

# Disclosure Brochure

November 8, 2011

## **PKS Advisory Services, LLC**

*a Registered Investment Adviser*

18 Corporate Woods Boulevard  
Albany, New York 12211

(518) 426-5791

This brochure provides information about the qualifications and business practices of PKS Advisory Services, LLC (hereinafter "PKSA"). If you have any questions about the contents of this brochure, please contact Keith Flood at (518) 426-5791. 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 PKS Advisory Services, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

PKS Advisory Services, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since PKSA's last annual update dated March 5, 2010. PKSA does not have any material changes to disclose in this Item.

## Item 3. Table of Contents

### Firm Disclosure Brochure

Item 1.	Cover Page .....	i
Item 2.	Material Changes .....	ii
Item 3.	Table of Contents .....	iii
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation .....	7
Item 6.	Performance-Based Fees and Side-by-Side Management .....	11
Item 7.	Types of Clients.....	12
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	13
Item 9.	Disciplinary Information.....	17
Item 10.	Other Financial Industry Activities and Affiliations .....	18
Item 11.	Code of Ethics .....	19
Item 12.	Brokerage Practices .....	20
Item 13.	Review of Accounts.....	23
Item 14.	Client Referrals and Other Compensation .....	24
Item 15.	Custody .....	25
Item 16.	Investment Discretion.....	26
Item 17.	Voting Client Securities .....	27
Item 18.	Financial Information .....	28

### Supervised Person Brochure Supplement(s)

## Item 4. Advisory Business

PKSA's philosophy centers on a belief that each client has specific investment needs, and that these needs can only be met by a careful study of their particular profile. Founded in October 2001, PKSA provides financial planning, consulting, and investment management services to its clients. PKS Holdings, LLC is the principal owner of PKSA. Keith Flood is the President of the firm.

Prior to engaging PKSA to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with PKSA setting forth the terms and conditions under which PKSA renders its services (collectively the "*Agreement*").

PKSA has \$376,206,572 of assets under management as of January 15, 2011. \$271,322,176 of these assets are managed on a discretionary basis, and \$104,884,396 are managed on a non-discretionary basis.

This Disclosure Brochure describes the business of PKSA. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of PKSA's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on PKSA's behalf and is subject to PKSA's supervision or control.

### Financial Planning and Consulting Services

---

PKSA may provide its clients with a broad range of comprehensive financial planning and consulting services. These services may include education, retirement, disability, long term care, estate analysis, investments, and tax and cash flow needs of the client. These services may be included as part of PKSA's investment management services, described below.

In performing its services, PKSA is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. PKSA may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if PKSA recommends its own services. The client is under no obligation to act upon any of the recommendations made by PKSA under a financial planning or consulting engagement or to engage the services of any such recommended professional, including PKSA itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of PKSA's recommendations. Clients are advised that it remains their responsibility to promptly notify PKSA if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising PKSA's previous recommendations and/or services.

## Investment Management Services

---

Clients can engage PKSA to manage all or a portion of their assets on a discretionary or non-discretionary basis. As detailed in Item 8, PKSA primarily allocates clients' investment management assets among mutual funds, *Independent Managers* (as defined below), exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with the investment objectives of the client. However, PKSA may provide advice about any type of investment held in clients' portfolios.

PKSA also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, PKSA either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

PKSA tailors its advisory services to the individual needs of clients. PKSA consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. PKSA ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify PKSA if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon PKSA's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in PKSA's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Use of Independent Managers

---

As mentioned above, PKSA recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between PKSA or the client and the designated *Independent Managers*. PKSA renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. PKSA also monitors and reviews the account performance and the client's investment objectives. PKSA receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, PKSA reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment

strategies, past performance and risk results to the extent available. Factors that PKSA considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, PKSA's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by PKSA, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to PKSA's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than PKSA. In such instances, PKSA may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

If PKSA refers a client to an *Independent Manager* where PKSA's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, PKSA may be compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to PKSA in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.

### **Sponsor and Manager of Wrap Program**

---

PKSA is also the sponsor and manager of the Mutual Fund Consulting Program (the "*Program*"), a wrap fee program. The Program is only utilized for certain of the firm's clients. In the event the client participates in the Program, PKSA provides its investment management services and arranges for brokerage transactions under a single annualized fee. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the *Program's* terms and conditions (including fees) are contained in the *Program's* wrap fee brochure.

## Item 5. Fees and Compensation

PKSA offers its services on a fee basis, which may include fixed fees as well as fees based upon assets under management. Additionally, certain of PKSA's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement.

### Financial Planning and Consulting Fees

---

PKSA may charge a fixed fee for financial planning and consulting services. Clients may also receive certain financial planning services as part of the overall investment management fee described below. These fees are negotiable, but generally range from \$500 to \$1,000 on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages PKSA for additional investment advisory services, PKSA may offset or waive all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging PKSA to provide financial planning and/or consulting services, the client is required to enter into a written agreement with PKSA setting forth the terms and conditions of the engagement. Generally, PKSA requires one-half of the financial planning / consulting fee (estimated fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

---

PKSA provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by PKSA. PKSA's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. PKSA does not, however, receive any portion of these commissions, fees, and costs. PKSA's annual fee is generally prorated and charged quarterly, in advance, based upon the market value of the assets being managed by PKSA on the last day of the previous quarter. In limited circumstances, PKSA may alter its billing practices to charge in arrears, monthly or semi-annually based on the needs of the clients and the programs in which they are invested. The annual fee varies up to 2.75%, depending upon the market value of the assets under management, the type of investment management services to be rendered, and the experience of the investment adviser representative providing the services.

### Wrap Program Fee

---

As detailed in Item 4, PKSA is the sponsor and manager of the *Program* for certain of its clients. A complete description of the *Program's* terms and conditions (including fees) are contained in the *Program's* wrap fee brochure.

## PKS Advisory Services, LLC Disclosure Brochure

PKSA, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### **Fees Charged by Financial Institutions**

---

As further discussed in response to Item 12 (below), PKSA generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*"), Charles Schwab & Co., Inc. ("*Schwab*") or Purshe Kaplan Sterling Investments, Inc. ("*PKS*") for investment management accounts.

PKSA may only implement its investment management recommendations after the client has arranged for and furnished PKSA with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Schwab*, *PKS*, any other broker-dealer recommended by PKSA, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to PKSA's fee.

PKSA's *Agreement* and the separate agreement with any *Financial Institutions* may authorize PKSA or *Independent Managers* to debit the client's account for the amount of PKSA's fee and to directly remit that management fee to PKSA or the *Independent Managers*. Any *Financial Institutions* recommended by PKSA have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PKSA. Alternatively, clients may elect to have PKSA send an invoice for payment.

### **Fees for Management During Partial Quarters of Service**

---

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between PKSA and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. PKSA's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.



Clients may make additions to and withdrawals from their account at any time, subject to PKSA's right to terminate an account. Additions may be in cash or securities provided that PKSA reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to PKSA, subject to the usual and customary securities settlement procedures. However, PKSA designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. PKSA may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$100,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

### **Commissions or Sales Charges for Recommendations of Securities**

---

PKSA is under common control and ownership with *PKS*, an SEC registered broker-dealer and member of FINRA. *PKS Holdings, LLC*, the sole member of PKSA is also the sole shareholder of *PKS*. All clients that designate *PKS* as their broker-dealer are advised of the relationship between PKSA, its *Supervised Persons*, and *PKS*, and are required to execute a separate written agreement with *PKS* setting forth the terms and conditions of the brokerage relationship. The principal place of business of PKSA is the same as that of *PKS*.

In the event clients desire, they can engage certain persons associated with PKSA (but not PKSA) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with PKSA. Under this arrangement, clients may implement securities transactions through certain of PKSA's *Supervised Persons* in their respective individual capacities as registered representatives of *PKS*. *PKS* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *PKS* to such *Supervised Persons*. As stated above, prior to effecting any transactions clients are required to enter into a new account agreement with *PKS*. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers. In addition, certain of PKSA's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. PKSA may recommend no-load funds.

A conflict of interest exists to the extent that PKSA recommends the purchase of securities where PKSA's *Supervised Persons* receive commissions or other additional compensation as a result of PKSA's recommendations. PKSA has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

## PKS Advisory Services, LLC Disclosure Brochure

For accounts covered by ERISA (and such others that PKSA, in its sole discretion deems appropriate), PKSA provides its investment advisory services on a fee-offset basis. In this scenario, PKSA may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by PKSA's *Supervised Persons* in their individual capacities as registered representatives of PKS.

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

PKSA does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

PKSA generally provides its services to individuals. However, the firm may also provide advice to pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimums Imposed By Independent Managers**

---

PKSA does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than PKSA. In such instances, PKSA may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

#### Investment Strategies & Methods of Analysis

---

As part of its services, PKSA conducts an initial assessment using a client profile/questionnaire to ascertain pertinent information such as the client's risk tolerance, investment objectives, financial condition and time horizon. After analyzing this information, PKSA may recommend any of several asset management programs. These include portfolios managed by the firm's own investment adviser representatives or by an *Independent Manager*.

A majority of clients are invested in portfolios comprised of no-load mutual funds. A portion of client assets are also designated to *Independent Managers*. Certain client assets may also be invested in ETFs, and individual equity and debt securities in accordance with their individual needs.

All of the firm's investment adviser representatives have access to a wide variety of analytical tools to determine what specific investments may be appropriate for the client's needs. PKSA seeks to broadly diversify each client account in an effort to mitigate security risk. However, the firm generally does not use unpriced or illiquid investments, leveraged ETF's or naked options due to the higher level of risk.

When determining an appropriate asset allocation for its clients, PKSA generally uses a combination of fundamental and technical analysis. Fundamental analysis involves the fundamental financial condition and competitive position of a company. PKSA will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that PKSA will be able to accurately predict such a reoccurrence.

The firm may also provide its clients with financial planning services which may include education, retirement, disability, long term care, estate analysis, investments, and tax and cash flow needs of the client. These services are usually conducted by the firm's investment adviser representatives.

## Risks of Loss

---

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Market Risks*

The profitability of a portion of PKSA's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that PKSA will be able to predict those price movements accurately.

### *Use of Independent Managers*

As previously stated, PKSA may recommend the use of *Independent Managers* for certain clients. PKSA will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, PKSA does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

### *Management Through Similarly Managed Accounts*

For certain of the firm's clients, portfolios are managed by allocating assets among various mutual funds using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, the firm buys, sells, exchanges and/or transfers shares of mutual funds based upon the *investment strategy*.

PKSA's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to PKSA's clients may be limited. For example, various mutual funds or insurance companies may limit the ability of PKSA to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12 (below), PKSA allocates investment opportunities among its clients on a fair and equitable basis.

### *Use of Margin*

To the extent that a client authorizes the use of margin, and margin is thereafter employed by PKSA 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 PKSA will 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 shall correspondingly increase the management fee payable to PKSA. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.



### **Item 9. Disciplinary Information**

PKSA is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. PKSA does not have any required disclosures to this Item.

### Item 10. Other Financial Industry Activities and Affiliations

PKSA is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. PKSA has described such relationships and arrangements below.

#### Related Broker Dealer

---

As detailed in Item 5, PKSA is under common control and ownership with *PKS*, an SEC registered broker-dealer and member of FINRA. In addition, certain of the *Supervised Persons* of PKSA are also registered representatives of *PKS*, and in their individual capacities, may effect securities brokerage transactions on a commission basis, including transactions for PKSA's investment advisory clients, as authorized. The principal place of business of PKSA is the same as that of *PKS*.

#### Receipt of Insurance Commission

---

PKS Holdings, LLC, the sole member of PKSA is also the sole shareholder of PKS Financial Services, Inc. ("*PKSFS*"). *PKSFS* is a duly licensed insurance agency in the State of New York. Certain of PKSA's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with *PKSFS* and various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While PKSA does not sell such insurance products to its investment advisory clients, PKSA does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that PKSA recommends the purchase of insurance products where PKSA's *Supervised Persons* receive insurance commissions or other additional compensation.

#### Fees from Independent Managers

---

As discussed above, PKSA recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*. In certain circumstances PKSA's compensation is included in the advisory fee charged by such *Independent Managers*. There may be a conflict of interest to choose such *Independent Managers*.

### Item 11. Code of Ethics

PKSA and persons associated with PKSA ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with PKSA's policies and procedures.

PKSA has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by PKSA or any of its associated persons. The *Code of Ethics* also requires that certain of PKSA's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in PKSA's *Code of Ethics*, none of PKSA's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of PKSA's clients.

When PKSA is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when PKSA is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact PKSA to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

As discussed above, in Item 5, PKSA generally recommends that clients utilize the brokerage and clearing services of *Fidelity*, *Schwab* and *PKS*.

Factors which PKSA considers in recommending *Fidelity*, *Schwab*, *PKS* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. These firms enable PKSA to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by these firms may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by PKSA's clients comply with PKSA's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where PKSA determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. PKSA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

PKSA periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct PKSA in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and PKSA will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by PKSA (as described below). As a result, the 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. Subject to its duty of best execution, PKSA may decline a client's request to direct brokerage if, in PKSA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless PKSA decides to purchase or sell the same securities for several clients at approximately the same time. PKSA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among PKSA'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 generally be averaged as to price and allocated among PKSA's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that PKSA determines to aggregate client orders for the purchase or sale of securities, including securities in which PKSA's *Supervised Persons* may invest, PKSA generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. PKSA does not receive any additional compensation or remuneration as a result of the aggregation. In the event that PKSA determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, PKSA may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist PKSA in its investment decision-making process. Such research generally will be used to service all of PKSA's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because PKSA does not have to produce or pay for the products or services.

### **Commissions or Sales Charges for Recommendations of Securities**

---

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *PKS*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKS* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKS* unless they first secure written consent from *PKS* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKS*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKS* under *PKS*'s internal supervisory policies. PKSA is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### Software and Support Provided by Financial Institutions

---

PKSA may receive from *Fidelity*, *Schwab*, and *PKS* without cost to PKSA, computer software and related systems support, which allow PKSA to better monitor client accounts maintained at these companies. PKSA may receive the software and related support without cost because PKSA renders investment management services to clients that maintain assets at these firms. The software and related systems support may benefit PKSA, but not its clients directly. In fulfilling its duties to its clients, PKSA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that PKSA's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence PKSA's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, PKSA may receive the following benefits from *Fidelity* and *Schwab* through the Fidelity Institutional Wealth Services Group and Schwab Institutional division, respectively: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group and Schwab Institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### Item 13. Review of Accounts

For those clients to whom PKSA provides investment management services, PKSA monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom PKSA provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of PKSA’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with PKSA and to keep PKSA informed of any changes thereto. PKSA contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom PKSA provides investment advisory services will also receive a report from PKSA that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from PKSA. PKSA may impose an additional fee for this enhanced reporting.

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

PKSA may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above. In addition, PKSA is required to disclose any direct or indirect compensation that it provides for client referrals, which it has below.

If a client is introduced to PKSA by either an unaffiliated or an affiliated solicitor, PKSA may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from PKSA's investment management fee, and does not result in any additional charge to the client. If the client is introduced to PKSA by an unaffiliated solicitor, the solicitor provides the client with a copy of PKSA's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of PKSA discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of PKSA's written disclosure brochure at the time of the solicitation.



### Item 15. Custody

PKSA's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize PKSA through such *Financial Institution* to debit the client's account for the amount of PKSA's fee and to directly remit that management fee to PKSA in accordance with applicable custody rules.

The *Financial Institutions* recommended by PKSA have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PKSA. In addition, as discussed in Item 13, PKSA may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from PKSA.

### Item 16. Investment Discretion

PKSA may be given the authority to exercise discretion on behalf of clients. PKSA is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. PKSA is given this authority through a power-of-attorney included in the agreement between PKSA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). PKSA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

### Item 17. Voting Client Securities

PKSA is required to disclose if it accepts authority to vote client securities. PKSA does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### **Item 18. Financial Information**

PKSA does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, PKSA is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. PKSA has no disclosures pursuant to this Item.

## **PKS Advisory Services, LLC**

*a Registered Investment Adviser*

18 Corporate Woods Boulevard  
Albany, New York 12211

(518) 426-5791

Prepared by:

