

# Wharton Advisory Group, LLC

SEC File Number: 801 – 61238

## **Wrap Brochure**

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This brochure provides information about the qualifications and business practices of Wharton Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at (610) 293-9000 or [dlf@whartoncg.com](mailto:dlf@whartoncg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Wharton Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Wharton Advisory Group, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes made to Wharton Advisory Group, LLC's disclosure statement since last year's Annual Amendment filing on March 26, 2014.

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## Item 4            Services, Fees and Compensation

A.

### INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

### WHARTON ADVISORY GROUP WRAP PROGRAM

The Registrant is the sponsor and investment manager of the Wharton Advisory Wrap Program (hereinafter the "Program"). Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.60%, depending upon the amount and type of the Program assets.

The Registrant charges an annual wrap fee for participation in the Program. The wrap fee will be charged as a percentage of assets under management, as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.60%
\$1,000,001 to \$3,000,000	1.35%
\$3,000,001 to \$4,000,000	1.00%
\$4,000,001 to \$5,000,000	0.90%
Over \$5 million	Negotiable

Under the Program, the Registrant shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and the Registrant. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of the Registrant's investment professionals to discuss their account.

Unaffiliated Independent Investment Managers: As described below, within this section (see "Miscellaneous – Independent Manager") and further in Item 6 under Portfolio Manager Selection and Evaluation, the Registrant may recommend the services of unaffiliated independent investment managers. The fees for such managers and their services are in addition to the fees described above. However, the total advisory fee for an account utilizing these managers shall not exceed 2.99% per annum. The specific fee for each manager is provided in your Investment Advisory Agreement.

LPL Financial ("LPL"), Charles Schwab & Co. ("Schwab") Fidelity Investments Institutional Services Company, Inc. ("Fidelity"), TD Ameritrade ("Ameritrade"), National Financial Services ("NFS"), Pershing, LLC ("Pershing") and/or Curian Capital LLC ("Curian") shall serve as the custodian for Program accounts.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the “Act”).

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. An additional fee for the current quarter will be assessed if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining in the quarter during which the service will be in effect. No portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur in the same calendar quarter.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

#### MISCELLANEOUS

**Please Note: Investment Performance:** As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by the Registrant) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney and no portion of the Registrant’s services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

**Independent Managers.** For those clients that require an enhanced and/or specialized level of asset management services, Registrant may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager[s] (the “*Independent Manager[s]*”),

based upon the stated investment objectives of the client, including investment managers selected and/or recommended by Registrant. The terms and conditions under which the client shall engage the *Independent Manager[s]* shall be set forth in separate written agreements between the client and the Registrant and the client and the designated *Independent Manager[s]*. The Registrant shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance, for which Registrant shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager[s]*. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Manager[s]*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, Registrant's investment advisory fee set forth above. In addition to the fees charged by the Registrant, the designated *Independent Manager[s]* and corresponding broker-dealer/custodian, the client, relative to any mutual fund and exchange traded fund purchases, shall incur charges imposed at the fund level (i.e. advisory fees and other fund expenses).

**Retirement Plan Rollovers-No Obligation/Conflict of Interest:** Clients are under absolutely no obligation to engage Registrant as the investment adviser for his/her employer-sponsored retirement account(s). Rather, clients can continue to self-direct such retirement account(s). However, if a client determines that he/she would like Registrant's assistance in managing his/her retirement account, Registrant shall charge a separate and additional advisory fee for ongoing advisory services, which clients would not incur by continuing to self-direct the retirement account. As a result, any recommendation by Registrant that clients engage Registrant to manage an otherwise self-directed retirement account presents a conflict of interest. Again, clients are under absolutely no obligation to engage Registrant as the investment adviser for his/her retirement account.

**Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a client or prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a client or prospective client determines to do so, he/she/it will not receive Registrant's initial and ongoing investment advisory services.

**Inverse/Enhanced Market Strategies.** To the extent specifically requested by a client, the Registrant may utilize long and short mutual funds, exchange traded funds, and/or exchange traded notes that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. The

Registrant's Chief Compliance Officer, David L. Fitzgerald, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.

**Fee Differentials.** The Registrant shall price its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the experience of the Investment Advisor Representative, market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. All clients and prospective clients should be guided accordingly.

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

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Registrant were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by *Independent Managers*, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *LPL, Schwab, Fidelity, Ameritrade, NFS, Pershing* and/or *Curian* transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. Registrant's related persons who recommend the Wharton Advisory Wrap Fee program to clients do not receive compensation as a result of a client's participation in the wrap fee program.

## Item 5 Account Requirements and Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for clients to open or maintain a Program account.

## Item 6 Portfolio Manager Selection and Evaluation

- A. The Registrant may allocate a portion of a client's Program assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. The Registrant acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment advice, brokerage and other services.

As the Program sponsor, the Registrant shall be responsible for the primary management of the Program, including the selection and termination of all *Independent Manager[s]*. Once selected, *Independent Manager[s]* shall be responsible for day-to-day management and selection of securities for the account.

- C. As discussed below, the Registrant also offers to its clients discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### ADVISORY BUSINESS SERVICES

#### Non-Wrap Fee Basis

The client can determine to engage the Registrant to provide discretionary investment advisory services on a non-wrap, *fee* basis. The Registrant's annual investment advisory fee for non-wrap investment management services shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management between 1.50% and negotiable, as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.50%
\$1,000,001 to \$3,000,000	1.25%
\$3,000,001 to \$4,000,000	0.90%
\$4,000,001 to \$5,000,000	0.80%
Over \$5 million	Negotiable

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

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$3,000 to \$10,000 on a fixed fee basis, and from \$100 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as registered broker-dealers, Certified Public Accountants and/or licensed insurance agents. (*See* disclosure at Item 9 below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

### **RETIREMENT CONSULTING**

The Registrant also provides non-discretionary and/or discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Registrant may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)



- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

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

- Long Term Purchases (securities held at least a year)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategy -Long Term Purchases- is fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend, in limited circumstances, the use of margin and/or options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Please note: To the extent that a client authorizes the use of margin, and margin is thereafter

employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client. The Registrant shall only recommend the use of margin in very limited circumstances, primarily when account liquidity is required by either the client or the investment strategy.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

## **VOTING CLIENT SECURITIES**

The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 7 Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation

or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

To the extent the Program utilizes *Independent Manager[s]*, the Registrant shall provide the *Independent Manager[s]* with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the *Independent Manager[s]* within a reasonable period of time.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

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

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**Registered Representatives of LPL** Certain of Registrant's representatives, are registered representatives of *LPL*, a FINRA member broker-dealer. Clients may choose to engage, certain of the Registrant's representatives in their individual capacities as registered representatives of *LPL*, to implement investment recommendations on a commission basis.

**Conflict of Interest:** The recommendation by certain of Registrant's representatives that a client purchase securities products presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase investment products recommended by Registrant's representatives through other, non-affiliated broker-dealers. The Registrant's Chief Compliance Officer, David L. Fitzgerald, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

**Certified Public Accountants.** Certain of Registrant's representatives are individual partners of Borislow, Factor & Kaufmann, LLC ("*Borislow Factor*"), a certified public accounting firm. To the extent that *Borislow Factor* provides accounting and/or tax preparation services to any clients, including clients of the Registrant, all such services shall be performed by *Borislow Factor*, in its individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by *Borislow Factor*, referral or otherwise. The Registrant's Chief Compliance Officer, David L. Fitzgerald, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

**Licensed Insurance Agents.** Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.

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

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

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

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

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief

Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the *Registrant* has only one Access Person, he or she shall not be required to submit any securities report described above.

The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

#### **REVIEW OF ACCOUNTS**

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

The Registrant may receive an indirect economic benefit from *LPL, Schwab, Fidelity, Ameritrade, NFS, Pershing* and/or *Curian*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *LPL, Schwab, Fidelity, Ameritrade, NFS, Pershing* and/or *Curian*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *LPL, Schwab, Fidelity, Ameritrade, NFS, Pershing* and/or *Curian* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *LPL, Schwab, Fidelity, Ameritrade, NFS, Pershing* and/or *Curian* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, David L. Fitzgerald, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

#### Transition Assistance

The Registrant has received transitional assistance from custodians to aid the Registrant in moving client custodial accounts. Because the level of transition assistance depends upon the asset value moving to the custodian, the Registrant has an incentive to direct more client accounts to a custodian willing to provide transition assistance to the Registrant. Therefore, this situation creates a conflict of interest. The Registrant continues to review trades for best execution, pricing, research, financial strength, and other factors to manage the conflict. No client is obligated to transfer their assets to any custodian.

The Registrant's Chief Compliance Officer, David L. Fitzgerald, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

#### **FINANCIAL INFORMATION**

The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.

The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

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

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