients. Fees are negotiable and will be deducted from the account(s). As part of this process, Clients understand the following:

- a) LPL as the client's custodian sends statements at least quarterly, showing all disbursements for each account, including the amount of the advisory fees paid to our firm;
- b) Clients provide authorization permitting LPL to deduct these fees;
- c) LPL calculates the advisory fees for all fee schedules and deducts them from the client's account.

*If Schwab, SEI, Pershing or Fidelity:*

The maximum annual fee charged to the client's account will not exceed 2.00%. The negotiated advisory fee will be determined by the investment advisor representative and the client based on a variety of factors, including the scope and complexity of our engagement with the client, the client's overall aggregate household portfolio value, communication needs, and financial planning and consulting needs, whether the client is related to our firm's employees, and anticipated amount of work. The fee to be assessed and specific billing arrangement will be outlined in Schedule A of the client's signed advisory agreement.

Annualized fees are billed on a pro-rata basis quarterly in advance or arrears based on the value of the account(s) on the last day of the previous quarter. Please note that fees will be adjusted for deposits and withdrawals made during the quarter. Our firm bills on cash unless indicated otherwise in writing. In rare cases, our firm will agree to directly invoice. Fees are negotiable and will be deducted from the account(s). As part of this process, Clients understand the following:

- a) Client provides authorization permitting our firm, to be directly paid by these terms.; and
- b) Client's independent custodian sends statements, at least quarterly, showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm; and
- c) Our firm will send an invoice directly to the custodian. If our firm sends an invoice to the Client, a legend urging the comparison of information provided in the statement with those from the qualified custodian will be included.

**LPL Sponsored Programs:**

The maximum fees for the LPL sponsored advisory programs are as follows:

<b>LPL Sponsored Advisory Program</b>	<b>Annual Percentage of Assets Charge</b>
Optimum Market Portfolios Program (OMP)	Up to 2.00%
Personal Wealth Portfolios Program (PWP)	Up to 2.00%
Model Wealth Portfolios Program (MWP)	Up to 2.00%
Manager Access Select Program (MAS)	Up to 2.00%

The fees for LPL's Financial Sponsored Advisory Programs are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. LPL serves as program sponsor, investment adviser and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of



your account on the last day of the previous quarter. Management fees will be deducted from the client's managed account, upon a signed Account Application Form. The ultimate management fee is indicated on the Account Application Form. Our firm does not have the authority to instruct LPL Financial to change or deduct fees without written client consent. LPL Financial sends a quarterly statement showing all fees deducted from the client accounts.

#### Pontera® Held Away Accounts Service:

As noted in Item 4 of this brochure, in certain instances, our firm will manage clients held away accounts through the Pontera® platform. While there are fees associated with this platform, our firm feels that it is important to note that these fees will be paid by our firm and as such will not result in the client paying higher fees than if the assets were custodied with our recommended custodian.

#### Retirement Plan Consulting:

Retirement Plan Consulting clients may pay our firm an Ongoing Fee or a One-Time Project Fee. Ongoing Fees may be charged based on the total plan assets under management not to exceed 1.00%, an hourly basis not to exceed \$250 per hour or a flat fee basis not to exceed \$25,000. The One-Time Project Fee is for standalone project specific work and/or initial set-up after the plan is implemented or transitioned to a new platform/product provider. The One-Time Project Fee is intended to cover the additional services (e.g. fund mapping, assistance with enrollment, additional education to committee members and participants, etc.) that our firm may provide as a result of the implementation or transition. One-Time Project Fees are charged on a flat fee basis not to exceed \$5,000. The fee-paying arrangements for Retirement Plan Consulting service will be determined on a case-by-case basis and will be detailed in the signed agreement.

#### Financial Planning & Consulting:

Our firm charges on an hourly or flat fee basis for financial planning services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$350. Flat fees range from \$1,500 to \$10,000. Clients may elect to pay the full fee upon execution of the written agreement, upon delivery of the written financial plan, or a combination of upfront and in arrears with the remainder of the fee to be directly billed to the client and due within 30 days of a financial plan being delivered or consultation rendered. Our firm will not require a payment exceeding \$1,200 when services cannot be rendered within 6 months.

#### **Other Types of Fees & Expenses**

Non-Wrap Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. It is also important to note that LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") and Strategic Asset Management ("SAM") programs. Clients will be subject to transaction fees charged by LPL Financial for ETFs not included in LPL Financial's platform and for other types of securities. The limited number of ETFs available on LPL Financial's no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians, such as Schwab, SEI & Fidelity, have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same

securities at LPL Financial. Please note that Pershing may have transaction fees.

As noted above, our firm may issue an advisory fee credit to a newly established or current advisory account or a portion of the management fee in certain scenarios where representatives of our firm earned a recent commission on the securities prior to them entering the advisory account. This helps ensure that clients are not prematurely removing assets from securities for which a recent commission was earned by our representatives. This credit will be calculated and prepared by LPL Financial as all advisory fee billings for LPL Financial accounts are calculated and processed by LPL Financial.

Our firm may consider certain securities “under-aged” due to the recent commission earned. These under aged assets may include mutual funds and annuities held less than two years, and individual equities, fixed income, and ETFs held less than one year. Assets may be considered under aged even if the securities are liquidated and the resulting proceeds are deposited into the advisory account. Depending on the type of under aged asset, a management fee credit on that asset will be applied to the advisory account. The fee credit will be applied to the account on a quarterly basis until the entire amount of the fee credit has been applied to the account.

Our firm is mindful of our responsibility to treat clients appropriately and consider the implication of previously receiving commissions on the assets being used to fund advisory accounts. As a result, our firm will work with LPL Financial, who has developed the ability to support situations in which our firm would like to provide the client with a fee credit to offset a portion of the management fee.

In addition, uninvested cash may be invested in money market funds, the Multi-Bank Insured Cash Account Program (“ICA”), as applicable, as described in the Account Agreement. Clients should note that each Bank will pay LPL a fee equal to a percentage of the average daily deposit balance, and the fee differs among Banks depending on the interest rate environment and/or any fee waivers made by LPL. The fee paid to LPL will be at an annual rate up to an average of 400 basis points as applied across all ICA Deposit Accounts taken in the aggregate. The fee paid to LPL reduces the interest rate paid on your cash funds and depending on the interest rate and other market factors, LPL receives the majority of the amount paid by the Banks as fees. The fee charged by LPL may be higher than the interest rate clients receive on their funds deposited in the ICA program. Further, the ICA program may result in lower returns, due to LPL’s fee, when compared to other bank deposit or money market investments.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, etc. Our firm does not receive a portion of these fees.

Wrap clients will not incur transaction costs for trades. More information about this can be found in our separate Wrap Fee Program Brochure.

### **Termination & Refunds**

Either party may terminate the signed advisory agreement at any time by providing written notice to the other party. Upon receipt of your notice of termination, either our firm (if custodied with Schwab, SEI, Pershing or Fidelity) or LPL (if custodied with LPL Financial) will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the

quarter. If billed in arrears, pro-rata advisory fees for services rendered to the point of termination will be charged. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice to the other party. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

Representatives of our firm are also associated with LPL as broker-dealer registered representatives ("Dually Registered Persons"). In their capacity as registered representatives of LPL, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through our firm. Clients have the option of purchasing many of the securities and investment products made available through another broker-dealer or investment adviser. When purchasing these securities and investment products away from our firm, however, Clients will not receive the benefit of the advice and other services we provide.

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

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

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### **Item 7 – Types of Clients**

The advisory services offered by MONECO Advisors are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities. However, the firm generally provides investment advice to individuals and high net worth individuals.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$10,000 for our Asset Management service. Generally, this minimum account balance requirement is negotiable and would be required throughout the course of the client's relationship with our firm.
- A minimum account value of \$15,000 is required for OMP.
- A minimum account value of \$250,000 is required for PWP.
- A minimum account value of \$50,000 is required for MWP.
- A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

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

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), mutual funds and other public and private securities or investments.

The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We may use one of the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Alternative Strategy Mutual Funds.* Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.

*Closed-End Funds.* A collective investment model based on issuing a fixed number of shares which are not redeemable from the fund. Unlike open-end funds, new shares in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can be purchased and sold only in the market. This is the original design of the mutual fund which predates open-end mutual funds but offers the same actively managed pooled investments. In the United States, closed-end funds sold publicly must be registered under both the Securities Act of 1933 and the Investment Company Act of 1940. Closed-end funds are usually listed on a recognized stock exchange and can be bought and sold on that exchange. The price per share is determined by the market and is usually different from the underlying value or net asset value ("NAV") per share of the investments held by the fund. The price is said to be at a discount or premium to the NAV when it is below or above the NAV, respectively. A premium might be due to the market's confidence in the investment managers' ability or the underlying securities to produce above-market returns. A discount might reflect the charges to be deducted from the fund in future by the managers, uncertainty due to high amounts of leverage, concerns related to liquidity or lack of investor confidence in the underlying securities.

A closed-end fund differs from an open-end mutual fund in that: (a) It is closed to new capital after it begins operating.; (b) Its shares (typically) trade on stock exchanges rather than being redeemed directly by the fund.; (c) Its shares can therefore be traded at any time during market opening hours. An open-end fund can usually be traded only at a time of day specified by the managers, and the dealing price will usually not be known in advance.; (d) It usually trades at a premium or discount to its net asset value. An open-end fund trades at its net asset value (to which sales charges may be added; and adjustments may be made for e.g. the frictional costs of purchasing or selling the underlying investments).; and I In the United States, a closed-end company can own unlisted securities. Another distinguishing feature of a closed-end fund is the common use of leverage. In doing so, the fund manager hopes to earn a higher return with this additional invested capital. This additional capital can be raised by issuing auction rate securities, preferred stock, long-term debt, or reverse-repurchase agreements.

Closed-end fund shares are traded throughout market opening hours at whatever price the market will support. It may be possible to deal using advanced types of orders such as limit orders and stop orders. This is in contrast to some open-end funds which are only available for buying and selling at the close of business each day, at the calculated NAV, and for which orders must be placed in advance, before the NAV is known, and by simple buy or sell orders. Some funds require that orders be placed hours or days in advance, in order to simplify their administration, make it easier to match buyers with sellers, and eliminate the possibility of arbitrage (for example if the fund holds investments which are traded in other time zones).

Like a company going public, a closed-end fund will have an initial public offering ("IPO") of its shares at which it will sell for a specific dollar amount each. At that point, the fund's shares will begin to trade on a secondary market, typically the New York Stock Exchange or the NYSE MKT LLC (formerly known as the American Stock Exchange [AMEX]) for American closed-end funds. Any investor who subsequently wishes to buy or sell fund shares will do so on the secondary market. In normal circumstances, closed-end funds do not redeem their own shares. Nor, typically, do they sell more shares after the IPO (although they may issue preferred stock, in essence taking out a loan secured by the portfolio). In general, closed-end funds cannot issue securities for services or property other than cash or securities.

Closed-end funds are traded on exchanges and in that respect they are like exchange-traded funds ("ETFs"), but there are important differences between these two kinds of security. The price of a closed-end fund is completely determined by the valuation of the market, and this price often diverges substantially from the NAV of the fund assets. In contrast, the market price of an ETF trades in a narrow range very close to its net asset value, because the structure of ETFs allows major market participants to redeem shares of an ETF for basis of the fund's underlying assets. This feature could in theory lead to potential arbitrage profits if the market price of the ETF were to diverge substantially from its NAV.

The typical associated risks are: (a) Securities may decline in value due to factors affecting securities markets generally or particular industries. The value of a trust/fund may be worth less than the original investment.; (b) Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, which could either dilute positive performance or compound negative performance. There is no assurance that discounted funds will appreciate to their NAV.; (c) Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the bonds and/or other income-related instruments in a fund's portfolio will decline in value because of increases in market interest rates. The prices of longer-maturity securities tend to fluctuate more than shorter-term



security prices.; (d) One or more securities in a trust/fund's portfolio could decline or fail to pay interest or principal when due. Income-related securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due and, therefore, involve a greater risk of default.; (e) A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.; (f) Income from a trust/fund's bond portfolio will decline when the trust/fund invests the proceeds from matured, traded, or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares market price or their overall returns.; (g) The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.; (h) Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.; (i) A trust/fund may invest in securities subject to the alternative minimum tax.; and (j) The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. There is no guarantee of dividends from these common stocks. Fluctuations in dividend levels over time, up and down, are to be expected.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

*Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

*Exchange-Traded Notes (ETNs).* An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are

dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

*Leveraged and Inverse ETFs, ETNs and Mutual Funds.* Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

*Microcap Securities:* Microcap securities are low-priced stocks issued by some of the smallest companies. The term "microcap stock" applies to companies with low capitalizations (i.e., total value of company's stock). A typical microcap security would come from companies with a market capitalization of less than \$250 or \$300 million. As Microcap companies typically have limited assets and operations. Microcap stocks tend to be low priced and trade in low volumes.

Microcap securities are publicly traded securities that are often traded over-the-counter ("OTC") rather than on a national securities exchange such as the New York Stock Exchange or NASDAQ. They are quoted on OTC systems such as the OTC Bulletin Board or OTC Link LLC.

This security type is not without risks. There is a lack of public information as compared to other stocks traded on a national securities exchange for microcap securities. There are also no minimum listing standards on OTC systems as compared to a national securities exchange. Microcap securities can generally be illiquid as compared to other larger companies. Further, microcap securities are highly volatile as compared to stocks of larger companies. Finally, reliable publicly available information about microcap securities is often limited. This in combination with microcap companies historically being less liquid and more thinly traded than the stocks of larger companies make it easier for fraudsters to manipulate the stock price or trading volume of microcap securities.

*Options:* An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder, or option buyer). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of a:

- *Call Option:* Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the event that the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.

*Put Option:* Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who sells a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Additionally, options have an expiration date, which makes them “decay” in value over the amount of time they are held and can expire worthless. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

*Structured Products.* Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.



*Hedge Funds and Managed Futures.* Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

*Variable Annuities.* If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

*Margin Accounts.* Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.

We use a combination of fundamental, technical and cyclical analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

*Fundamental Analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical Analysis* involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

*Cyclical Analysis* involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

Market Risk - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

Interest Rate Risk - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

Credit Risk - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

Mutual Funds - Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).

Equity - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs) - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

Annuities - are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks; just as mutual funds do.

Non-U.S. securities - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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

Representatives of our firm are registered representatives of LPL Financial, member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer and subject to LPL Financial surveillance controls.

Our firm is affiliated with MONECO Tax LLC, a firm that provides tax prep to clients, which our firm is affiliated with through the same holding company. Clients may be solicited to utilize these services; however, they are under no obligation to do so. A conflict of interest exists as these sales create an incentive to recommend products based on the compensation that may be earned. To mitigate this potential conflict, our firm will act in the client's best interest.

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

MONECO Advisors maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The code of ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. MONECO Advisors addresses this conflict of interest by requiring in its code of ethics that employees and investment advisor representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review. Investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

Neither MONECO Advisors nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

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## **Item 12 – Brokerage Practices**

### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Our firm recommends that clients use SEI Investments Company ("SEI"), LPL Financial ("LPL"), Pershing Advisor Solutions LLC ("Pershing"), Fidelity Brokerage Services, LLC

("Fidelity") and the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian (hereafter collectively referred to as "Recommended Custodians"). Our firm is independently owned and operated, and not affiliated with Recommended Custodians. Recommended Custodians will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Recommended Custodians as custodian/broker, clients will decide whether to do so and open an account with Recommended Custodians by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Recommended Custodians, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see *"Products & Services Available from Recommended Custodians"*)

### **Custody & Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer.

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Transaction fees may be charged via individual transaction charges. These fees are negotiated with LPL and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise. LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and

transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker/dealers. Clients may pay a commission to LPL Financial that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

While Clients may direct their brokerage transactions at a firm other than Recommended Custodians, our firm may be unable, as a result, to achieve more favorable execution of such transactions. Further, Client directed brokerage may cost Clients more money. For example, in a directed brokerage account, Clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or Clients may receive less favorable prices.

Because of all of these factors, in order to minimize client trading costs and other charges along with achieving best execution, our firm has Recommended Custodians execute most trades for the accounts.

### **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients, with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

### **Products & Services Available from LPL Financial**

Our firm also receives support services and/or products from LPL Financial, many of which assist our firm to better monitor and service program accounts maintained at LPL Financial. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

These support services are provided to our firm based on the overall relationship between our firm and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of



services. Our firm will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by our firm to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

### **Services that Benefit Clients**

Recommended Custodians' institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Recommended Custodians include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Recommended Custodians' services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Recommended Custodians also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Recommended Custodians and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Recommended Custodians. Research products may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by recommended Custodians to our firm in the performance of our investment decision-making responsibilities.

In addition to investment research, Recommended Custodians also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Recommended Custodians also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Recommended Custodians may provide some of these services itself. In other cases, Recommended Custodians will arrange for third-party vendors to provide the services to our firm. Recommended

Custodians may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Recommended Custodians may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Recommended Custodians, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

That noted, our firm would like Clients to be aware that our firm's representatives have received a forgivable loan from LPL Financial in order to assist with business development. This presents a conflict of interest in that our firm's representatives have a financial incentive to recommend that Clients maintain their accounts with LPL Financial in order to benefit by having the loan forgiven. To the extent our firm recommends Client use of LPL Financial for such services, it is because our firm believes that it is in the Client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

### **Our Interest in Schwab's Services.**

The availability of these services from Recommended Custodians benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Recommended Custodians in trading commissions or assets in custody.

In light of our arrangements with Recommended Custodians, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Recommended Custodians based on our interest in receiving Recommended Custodians' services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Recommended Custodians as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Recommended Custodians and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Recommended Custodians as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Recommended Custodian's services, and not Recommended Custodian's services that only benefit our firm.



## **Pershing**

With this in consideration, our firm recommends the services of Pershing Advisor Solutions LLC ("PAS"), member FINRA/SIPC, to maintain custody of client assets and to effect trades for their accounts. Although our firm recommends PAS, it is the client's decision to custody assets with PAS. Our firm is independently owned and operated, and is not affiliated with PAS. PAS generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through PAS or that settle into PAS accounts. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with PAS and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

## **Fidelity**

Our firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." Our firm is independently operated and owned and is not affiliated with Fidelity. The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

## **Additional Soft Dollars**

In addition to the economic benefits mentioned above, Schwab provides our firm with financial assistance to aid in the transitioning of our representative's book of business to Schwab's platform ("Transition Assistance"). No payment was made by Schwab to any member of our firm. This includes reimbursement of account transfer fees not to exceed \$2,100 to help with client's transition over to Schwab. The receipt of Transition Assistance creates a conflict of interest of our firm to recommend clients use Schwab to custody their assets. In an attempt to mitigate this conflict of interest, our firm has evaluated Schwab's full suite of services and recommends that use of Schwab based on the overall value of such services. In any case, Clients should be aware of our conflict of interest and consider it when determining whether to custody their assets with Schwab.

LPL provides our firm with financial assistance to aid in the transitioning of our representatives book of business to LPL's platform ("Transition Assistance"). No payment was made by LPL to any member of our firm. This includes transition assistance to one of our firm's advisors in the form of a 7 year forgivable loan in the amount of \$161,183 with an offer of an additional 2 year repayable Working Capital Loan in the amount of \$83,473. The receipt of Transition Assistance creates a conflict of interest of our firm to recommend clients use LPL to custody their assets. In an attempt to mitigate this conflict of interest, our firm has evaluated LPL's full suite of services and recommends that use of LPL based on the overall value of such services. In any case, Clients should be aware of our conflict of interest and consider it when determining whether to custody their assets with LPL.

Aside from this, our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our

firm will generally be used to service all of our clients but not necessarily all at any one particular time as noted above.

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### **Item 13 – Review of Accounts**

For those clients to whom our firm provides investment supervisory services, account reviews are conducted on an ongoing basis by our investment advisor representatives or Chief Compliance Officer. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm does not typically provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Asset Management and Wrap Asset Management clients are contacted. Furthermore, clients are advised that it remains their responsibility to advise our firm of any changes in their investment objectives and/or financial situation.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

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### **Item 14 – Client Referrals and Other Compensation**

#### **LPL Financial**

MONECO Advisors receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

MONECO Advisors and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse MONECO Advisors for the costs associated with, education or training events that may be attended by MONECO Advisors employees and investment advisor representatives and for MONECO Advisors sponsored conferences and events. Additionally, LPL may compensate our firm for on boarding advisors. Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

Our firm's Dually Registered Persons may be incented to join and remain affiliated with LPL and to recommend that Clients establish accounts with LPL through the provision of Transition Assistance (discussed in the MONECO Advisors ADV 2B). LPL may also provide other compensation to our firm's Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits. The receipt of any such compensation creates a financial incentive for your representative to recommend LPL as custodian for the assets in your advisory account. Our firm encourages you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL.

## **Schwab**

Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

## **SEI**

Our firm receives benefits from SEI which is made available to our firm and other independent investment advisors that have their clients maintain accounts at SEI. These benefits and the related conflicts of interest are described above in Item 12. The availability of SEI's benefits is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

## **Pershing**

Except for the arrangements outlined in Item 12 of this brochure, our firm has no additional arrangements to disclose.

## **Fidelity**

Except for the arrangements outlined in Item 12 of this brochure, our firm has no additional arrangements to disclose.

## **Referral Fees**

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm provides cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals). Such compensation arrangements will not result in higher costs to the referred client. In this regard, our firm maintains a written agreement with each unaffiliated person that is compensated for testimonials or endorsements in an aggregate amount of \$1,000 or more (or the equivalent value in non-cash compensation) over a trailing 12-month period in compliance with Rule 206 (4)-1 of the Investment Advisers Act of 1940 and applicable state and federal laws. The following information will be disclosed clearly and prominently to referred prospective clients at the time of each testimonial or endorsement:

- Whether or not the unaffiliated person is a current client of our firm,
- A description of the cash or non-cash compensation provided directly or indirectly by our firm to the unaffiliated person in exchange for the referral, if applicable, and
- A brief statement of any material conflicts of interest on the part of the unaffiliated person giving the referral resulting from our firm's relationship with such unaffiliated person.

In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

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## **Item 15 – Custody**

### **Deduction of Advisory Fees:**

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under “Third Party Money Movement.” All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Third Party Money Movement:**

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Use of Pontera®:**

Our firm has entered into an agreement with Pontera®, a platform allowing our firm to manage accounts held away from our recommend custodian without obtaining client login information and as such avoiding custody. Information about our services related to this platform is disclosed in Item 4 and 5 of this brochure.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

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**Item 16 - Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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**Item 17 - Voting Client Securities**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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**Item 18 - Financial Information**

Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore, our firm has not included a balance sheet for our most recent fiscal year. Our firm has never been the subject of a bankruptcy petition.