

J.M. Egan Wealth Advisors, LLC
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ADV Part 2A, Firm Brochure
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This Brochure provides information about the qualifications and business practices of J.M. Egan Wealth Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (973) 377-4700 or 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.

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

There have been no material changes made to J.M. Egan Wealth Advisors, LLC' disclosure statement since last year's Annual Amendment filing on March 28, 2013.

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Item 4 Advisory Business

- A. J.M. Egan Wealth Advisors, LLC (“Registrant”) is a limited liability company formed on November 1, 2007, in the State of New Jersey. J.M. Egan became registered as an Investment Adviser Firm in July 2008. J.M. Egan is owned by John M. Egan. Mr. Egan is J.M. Egan's Managing Member.
- B. As discussed below, Registrant offers to its 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 Registrant to provide discretionary investment advisory services on a *fee only* basis. Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Registrant’s management. Prior to engaging Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory 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 fee that is due from the client.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Registrant), Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, 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. Prior to engaging 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 certain owner’s of Registrant’s parent company in their individual capacities as attorneys and/or accountants (*See* disclosures at Item 10 C 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 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 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.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Registrant, nor any of its representatives, serves as an insurance agent, and no portion of Registrant's services should be construed as same. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain owner's of Registrant's parent company in their separate 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 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 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.

Trade Error Policy. Registrant shall reimburse accounts for losses resulting from Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within Registrant's custodian firm account and Registrant retains the net gains and losses.

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 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 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*.

- C. 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, 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 Registrant's services.
- D. Registrant does not offer a wrap fee program for its investment advisory services. However, Registrant is a participating investment adviser in certain unaffiliated wrap and managed account fee programs. The programs for which Registrant manages investment advisory accounts on a discretionary basis are sponsored by Fidelity Institutional Wealth Services and/or Ladenburg Thalmann Asset Management (the "Sponsoring Brokers").

With respect to the wrap-fee and managed account programs in which Registrant is a participating investment adviser, clients pay their fees directly to the Sponsoring Brokers who, in turn, remit a portion of those fees to Registrant. The advisory fees remitted to Registrant are based upon an annual percentage of assets under management, and are calculated by the Sponsoring Brokers either on a quarterly basis or a monthly basis

Please Note (Wrap/Managed Account Programs): In the event that Registrant is engaged to provide investment management services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that Registrant is engaged to provide investment management services as part of an unaffiliated managed account program, Registrant will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

- E. As of December 31, 2013, Registrant had \$147,187,433 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Registrant to provide discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Registrant to provide discretionary investment advisory services on a negotiable *fee-only* basis, Registrant's annual investment advisory fee shall be generally based upon a percentage (%) of the market value and type of assets placed under Registrant's management as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
Less than \$500,000	1.5%*
From \$500,000 - \$749,999	0.8%
From \$750,000 - 1,999,999	0.7%
From \$2,000,000 - \$5,999,999	0.6%
From \$6,000,000 - \$9,999,999	0.5%
Over \$10,000,000	0.4%

Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Registrant), Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, 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 fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$50 to \$250 on an hourly rate basis and on a fixed fee basis as quoted in advance and payable half in advance and half on presentation, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have 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 Registrant's investment advisory fee and to directly remit that management fee to Registrant in compliance with regulatory procedures. In the limited event that Registrant bills the client directly, payment is due upon receipt of Registrant's invoice. Registrant shall deduct fees and/or bill clients quarterly in advance, 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, Registrant shall generally recommend that a broker-dealer serve as the broker-dealer/custodian for client investment management assets. Broker-dealers 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, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. Registrant, in its sole discretion, may charge a lesser investment management fee 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 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, a pro-rated portion of the earned but unpaid advisory fee shall be due.

- E. Neither Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

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

Item 7 Types of Clients

Registrant's clients generally include individuals, high net worth individuals, pension and profit sharing plans, business entities, etc. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. Registrant, in its sole discretion, may charge a lesser investment management fee 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. 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)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Registrant may 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)
- Trading (securities sold within thirty (30) days)

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 Registrant) will be profitable or equal any specific performance level(s).

B. 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 Registrant must have access to current/new market information. Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of 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.

Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”) on a discretionary and non-discretionary basis in accordance with the client’s designated investment objective(s).

Item 9 Disciplinary Information

Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither 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. **Certified Public Accountants.** Certain owners of Registrant’s parent company are Certified Public Accountants and shareholders of Dembo Jones, P.C. (“DJ”). To the extent that said owners provide accounting and/or tax preparation services to any clients, including clients of Registrant, all such services shall be performed by DJ, in its individual professional capacity, independent of Registrant, for which services Registrant shall not receive any portion of the fees charged by DJ, referral or otherwise. It is expected that the shareholders of DJ, solely incidental to their respective practices as Certified Public Accountants, shall recommend Registrant’s services to certain of its clients. DJ is not involved in providing investment advice on behalf of Registrant, nor does DJ hold itself out as providing advisory services on behalf of Registrant. No client of Registrant is under any obligation to use the services of DJ.

Licensed Attorneys. Certain owners of Registrant’s parent company are licensed attorneys and shareholders of Tyrrell Mason & Pillote P.C. (“TMP”). To the extent that said owners provide legal services to any clients, including clients of Registrant, all such services shall be performed by TMP, in its individual professional capacity, independent of Registrant, for which services Registrant shall not receive any portion of the fees charged by TMP, referral or otherwise. It is expected that the shareholders of TMP solely incidental to their respective practices as attorneys, shall recommend Registrant’s services to certain of its clients. TMP is not involved in providing investment advice on behalf of Registrant, nor does TMP hold itself out as providing

advisory services on behalf of Registrant. No client of Registrant is under any obligation to use the services of TMP.

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 conflict of interest.

- D. Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. 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, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.

- B. Neither Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which Registrant or any related person of Registrant has a material financial interest.
- C. Registrant and/or representatives of Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Registrant and/or representatives of 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 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 Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that an Access Person of 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 on a date Registrant selects; provided, however that at any time that Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Registrant and/or representatives of 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 Registrant and/or representatives of 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, 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 Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at a broker-dealer. 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 Registrant considers in recommending a broker-dealer/custodian to clients include historical relationship with 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 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 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 broker-dealer 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. 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 utilize the services of a particular broker-dealer/custodian, Registrant may receive from the broker-dealer/custodian without cost (and/or at a discount) support services and/or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by 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 Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist 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 any broker-dealer as a result of this arrangement. There is no corresponding commitment made by Registrant to any broker-dealer 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.

Additional Benefits

Registrant has received from National Financial Services, certain additional economic benefits ("Additional Benefits") that may or may not be offered to the Registrant again in the future. Specifically, the Additional Benefits include payment of certain marketing expenses for the benefit of the Registrant. Over the past two years, National Financial Services has made payments to third party vendors for marketing related expenses. These expenses were between \$1,000 and \$5,000 per event, with marketing events occurring infrequently (less than twice a year) and irregularly over the course of the last two years. All of these Additional Benefits are non-recurring and individually negotiated. The Registrant has no expectation that these Additional Benefits will be offered again; however, the Registrant reserves the right to negotiate for these Additional Benefits in the future. National Financial Services provides the Additional Benefits to Registrant in its sole discretion and at its own expense, and Registrant does not pay any fees to National Financial Services for the Additional Benefits. Registrant and National Financial Services have not entered into any written agreement to govern the Additional Benefits.

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 and any corresponding perceived conflict of interest such arrangement may create.

2. Registrant does not receive referrals from broker-dealers.
3. 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.

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 and any corresponding perceived conflict of interest such arrangement may create.

To the extent that Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. 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 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. 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 Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise 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 Registrant on an annual basis.
- B. Registrant *may* conduct account reviews on a non-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 monthly, 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. Registrant may also provide a quarterly written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

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

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

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 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

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 monthly, 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. Registrant may also provide a quarterly written periodic report summarizing account activity and performance.

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

Item 16 Investment Discretion

The client can determine to engage Registrant to provide investment advisory services on a discretionary basis. Prior to Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Registrant as the client's attorney and agent in fact, granting 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 Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on 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 Registrant's use of margin, etc).

Item 17 Voting Client Securities

- A. Unless the client directs otherwise in writing, Registrant is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. Registrant shall monitor corporate actions of individual issuers and investment companies consistent with Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting Registrant's Chief Compliance Officer, John M. Egan.
- B. As set forth in Item 17.A above, Registrant votes client proxies.

Item 18 Financial Information

- A. Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. 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. Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: 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 disclosures and arrangements.