

DiNuzzo Investment Advisors, Inc.
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DiNuzzo Investment Advisors, Inc.
Brochure
Dated 9/13/2011

Contact: Patrick J. DiNuzzo, Chief Compliance Officer
1501 Third Street
Beaver, Pennsylvania 15009
www.dinuzzo.com

This brochure provides information about the qualifications and business practices of DiNuzzo Investment Advisors, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (724) 728-6564 or pjdinuzzo@dinuzzo.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 DiNuzzo Investment Advisors, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to DiNuzzo Investment Advisors, Inc. 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 DiNuzzo Investment Advisors, Inc.'s disclosure statement since last year's Annual Amendment filing on March 23, 2010.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business	3
Item 5	Fees and Compensation	6
Item 6	Performance-Based Fees and Side-by-Side Management	8
Item 7	Types of Clients.....	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12	Brokerage Practices	12
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation.....	18
Item 15	Custody.....	18
Item 16	Investment Discretion.....	19
Item 17	Voting Client Securities.....	19
Item 18	Financial Information	19

Item 4 Advisory Business

- A. DiNuzzo Investment Advisors, Inc. (the “Registrant”) is a corporation formed on December 4, 1997 in the Commonwealth of Pennsylvania (previous to which it was a sole proprietorship). The Registrant has been in business since 1989 and became registered as an Investment Adviser Firm in June 1998. The Registrant is owned by Patrick J. DiNuzzo and Mark S. DiNuzzo. Patrick J. DiNuzzo is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management (between 0.40% and 1.00%) as follows:

Asset Management Account Fee Schedule

Tier	Step Amount (\$)	Annual Fee (%)
1	on first \$500,000	1.00%
2	on next \$500,000	0.80%
3	on next \$2 million	0.70%
4	on next \$2 million	0.50%
5	on assets in excess of \$5 million	0.40%

Blended Annual Fee: (Based upon above Fee Schedule)		
\$1 million - .90%	\$5 million - .66%	\$9 million - .544%
\$2 million - .80%	\$6 million - .616%	\$10 million - .53%
\$3 million - .766%	\$7 million - .585%	\$15 million - .486%
\$4 million - .70%	\$8 million - .562%	\$20 million - .465%

The above 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 the Registrant), the 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.

Asset Management Account Fee Schedule

(Investment Management Only)

Tier	Step Amount (\$)	Annual Fee (%)
1	on first \$1,000,000 (\$1 Million)	0.60%
2	on assets in excess of \$1 Million	0.45%

Blended Annual Fee: (Based upon above Fee Schedule)		
\$1 million - .60%	\$5 million - .479%	\$9 million - .465%
\$2 million - .525%	\$6 million - .474%	\$10 million - .463%
\$3 million - .50%	\$7 million - .470%	\$15 million - .458%
\$4 million - .487%	\$8 million - .467%	\$20 million - .456%

*The above annual investment advisory fee includes investment advisory services only, and **does not include** any financial planning and consulting services.

Although Registrant requires a minimum account size of \$500,000 for investment advisory services, Registrant may accept an amount less than the minimum.

MISCELLANEOUS

Limited Consulting/Implementation Services. Although the Registrant does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, the Registrant *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant shall not receive any separate or additional fee for any such consultation services. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.) including Registrant's representatives, Mark S. DiNuzzo and/or Michael V. DiNuzzo, in their registered/licensed capacity 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 any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Paladin Registry. One or more of Registrant's representatives are members of the Paladin Registry ("Registry") (www.paladinregistry.com). Investors use Registry services to learn about financial advisors, to learn how to avoid bad financial advice, to learn how to select quality advisors, to search for new or replacement advisors, and to view documentation for Registry advisors' credentials, ethics, and business practices.

The Registry also matches Registrant's professionals with investors who use its search and documentation services. Registrant's pays fixed monthly fees to Paladin for professionals who are members of the Registry. Registrant may also pay Paladin a match fee per investor or additional fixed fees when the referral source is a third party (Partners). Paladin has relationships with websites and companies (Partners) whose members, clients, users, or customers have linked access to Registry services. Paladin uses membership and match fees to create visibility for the Registry on the internet and in the media, develop relationships with Partners, and provide free public services to investors.

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

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Investment Advisory Agreement (Investment Management Only)*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Investment Advisory Agreement (Investment Management Only)* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2010, the Registrant had \$175,268,216 in assets under management on a discretionary basis and \$5,830 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

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

INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.40% and 1.00%) as follows:

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1	on first \$500,000	1.00%
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\$3 million - .766%	\$7 million - .585%	\$15 million - .486%
\$4 million - .70%	\$8 million - .562%	\$20 million - .465%

The above 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 the Registrant), the 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.

Asset Management Account Fee Schedule

(Investment Management Only)

Tier	Step Amount (\$)	Annual Fee (%)
1	on first \$1,000,000 (\$1 Million)	0.60%
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\$4 million - .487%	\$8 million - .467%	\$20 million - .456%

*The above annual investment advisory fee includes investment advisory services only, and **does not include** any financial planning and consulting services.

Although Registrant requires a minimum account size of \$500,000 for investment advisory services, Registrant may accept an amount less than the minimum.

- B. The Registrant's advisory fees are deducted from the client's custodial account. Registrant's *Investment Advisory Agreement*, *Investment Advisory Agreement (Investment Management Only)* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients 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, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), TD Ameritrade and/or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *TD Ameritrade* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load institutional 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. The 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 generally requires a \$500,000 minimum asset level for investment advisory services.

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

- E. **Securities Commission Transactions.** On a limited basis, and where deemed appropriate for the client, the client can engage Registrant's representatives, Mark S. DiNuzzo and Michael V. DiNuzzo, in their individual capacity as registered representatives of Beaconsfield Financial Services, Inc. ("*BFS*"), 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 *BFS*, *BFS* will charge brokerage commissions to effect securities transactions, a portion of which commissions *BFS* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *BFS* may be higher or lower than those charged by other broker-dealers. In addition, *BFS*, as well as Registrant's

Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-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, Mark S. DiNuzzo and/or Michael V. DiNuzzo, through *BFS*, 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 through *BFS*. **The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive any of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis through *BFS*, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives, through *BFS*, on a separate commission basis.

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

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

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. The Registrant generally requires a \$500,000 minimum asset level for investment advisory services.

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

A. The Registrant may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

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

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

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

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

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

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

Please Note: While the Registrant does not use margin as an investment strategy or recommend its use to clients, some clients of the Registrant use margin accounts, to which the following disclosure is applicable:

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential *conflict of interest* whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

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

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of BFS.** As disclosed above in Item 5.E, Registrant's representatives, Mark S. DiNuzzo and Michael V. DiNuzzo, are registered representatives of *BFS*, an SEC registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
1. **Broker Dealer.** As disclosed above in Item 5.E, on a limited basis, and where deemed appropriate for the client, clients can choose to engage Mark S. DiNuzzo and/or Michael V. DiNuzzo in their individual capacity, to effect securities brokerage transactions, through *BFS*, on a commission basis.
 8. **Licensed Insurance Agent.** Mark S. DiNuzzo and Michael V. DiNuzzo, 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 Mark S. DiNuzzo and/or Michael V. DiNuzzo to purchase insurance products on a commission basis.
 - **Conflict of Interest:** The recommendation by Mark S. DiNuzzo and/or Michael V. DiNuzzo 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 Mark S. DiNuzzo and/or Michael V. DiNuzzo. Clients are reminded that they may purchase securities or insurance products recommended by Registrant through other, non-affiliated broker-dealers or insurance agents. **The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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

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

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

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

current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

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

Item 12 Brokerage Practices

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

Factors that the Registrant considers in recommending *Schwab*, *TD Ameritrade* and/or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. TD Ameritrade Institutional Customer Program

The Registrant participates in the institutional advisor program (the "*Program*") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to

independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Registrant receives some benefits from *TD Ameritrade* through its participation in the *Program*.

There is no direct link between the Registrant's participation in the *Program* and the investment advice it gives to its clients, although the Registrant receives economic benefits through its participation in the *Program* that are not typically available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing research, technology, and practice management products or services provided to the Registrant by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by the Registrant. Some of the products and services made available by *TD Ameritrade* through the *Program* may benefit the Registrant but may not benefit its client accounts. These products or services may assist the Registrant in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help the Registrant manage and further develop its business enterprise. *TD Ameritrade* may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for the Registrant's representatives to attend conferences or meetings relating to the *Program* or to *TD Ameritrade's* advisor custody and brokerage services generally. The benefits received by the Registrant or its representatives through participation in the *Program* do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by the Registrant or its representatives in and of itself creates a potential conflict of interest and may indirectly influence the Registrant's recommendation of *TD Ameritrade* for custody and brokerage services.

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, 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.

TD Ameritrade AdvisorDirect

The Registrant may receive client referrals from *TD Ameritrade* through its participation in *TD Ameritrade* AdvisorDirect ("*AdvisorDirect*"). In addition to meeting the minimum eligibility criteria for participation in *AdvisorDirect*, the Registrant may have been selected to participate in *AdvisorDirect* based on the amount and profitability to *TD Ameritrade* of the assets in, and trades placed for, client accounts maintained with *TD Ameritrade*. *TD Ameritrade* is a discount broker-dealer independent of and unaffiliated with the Registrant and there is no employee or agency relationship between them. *TD Ameritrade* has established *AdvisorDirect* as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to

independent investment advisors. *TD Ameritrade* does not supervise the Registrant and has no responsibility for the Registrant's management of client portfolios or the Registrant's other advice or services. The Registrant pays *TD Ameritrade* an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to the Registrant ("Solicitation Fee"). The Registrant will also pay *TD Ameritrade* the Solicitation Fee on any advisory fees received by the Registrant from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired the Registrant on the recommendation of such referred client. The Registrant will not charge clients referred through *AdvisorDirect* any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to *TD Ameritrade* to its clients. For information regarding additional or other fees paid directly or indirectly to *TD Ameritrade*, please refer to the *TD Ameritrade AdvisorDirect* Disclosure and Acknowledgement Form.

The Registrant's participation in *AdvisorDirect* raises potential conflicts of interest. *TD Ameritrade* will most likely refer clients through *AdvisorDirect* to investment advisors that encourage their clients to custody their assets at *TD Ameritrade* and whose client accounts are profitable to *TD Ameritrade*. Consequently, in order to obtain client referrals from *TD Ameritrade*, the Registrant may have an incentive to recommend to clients that the assets under management by the Registrant be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*. In addition, the Registrant has agreed not to solicit clients referred to it through *AdvisorDirect* to transfer their accounts from *TD Ameritrade* or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. The Registrant's participation in *AdvisorDirect* does not diminish its duty to seek best execution of trades for client accounts.

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, 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.

Charles Schwab & Co., Inc.

The Registrant may recommend that clients establish brokerage accounts with the *Schwab* Institutional division of *Schwab*, to maintain custody of clients' assets and to effect trades for their accounts. The Registrant is independently owned and operated and not affiliated with *Schwab*. *Schwab* provides the Registrant with access to its institutional trading and custody services, which are not typically available to *Schwab* retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at *Schwab* Institutional, and are not otherwise contingent upon an advisor committing to *Schwab* any specific amount of business (assets in custody or trading). *Schwab's* services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For the Registrant client accounts maintained in its custody, *Schwab* generally does not charge separately for custody but is compensated by account holders through

commissions or other transaction-related fees for securities trades that are executed through *Schwab* or that settle into *Schwab* accounts.

Schwab also makes available to the Registrant other products and services that benefit the Registrant but may not benefit its clients' accounts. Some of these other products and services assist the Registrant in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts.), provide research, pricing information, and other market data, facilitate payment of the Registrant's fees from its clients' accounts, and assist with back-office functions, recordkeeping and other client reporting. Many of these services generally may be used to service all or a substantial number of the Registrant's accounts, including accounts not maintained at *Schwab* Institutional. *Schwab* Institutional also makes available to the Registrant other services intended to help the Registrant manage and further develop its business enterprise. These services may include consulting, publications, and conference on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, *Schwab* may make available, arrange and/or pay for these types of services rendered to the Registrant by independent third parties. *Schwab* Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to the Registrant. While as a fiduciary, the Registrant endeavors to act in its clients' best interests, the Registrant's recommendation that clients maintain their assets in accounts at *Schwab* may be based in part on the benefit to the Registrant of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by *Schwab*, which may create a potential conflict of interest.

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, 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.

Fidelity

The Registrant has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "*Fidelity*") through which *Fidelity* provides the Registrant with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. *Fidelity's* institutional platform services that assist the Registrant in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help the Registrant manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party

research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom the Registrant may contract directly.

The Registrant is independently operated and owned and is not affiliated with *Fidelity*.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through *Fidelity* or that settle into *Fidelity* accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). *Fidelity* provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, 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.

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 *Schwab*, *TD Ameritrade* and/or *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

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

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, 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. As set forth above, Registrant may receive client referrals from *TD Ameritrade* through its participation in *AdvisorDirect*.

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, 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.

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

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

The Registrant's Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

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

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or

representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

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

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

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

Item 15 Custody

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

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

Item 16 Investment Discretion

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

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

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

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

- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

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