

**J.M. Egan Wealth Advisors, LLC**  
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**J.M. Egan Wealth Advisors, LLC**  
**Brochure**  
**Dated 3/28/2011**

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This brochure provides information about the qualifications and business practices of J.M. Egan Wealth Advisors, LLC (the "Registrant"). If you have any questions about the contents of this brochure, please contact us at (973) 377-4700 or [john@jmegan.com](mailto:john@jmegan.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 J.M. Egan Wealth Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References herein to J.M. Egan Wealth Advisors, 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**

If you have been a client in the past, you have been provided a copy of what was called Part II of Form ADV (“Old Part II”). Instead of providing that to you, new rules require us to provide you with this new “Brochure” which contains much of the same information contained in the Old Part II, but it is now in a plain English format and hopefully easier to read and understand. It also contains some additional disclosures not specifically required by the Old Part II but required by the new rules. As a result, this entire “Brochure” should be considered “materially new” to existing clients, although you will recognize most of the disclosures as similar or identical to what you have read in the past. In future versions of the Brochure, this section of the Brochure will address only those “material changes” that have been incorporated since our last amendment. We may, at any time, update this Brochure, and if we do, we will either send you a copy or offer to send you a copy (either by electronic means such as email, or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer at (973) 377-4700.

### Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-by-Side Management.....	9
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 – Disciplinary Information .....	10
Item 10 – Other Financial Industry Activities and Affiliations .....	10
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12 – Brokerage Practices .....	12
Item 13 – Review of Accounts.....	14
Item 14 – Client Referrals and Other Compensation.....	15
Item 15 – Custody .....	15
Item 16 – Investment Discretion.....	15
Item 17 – Voting Client Securities.....	16
Item 18 – Financial Information .....	16

## **Item 4 – Advisory Business**

A. J.M. Egan Wealth Advisors, LLC (the “Registrant”) is a limited liability company formed on November 1, 2007, in the State of New Jersey. The Registrant became registered as an Investment Adviser Firm in July 2008. The Registrant is owned by John M. Egan. Mr. Egan is the Registrant's Managing Member.

B. As discussed below, the Registrant offers to its our clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap or non-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. If the client determines to engage the Registrant on a non-wrap fee basis, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

### **SEI ASSET MANAGEMENT PROGRAM**

A client may elect to have his/her/its assets managed through the SEI Asset Management Program (“SEI Program”). The SEI Program is an institutional asset allocation program that the Registrant uses in the management of client account assets. The Registrant assists clients in the establishment of a SEI Program Account (the “Account”) at SEI Trust Company (“SEI”). All Account transactions are processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of the SEI Family of Institutional Mutual Funds and other securities approved by SEI to be held in an Account. The Registrant provides SEI with the asset allocation policy that the client selects for the Account. The Registrant directs SEI to reallocate the client's investments in accordance with the client's Asset Allocation Policy. In addition, the Registrant directs SEI to rebalance the investments within the Account at least quarterly so that the market value of the shares of each mutual fund held in the Account is the same percentage of the total market value of the Account as required by the client's Asset Allocation Policy. Custody of all SEI Program client Account assets are held at SEI. If a client determines to engage the Registrant to provide discretionary investment advisory services on a fee basis through the SEI Asset Management Program, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between negotiable and 1.75%), to be charged quarterly in arrears. Up to 5% of the investment advisory fee may be paid to Securities America Advisors, Inc. (“SAA”), an SEC registered investment advisor affiliated with Securities America, Inc., for marketing and administrative services SAA provides to clients.

## **SAA FINANCIAL ADVISORS PROGRAM**

The Registrant provides investment management services on a wrap fee basis through the SAA Financial Advisors Program ("Financial Advisors Program"). Securities America Advisors, Inc. ("SAA") is the sponsor of the Financial Advisors Program. The services offered under, and the corresponding terms and conditions pertaining to, the Financial Advisors Program are discussed in the Financial Advisors Program Wrap Fee Brochure, a copy of which is presented to all prospective Financial Advisors Program participants. Under the Financial Advisors Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Financial Advisors Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Financial Advisors Program fee ranges from negotiable to 3.00%, depending upon the amount and type of the Financial Advisors Program assets, unless the client determines to allocate assets solely to mutual funds, in which case the fee range shall be from negotiable to 2.25%. SAA retains up to 20 basis points (0.20%) of the annual management fee from the Financial Advisors Program accounts.

Under the Financial Advisors Program, the Registrant will assist the client in establishing a Financial Advisors Program account (the "Account") with SAA. All brokerage transactions in the Account will be processed by SAA and then cleared through National Financial Services, LLC ("NFS"). SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts. NFS shall serve as the custodian for Financial Advisors Program.

The terms and conditions for client participation in the Financial Advisors Program are set forth in detail in the Financial Advisors Program Wrap Fee Brochure, which is presented to all prospective Program participants. All prospective Program participants should read both the Registrant's Brochure and the Financial Advisors Program Wrap Fee Brochure, and ask any corresponding questions that they may have, prior to participation in the Financial Advisors Program.

## **MANAGED OPPORTUNITIES WRAP PROGRAM**

The Registrant provides investment management services on a wrap fee basis through SAA's Managed Opportunities Wrap Program ("Managed Opportunities Program"). SAA is the sponsor of the Managed Opportunities Program. The services offered under, and the corresponding terms and conditions pertaining to, the Managed Opportunities Program are discussed in the SAA Managed Opportunities Program Wrap Fee Brochure, a copy of which is presented to all prospective Managed Opportunities Program participants. Under the Managed Opportunities 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 Managed Opportunities Program fee ranges from negotiable to 2.25%, depending upon the amount and type of the Managed Opportunities Program assets.

The Managed Opportunities Program provides clients with the opportunity to establish Mutual Fund Portfolios, Separate Account Portfolios, and Unified Managed Account Portfolios developed by third-party money managers that are registered as investment advisors (collectively

referred to as sub-advisors). In addition, the Managed Opportunities Program offers adviser directed portfolios through which the Registrant will work with and advise clients in the selection of investments constituting a portion of Managed Opportunities Program. The Registrant will continue to provide ongoing supervisory services for all clients who elect to participate in the Managed Opportunities Program.

The terms and conditions for client participation in the Program are set forth in detail in the Managed Opportunities Program Wrap Fee Brochure, which is presented to all prospective program participants. All prospective Program participants should read both the Registrant's Brochure and the Managed Opportunities Program Wrap Fee Brochure, and ask any corresponding questions that they may have, prior to participation in the Managed Opportunities Program.

**Please Note: Sub-Advisors.**

The Managed Opportunities Program may engage sub-advisors for the purpose of assisting the Registrant with the management of its client accounts. The sub-advisor(s) shall have limited discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by the Registrant or SAA. SAA shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services. The Registrant's Chief Compliance Officer, John M. Egan, remains available to address any questions concerning the SAA's sub-advisory arrangements.

**Please Note: Conflict of Interest.**

Clients should be aware that the Registrant will be paid a referral fee (also known as a solicitation fee) for all client accounts that are referred and placed in the Managed Opportunities Program. This represents a conflict of interest as the Registrant's representatives may have an incentive to recommend the Managed Opportunities Program based upon the referral fee rather than a particular client's needs. All clients should be aware that they are under no obligation to participate in the Managed Opportunities Program. **The Registrant's Chief Compliance Officer, John M. Egan, is available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**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 on a stand-alone separate fee basis.

The Registrant offers comprehensive and segmented financial plans in both written and oral form. A financial plan can include, but is not limited to, the following topics:

- Cash Flow Planning (review of monthly expenses/income; review of savings/emergency fund/banking; review of debts, mortgage, home equity, credit cards, loans);
- Risk Management (health/dental insurance review; life insurance review; disability insurance review; long term care insurance review);

- Retirement Planning (review of current retirement assets; needs analysis; asset projections);
- Tax Planning (tax return review; consult with tax preparer);
- Estate Planning (estate planning document review; consult with estate planning attorney);
- Investment Planning (risk/return profile; asset allocation analysis; proposed portfolio/investment policy statement; reporting);
- Other (education funding; employee benefit review).

Registrant's planning and consulting fees are negotiable, but generally range from \$500 to \$10,000 on a fixed fee basis, and from \$100 to \$500 on an hourly rate basis (with a minimum charge of two hours), 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. The Registrant may require a retainer of 25% of the quoted fee at the time the agreement is signed. If requested by the client, Registrant may recommend or utilize the services of other professionals for implementation purposes, including certain of the Registrant's representatives in their individual capacities as registered representatives of a broker dealer and/or as licensed insurance agents. (See disclosure at Item 10 C.1 and Item 10 C.8). 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:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **MISCELLANEOUS**

### **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 or accountant, 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:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

#### **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*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.

D. There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, 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) (See Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (Le. investment advisory, brokerage, custody).

E. As of December 31, 2010, the Registrant had \$115,000,000 in assets under management on a discretionary basis.

### **Item 5 – Fees and Compensation**

A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap or non-wrap fee basis. The Registrant offers various asset management programs, as discussed below.

## **SEI ASSET MANAGEMENT PROGRAM**

If a client determines to engage the Registrant to provide investment management services in accordance with the SEI Program, the current annual SEI Program fee ranges from negotiable to 1.75%, depending upon the amount and type of the program assets.

## **SAA FINANCIAL ADVISORS WRAP PROGRAM**

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Financial Advisors Program, the services offered under, and the corresponding terms and conditions pertaining to, the Financial Advisors Program are discussed in the Financial Advisors Program Wrap Fee Brochure, a copy of which is presented to all prospective Program participants. Under the Financial Advisors Program, the Registrant is able to offer clients discretionary investment management services, for a single specified annual fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Financial Advisors Program fee ranges from negotiable to 3.00%, depending upon the amount and type of the Financial Advisors Program assets, unless the client determines to allocate assets solely to mutual funds, in which case the fee range shall be from negotiable to 2.25%.

## **MANAGED OPPORTUNITIES WRAP PROGRAM**

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Managed Opportunities Program, the services offered under, and the corresponding terms and conditions pertaining to, the Managed Opportunities Program are discussed in the Managed Opportunities Program Wrap Fee Brochure, a copy of which is presented to all prospective program participants. Under the Managed Opportunities Program, the Registrant is able to offer clients discretionary investment management services, for a single specified annual Managed Opportunities Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Managed Opportunities Program fee ranges from negotiable to 2.25%, depending upon the amount and type of the Managed Opportunities Program assets.

## **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 \$500 to \$10,000 on a fixed fee basis, and from \$100 to \$500 on an hourly rate basis (with a minimum charge of two hours), depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). The Registrant may require a retainer of 25% of the quoted fee at the time the agreement is signed.

B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in

compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients as follows:

For the SEI Program, fees are deducted and/or billed quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

For the Financial Advisor Program, fees are deducted and/or billed monthly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

For the Managed Opportunities Program, fees are deducted and/or billed monthly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

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

D. Registrant's annual investment advisory fee shall be prorated and paid quarterly as follows:

For the SEI Program, fees are deducted and/or billed quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

For the Financial Advisor Program, fees are deducted and/or billed monthly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

For the Managed Opportunities Program, fees are deducted and/or billed monthly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

The Registrant's and/or SAA's minimum asset level requirement is dependent upon the program utilized. The minimum investment required in the SEI Program is \$100,000. SAA recommends a minimum investment of \$25,000 to establish a Financial Advisors Program Account. As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities Mutual Fund Portfolios, \$100,000 for Separate Account Portfolios, \$250,000 for Unified Managed Account Portfolios and \$50,000 for Advisor Directed Portfolios. The Registrant, in conjunction with SAA, may charge a lesser investment management fee

and/or reduce and/or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

E. **Securities Commission Transactions.**

In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities as registered representatives of Securities America, Inc. ("SA"), an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through SA, SA will charge brokerage commissions to effect securities transactions, a portion of which commissions SA shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by SA may be higher or lower than those charged by other broker-dealers. In addition, SA, as well as Registrant's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12(b)-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from the Registrant's representatives in their separate individual capacities as registered representatives of SA presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's needs. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, John M. Egan, is available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12(b)-1 trailing commission compensation that may be received as previously discussed).

**However**, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

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

## **Item 7 – Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations. The Registrant's and/or SAA's minimum asset level requirement is dependent upon the program utilized. The minimum investment required in the SEI Program is \$100,000. SAA recommends a minimum investment of \$25,000 to establish a Financial Advisors Program Account. As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities Mutual Fund Portfolios, \$100,000 for Separate Account Portfolios, \$250,000 for Unified Managed Account Portfolios and \$50,000 for Advisor Directed Portfolios. The Registrant, in conjunction with SAA, may charge a lesser investment management fee and/or reduce and/or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. The Registrant shall 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)

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

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

### **Please Note: Investment Risk.**

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).

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

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

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

C. Currently, the Registrant primarily allocates client investment assets among various third party money managers, mutual funds, exchange traded funds and/or variable annuities, on a discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9 – Disciplinary Information**

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

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

A. **Registered Representative of SA.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of Securities America, Inc. ("SA"), an SEC registered and FINRA member broker-dealer.

B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C.

1. **Registered Representatives of SA.** As disclosed above in Item 5.E, certain of Registrant's representatives, are registered representatives of SA, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage Registrant's representatives in their individual capacities as registered representatives of SA, to implement investment recommendations on a commission basis.

8. **Licensed Insurance Agents.** Certain of the 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-related products on a commission basis.

- **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase a securities or insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be 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 or securities products recommended by Registrant through other non-affiliated broker-dealers or insurance agents. **The Registrant's Chief Compliance Officer, John M. Egan, is available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

D. As noted in Item 4.B, the Registrant recommends other investment advisors for which it may receive a fee. The Registrant's clients should be aware that the Registrant will be paid a referral fee (also known as a solicitation fee) for all client accounts that are referred to the Managed Opportunities Program. Registrant's representatives may have an incentive to recommend the Managed Opportunities Program based upon the referral fee to be received rather than a particular client's needs. All clients should be aware that they are under no obligation to participate in the Managed Opportunities Program. **The Registrant's Chief Compliance Officer, John M. Egan, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

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

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

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

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

C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant

and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a 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 an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. 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.

D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 – Brokerage Practices**

A. In the event that the client requests that the Registrant recommend a broker-dealer/ custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at SA. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending SA (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is

not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits.

Although not a material consideration when determining whether to recommend that a client purchase a specific investment product, the Registrant may receive from distributors of investment and/or insurance products financial support including reimbursement for travel and/or marking expenses that may assist the Registrant with client marketing events. Financial support received from a sponsor to conduct a specific marketing event could exceed the total cost of the specific event. However, there is no corresponding commitment made by the Registrant, to any such product sponsor that its financial support will result in a certain level of sales production of their products to the Registrant's clients. The receipt of financial support that may be received by the Registrant is in addition to the commission compensation received by the Registrant's Representatives when selling an investment and/or insurance product.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from SA (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at SA as a result of this arrangement. There is no corresponding commitment made by the Registrant to SA 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.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, John M. Egan, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

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

## **Item 13 – Review of Accounts**

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

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

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

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

A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from SA. The Registrant, without cost (and/or at a discount), may receive support services and/or products from SA.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at SA as a result of this arrangement. There is no corresponding commitment made by the Registrant to SA 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, John M. Egan, is 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.**

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

## **Item 15 – Custody**

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

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

## **Item 16 – Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

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

## **Item 17 – Voting Client Securities**

A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.

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

## **Item 18 – Financial Information**

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

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

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

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