

# **RWQ Financial Management Services, Inc. d/b/a: Q Capital Solutions**

**9332 Tulipano Terrace  
Naples, FL 34119**

**Telephone: 732-600-5557**

[www.qcapitalsolutions.com](http://www.qcapitalsolutions.com)

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Q Capital Solutions. If you have any questions about the contents of this brochure, contact us at 732-600-5557. 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 Q Capital Solutions (IARD # 297541) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Q Capital Solutions is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment dated March 31, 2023, we have made the following material changes to our Form ADV:

- Item 10 of the Form ADV Part 2A has been amended to reflect that Mr. Saverino is owner to Saverino and Associates, LLC., and Managing Partner to Kelleher Saverino & Petzold CPAs LLC Certified Public Accounting Firms offering tax preparation and accounting to individuals and small businesses. Please refer to Item 10 of the Form ADV Part 2A for additional information on this affiliation.

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## Item 4 Advisory Business

### Description of Firm

RWQ Financial Management Services, Inc. d/b/a: Q Capital Solutions is a registered investment adviser primarily based in Naples, Florida. We are organized as a corporation under the laws of the State of New Jersey. We have been providing investment advisory services since July 2018. We are owned by Robert W. Quinlan.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Q Capital Solutions and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to to give you continuous and focused investment advice and/or to make investments on your behalf. While our strategy consists of primarily allocating client assets among equity securities and options, we tailor our advice to you with respect to the size of the position allocated to your portfolio and the amount of options necessary to grow the portfolio. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. We will also have discretion over the broker or dealer to be used for securities transactions in your account. In providing portfolio management services, we do not accept client restrictions on the specific securities or the types of securities that may be held in your account. However, you are advised to promptly notify us if there are changes to your financial situation.

### Financial Planning Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification;
- Asset allocation;
- Risk tolerance; and
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Either party to the pension consulting agreement may terminate the agreement upon written notice to the other party in accordance with the terms of the agreement for services. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Wrap Fee Programs**

We do not participate in any wrap fee program.

### **Types of Investments**

We primarily offer advice on equity securities and options. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I

of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of March 15, 2024, we provide continuous management services for \$245,900,000 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee is based on a flat percentage of up to a maximum of 2.00% of the market value of your assets under our management, depending on individual client circumstances. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. Fees will be assessed pro rata in the event the investment advisory agreement is executed at any time other than the first day of a calendar quarter, as applicable.

The annual fee for portfolio management services is billed quarterly in advance, based on the balance at end of the prior billing period.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. All clients have 24/7 access to their statements via custodial website.

You may terminate the portfolio management agreement upon 15 days written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Financial Planning Services**

We charge a fixed fee for financial planning services, which generally ranges between \$1,500 - \$5000 depending upon the complexity and scope of the plan, your financial situation, and your objectives. We do not require you to pay fees six or more months in advance. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

Depending on the arrangements made at the inception of the engagement, we may alternatively agree to charge an hourly fee of \$150 for financial planning services. In such a case, an estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In that event, we will notify you and request that you approve the additional fee.

You may terminate the financial planning agreement upon 15 days written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

### **Pension Consulting Services**

Pension consulting services fees will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis. We charge an asset-based fee for pension consulting services not to exceed 2.00% annually. The fees are billed either monthly or quarterly in arrears or in advance based on the value of the plan assets at the end of the billing period. However, since pension consulting services are negotiable, the advisory fee and billing practices will be detailed and agreed to in the pension consulting agreement.

You may terminate the pension consulting services agreement upon 15 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Buying Securities on Margin and Margin Interest**

If suitable for you, we may trade your account(s) on margin for the purpose of borrowing funds for securities purchases. If a margin account is opened, you will be charged interest on any credit balance extended to or maintained on your behalf at the custodian. Margin interest is based upon margin in

use on a daily basis. Accounts will be assessed asset based advisory fees based on client account values of assets under management without including margin value of account(market value). Adviser fees are not applied to margin balances.

If you purchase securities on margin you should understand: 1) the use of borrowed money will result in greater gains or losses than otherwise would be the case without the use of margin, and 2) there will be no benefit from using margin if the performance of your account does not exceed the interest expense being charged on the margin balance. Please see your custodial agreement for margin rate loan schedule. If you do not have a copy of your custodial margin loan agreement, please contact us.

This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, high net worth individuals and pension and profit sharing plans (but not the plan participants).

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

### **Our Methods of Analysis and Investment Strategies**

We use one or more of the following methods of analysis or investment strategies when providing investment advice to you:



**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Risk:** If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Frequent Trading** - Frequent trading is selling securities within 30 days of purchasing the same securities. For equities, frequent trading is not a fundamental part of our overall investment strategy, but we use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. Frequent trading, however, is a fundamental part of our investment strategy of trading in call options.

**Risk:** When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

We primarily recommend equity securities and options. While our recommendations consist primarily of equities and options, we do provide advice on other types of investments.

**Stocks**: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Options Contracts**: Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts take on the risk associated with buying the underlying stock. While writers of naked puts keep the premium received from the buyer no matter what, writers of naked puts are liable for buying the underlying stock at the strike price if the stock drops below the strike. Therefore, the maximum potential loss for writers of naked puts would be incurred if the underlying stock went to zero; in such a case, the writer of a naked put would lose as much as it costs to buy the underlying stock as defined by the option contract (less the premium they initially took in). Since the writer of a naked put is in position to own the stock, their risk is equivalent to buying the stock outright. The risk of a naked put writer is less than that of a naked call writer.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or dip unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks. Please feel free to discuss with your adviser. All prospective clients will have a discussion with the adviser to determine if options are suitable for their portfolio.

Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. Descriptions of some other types of securities and some of their inherent risks are provided below.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S.

Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

### **Licensed Insurance Agent**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### **Affiliation**

We have solicitor arrangements in place with individuals we provide advisory services to. Because of these solicitor arrangements we have in place with individuals we provide advisory services to, a conflict of interest exists where we may have an incentive to put the interest of these individuals before those of our other clients' needs. However, as a fiduciary, we have a duty to treat all clients similarly, and to not put our own interests ahead of our clients.

Alfonso R. Saverino is an investment adviser representative with our firm. Mr. Saverino is owner to Saverino and Associates, LLC., and Managing Partner to Kelleher Saverino & Petzold CPAs LLC Certified Public Accounting Firms offering tax preparation and accounting to individuals and small businesses. If you require accounting services, we may recommend that you use the services of our affiliate when appropriate. You are free to use the services of any accounting firm of your choosing and are under no obligation to use any affiliated business regardless of whether we refer you to them or not. Our advisory services are separate and distinct from the compensation paid to our affiliate for their services. Saverino and Associates, LLC., and Kelleher Saverino & Petzold CPAs LLC are otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.



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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm, or persons associated with our firm, may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

In addition, we may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

In some instances, it may not be possible or prudent to do a block trade. In such cases transactions for each client will be effected independently and accounts will be selected for the trade on a randomized, or rotational, basis. Accordingly, in those situations you may pay different prices for the same securities transactions than other clients pay or that are paid by our accounts. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients and our accounts. Because accounts will be selected on a randomized basis and because we cannot predict whether the price of a particular security will increase or decrease throughout the course of placing such trades, it is possible that accounts owned by our firm or persons associated with our firm could receive a better price than other accounts. However, accounts owned by our firm or persons associated with our firm will not be given preferential treatment and transactions in securities for accounts owned by our firm or persons associated with our firm will be traded only after the same securities are traded for clients' accounts.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Charles Schwab & CO., Inc. ("CS&Co."), and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity").

### **Your Custody and Brokerage Costs**

For our clients' accounts they maintain, CS&Co. generally do not charge you separately for custody services but are compensated by charging you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your CS&Co. account. Upon occasion, when there is a need for immediate cash liquidity, the broker may levy a commission charge. These fees are in addition to other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have CS&Co. execute most trades for your account.

### **Schwab Adviser Services**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage trading, custody, reporting and related services, many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. CS&Co.'s support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

#### **Services that Benefit You**

CS&Co.'s 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 CS&Co. include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit you and your account.

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

CS&Co. also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both CS&Co.'s own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

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

#### **Services that Generally Benefit Only Us**

CS&Co. also offers other services intended to help us 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;
- access to employee benefits providers, human capital consultants and insurance providers; and
- discount of up to \$4,250 on PortfolioCenter® Reporting Software.



CS&Co. may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co. may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in CS&Co.'s Services**

The availability of these services from CS&Co. benefits us because we do not have to produce or purchase them. These services may give us an incentive to recommend that you maintain your account with CS&Co. based on our interest in receiving CS&Co.'s services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of CS&Co.'s services (based on the factors discussed above – see "The Custodian and Broker We Use") and not CS&Co.'s services that benefit only us. We do not believe that maintaining our client's assets at CS&Co. for services presents a material conflict of interest.

### **Fidelity Institutional**

Fidelity provides our firm with "institutional platform services." 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.

### **Software, Support and Economic Benefits**

We receive the following resources from Fidelity:

- Access to a full array of proprietary and third-party investment offerings, spanning alternatives, structured products, separately managed accounts and mutual funds
- Comprehensive technology integration, training and support
- Integrated Trust Services offering efficient, custody and clearing
- Extensive trading capabilities through Fidelity Capital Markets
- Business-building solutions ranging from marketing support to client management tools
- Integrated charitable and foundation services through Fidelity Charitable Services
- Leading retirement programs and offerings to help you meet both the asset accumulation and income distribution needs of your clients
- A dedicated relationship manager for consultation and support for day-to-day business planning needs
- Team based service coupled with online tools

You should be aware that our receipt of economic benefits such as the Support from a custodian creates a conflict of interest since these benefits may influence the Firm's choice of custodian over another that does not furnish similar software, systems support or services. We also have an incentive to recommend Fidelity because we must keep a minimum \$25,000,000 in assets otherwise we will be charged an additional platform fee on a quarterly basis. Additionally, Fidelity based the pricing on the amount of Transaction-Based Asset that will be transferred, which if we do not meet, Fidelity reserves the right to review and revise the fee schedule without notice to our firm. In fulfilling our duties to you, we endeavor at all times is to put the interests of you first and have determined that the

recommendation of Fidelity is in the best interest of you and satisfies our duty to seek best execution. We will be responsible for any additional fees assessed by the custodian as a result of not meeting the custodian's benchmarks.

Upon initial conversion Fidelity will provide to our firm support of certain transition expenses and reimbursement in account termination fees charged to our clients by former custodian. The support and reimbursement from Fidelity creates a conflict of interest and may indirectly influence our choice of Fidelity for custody and brokerage services.

Our firm is independently operated and owned and is not affiliated with CS&Co. nor Fidelity.

#### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

#### **Brokerage for Client Referrals**

We do not receive client referrals from custodians in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through CS&Co or Fidelity. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another custodian that offers the same types of services. Not all advisers require their clients to direct brokerage.

#### **Block Trades**

We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). When we do so, we will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

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

Robert W. Quinlan, Managing Member and Chief Compliance Officer, will monitor your accounts on an ongoing basis and will conduct account reviews at least annually, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will not provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Robert W. Quinlan, Managing Member and Chief Compliance Officer, will review financial plans as needed. These reviews are provided as part of the contracted services. We do not access additional fees for reviewing financial plans if you have engaged us for financial planning services. Generally, we will contact you periodically to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss and/or disability, among others. We recommend meeting with you at least annually to review and update your plan if needed. Additional reviews will be conducted upon your request. Written updates to the financial plan may be provided in conjunction with the review. Updates to your financial plan may be subject to our then current hourly rate, which you must approve in writing and in advance of the update. If you implement financial planning advice, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

In addition, we receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

We do not receive any compensation from any third party in connection with providing investment advice to you.

However, we directly compensate non-employee (outside) consultants, individuals, and/or entities (solicitors) for client referrals. In order to receive a cash referral fee from us, solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to us by a solicitor, you should have received a copy of this brochure along with the solicitor's disclosure statement at the time of the referral. If you become a client, the solicitor that referred you to us will receive a percentage of the advisory fee you pay us for as long as you are our client, or until such time as our agreement with the solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a solicitor are contingent upon your entering into an advisory agreement with us. Therefore, a solicitor has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We will also provide an invoice to you reflecting the amount of the advisory fee deducted from your account. You should compare our invoice with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account invoice, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. We do not permit clients to impose any restrictions on a grant of discretionary authority. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

## Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost

- structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
- b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
  3. Our strategy may have higher risk than the option(s) provided to you in your plan.
  4. Your current plan may also offer financial advice.
  5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
  6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
    - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
  7. You may be able to take out a loan on your 401k, but not from an IRA.
  8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
  9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.