

J.M. Egan Wealth Advisors, LLC
SEC File Number: 801 – 69374

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 to J.M. Egan Wealth Advisors, LLC's Brochure since last Annual Amendment filing on February 13, 2015.

ANY QUESTIONS: J.M. Egan Wealth Advisors' Chief Compliance Officer, John M. Egan, remains available to address any questions that an existing or prospective client may have regarding this Brochure

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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. Registrant became registered as an Investment Adviser Firm in July 2008. Registrant is owned by John M. Egan. Mr. Egan is Registrant’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* basis, either on a non-wrap basis or through an unaffiliated wrap fee program. 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, limited 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.

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 Registrant uses in the management of client account assets. 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. Registrant provides SEI with the asset allocation policy that the client selects for the Account. Registrant directs SEI to reallocate the client’s investments in accordance with the client’s Asset Allocation Policy. In addition, 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.

SAA FINANCIAL ADVISORS PROGRAM

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, 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.

SAA MANAGED OPPORTUNITIES WRAP PROGRAM

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, 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 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 Registrant will work with and advise clients in the selection of investments constituting a portion of Managed Opportunities Program. Registrant will continue to provide ongoing supervisory services for all clients who elect to participate in the Managed Opportunities Program.

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

The terms and conditions for client participation in the Managed Opportunities 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 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.

LAMP WRAP PROGRAM

The Registrant may also provide investment management services on a wrap fee basis through Fidelity Institutional Wealth Services / Ladenburg Thalmann Asset Management Inc.'s LAMP Wrap Fee Program ("LAMP Program"). The services offered under, and the corresponding terms and conditions pertaining to the LAMP Program are discussed in the Ladenburg Thalmann Asset Management Inc. LAMP Wrap Fee Program Brochure, a copy of which is presented to all prospective LAMP Program participants. Under the LAMP Program, 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 LAMP Program provides clients with the opportunity to establish the following types of portfolios: Managed Mutual Fund Strategies, Managed Exchange Traded Fund Strategies; Tax Sensitive Strategies, and Specialty Strategies (typically a combination of approximately 15 mutual funds, exchange traded funds, exchange traded notes, or equities). Registrant will continue to provide ongoing supervisory services for all clients who elect to participate in the LAMP Program.

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. Registrant's typical financial plan can address, but is not limited to, the following areas:

- 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); and
- Other (education funding; employee benefit review).

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, the Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's representatives in their individual capacities as a registered representatives of a broker-dealer and/or licensed insurance agents (*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

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. **Please Note:** We **do not** serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, we **do not** prepare estate planning documents or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc), including representatives of Registrant in their separate individual capacities as representatives of Securities America, Inc. ("SA"), an SEC registered and FINRA member broker-dealer or as licensed insurance agents. 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 and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated 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-Conflict of Interest:** The recommendation by Registrant's representative that a client purchase a securities or insurance commission product through Registrant's representative in his/her separate and individual capacity as a registered representative of SA and/or as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by Registrant through other, non-affiliated broker-dealers and/or insurance agencies. **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.**

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Registrant may recommend an investor roll over plan assets to an IRA managed by the Registrant. As a result the Registrant and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his/her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer

will generally result in no compensation to the Registrant (unless the client engages the Registrant to monitor and/or manage the account while maintained at the client's employer). The Registrant has an economic incentive to encourage a client to roll plan assets into an IRA that the Registrant will manage or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. **Please Note:** If Registrant's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **The Registrant's Chief Compliance Officer, John M. Egan, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Use of Mutual Funds. While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory 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 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. 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 program sponsors 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, 2015, Registrant had \$205,000,000 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Registrant to provide discretionary investment advisory services on a negotiable non-wrap, *fee* 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 on a non-tiered basis as follows:

| <u>Total Market Value of Portfolio</u> | <u>Annual Fee %</u> |
|---|----------------------------|
| \$250,000 to \$500,000 | 1.50% |
| \$500,001 to \$1,000,000 | 1.25% |
| \$1,000,001 to \$3,000,000 | 1.00% |
| \$3,000,000 & Up | 0.80% |

* Minimum Asset requirement of \$250,000

SEI ASSET MANAGEMENT PROGRAM

The current annual fee for the SEI Asset Management Program shall be based upon a percentage (%) of the market value and type of assets placed under Registrant's management (between negotiable and 1.75%), Up to 5% of the investment advisory fee may be paid to SAA for marketing and administrative services SAA provides to clients.

SAA FINANCIAL ADVISORS PROGRAM

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.

SAA MANAGED OPPORTUNITIES WRAP PROGRAM

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.

LAMP WRAP FEE PROGRAM

The current annual LAMP fee ranges from negotiable to 2.25%, depending upon the amount and type of the LAMP Program assets. Ladenberg Thalmann Asset Management Inc. retains between 0.05% and 0.45% of the annual fee from the LAMP program.

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. 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). Registrant may require a retainer of 25% of the quoted fee at the time the *Financial Planning and Consulting Agreement* is signed.

- 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. Except as indicated below with respect to the SEI Program, the Financial Advisor Program, the Managed Opportunities Program, and the LAMP Program, Registrant shall deduct fees and/or bill clients quarterly in arrears based upon the market value of the assets on the last business day of the previous quarter.

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.

For the LAMP Program, fees are deducted and/or billed either monthly or quarterly in advance, but may also be charged monthly or quarterly in arrears.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that a broker-dealer, such as Charles Schwab & Co. ("Schwab"), serves 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). **Please Note:** In a wrap fee program the commissions and/or transaction fees are included in the wrap fee paid by the client.
- D. To the extent that the client engages the Registrant on a non-wrap fee basis, the Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a minimum asset level of \$250,000 for investment management services. Registrant, in its sole discretion, may charge a lesser investment management fee 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 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*. To the extent that the client engages the Registrant on a non-wrap fee basis, upon termination, the Registrant shall debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.

E. **Securities Commission Transactions**

In the event that the client desires, the client can engage certain of 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 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. **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. 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 Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, 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, Registrant's representatives do not also receive commission compensation for such advisory services. **However**, a client may engage 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 Registrant nor any supervised person of Registrant accepts performance-based fees.

Item 7 Types of Clients

Registrant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations. 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 minimum fee to participate in the LAMP Program is \$175 per quarter. In addition, the minimum asset level required for participation in the LAMP Program depends upon the investment strategy as follows: \$10,000 for Managed Mutual Fund Strategies, \$75,000 for Managed Exchange Traded Fund Strategies; \$75,000 for Tax Sensitive Strategies, and \$100,000 for Specialty Strategies Registrant, in conjunction with the applicable program sponsor, may charge a lesser investment management fee and/or reduce and/or waive its minimum asset requirement. To the extent that a client has engaged the Registrant on a non-wrap fee basis, the Registrant generally requires a minimum asset level of \$250,000 for investment management services. Registrant, in its sole discretion, may charge a lesser investment management fee 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. 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 third party money managers, mutual funds, exchange traded funds, individual equities, and

individual bonds on a 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. **Registered Representative of SA.** Certain of Registrant's representatives are also registered representatives of SA, an SEC registered and FINRA member 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. **Registered Representatives of SA.** Certain of Registrant's representatives, are registered representatives of SA. 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.

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-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. **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. 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, such as Schwab. 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. **Please Note:** In a wrap fee program the commissions and/or transaction fees are included in the wrap fee paid by the client.

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.

- B. 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. 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 Registrant to discuss any questions they may have with a particular solicitation.

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.