

# NOYES CAPITAL MANAGEMENT, LLC

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ADV Part 2A, Brochure

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**This Brochure provides information about the qualifications and business practices of Noyes Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at [scott.noyes@noyescapital.com](mailto:scott.noyes@noyescapital.com) or (973) 267-8120. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Noyes Capital Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Noyes Capital Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since the March 18, 2017 annual amendment filing, this Brochure has been materially amended at Items 4 and 5 to: describe the “2-Hour Consulting” offering and applicable fees; and to distinguish between three different asset management strategies that each carry an applicable fee schedule. Since the March 29, 2018 annual amendment filing, this Brochure has been amended at Items 4 and 18, and Item 19 has been removed, based upon Registrant’s transition from state to SEC registration.

**Noves Capital Management, LLC’s Chief Compliance Officer, Scott Noves, remains available to address any questions that a client or prospective client has about this Brochure.**

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#### **Item 4            Advisory Business**

- A. Noyes Capital Management, LLC, (the “Registrant”) is a New Jersey limited liability company formed on February 1, 2004. The Registrant was initially registered as an Investment Adviser with the SEC, was then registered with the New Jersey Bureau of Securities (in addition to various other state agencies), and most recently transitioned back to SEC registration effective July 25, 2018. The Registrant is principally owned by Scott Noyes, who is the Registrant’s Managing Member and Chief Compliance Officer.
- B. As discussed below, the Registrant offers to its clients, (generally, individuals and high net worth individuals) investment advisory services and financial planning and consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary or non-discretionary investment advisory services on a fee-only 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. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Management Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives and develop an asset allocation based on a defined investment policy statement that focuses on client’s investment objectives, time horizon, and risk tolerance. Registrant primarily allocates or recommends that clients allocate investment assets among: individual equities (stocks), debt (bonds), mutual funds, exchange traded funds (“ETFs”), certificates of deposit, U.S. treasury bills and notes in accordance with the client’s designated investment objectives. Once client investment assets are allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client-designated investment objectives and may execute or recommend executing account transactions as a result of those reviews, or modifying the allocations as deemed necessary.

Registrant also may render non-discretionary advisory 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, Registrant 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.

Registrant manages client assets among the following three investment strategies, which each carry respective pricing arrangements:

The “Managed Portfolio Strategy” is the primary investment advisory service offering, which includes all managed portfolios with equity allocations exceeding 25%. Under this strategy, Registrant constructs and manages portfolios that are generally comprised of ETFs and mutual funds.

The “Conservative Income Strategy” is an active bond management strategy, in which client assets are allocated primarily to fixed-income based mutual funds and ETFs, as well as U.S. Treasury bonds. The portfolio may also include a modest sleeve of equities and income alternative investments such as master limited partnerships (“MLPs”), preferred stock, high yield equities, and closed-end funds. Please refer to Item 8.C. below with respect to the risk factors associated with MLPs and closed-end funds.

The “U.S. Treasury Security Strategy” is designed to hold only U.S. Treasury and federal agency securities, typically with shorter maturities. In most cases, clients allocated to this strategy would own a ladder of U.S. Treasury bills and notes that have an average maturity of less than 5 years. Assets allocated to this strategy may also include short maturity U.S. government backed bonds if they are rated AA or better, and mutual funds or ETFs that invest in short term bonds.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant may also provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, tax planning, insurance planning, etc.) on a stand-alone separate fee basis.

Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a Financial Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant’s previous recommendations and/or services.

#### **2 HOUR CONSULTING ENGAGEMENT**

Clients can also choose to engage Registrant to provide its “2-Hour Consulting” service, which offers clients a one-time appointment addressing specific financial issues selected by the client. The consulting services are limited to: budgeting, retirement planning, education planning, and general investment allocation. Under this engagement, the client retains absolute discretion over all implementation decisions. Before engaging Registrant to provide this service, clients are required to sign a “2-Hour Consulting Agreement”

setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the applicable fees. Upon Registrant's receipt of requested documentation from the client necessary to render its consulting services, the Registrant and the client then engage in an approximately 2-hour meeting or telephone conference to address the particular issues identified by the client.

## **MISCELLANEOUS**

**Limitations of Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The Registrant does not serve as a law firm, accounting firm, or insurance agency, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended entity or professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. Please Note: If the client engages any recommended entity or professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged entity or professional.

**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 their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client agreement.

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**ByAllAccounts.** Registrant, in conjunction with the services provided by ByAllAccounts, Inc., may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Unmanaged Assets"). The client and/or their other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Unmanaged Assets. Unless otherwise

specifically agreed to, in writing, Registrant's service relative to the Unmanaged Assets is limited to reporting only. The sole exception to the above shall be if Registrant is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Registrant does not maintain any trading authority for the Unmanaged Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Unmanaged Assets. If Registrant were asked to make a recommendation as to any Unmanaged Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Unmanaged Assets. In the event the client desires that Registrant provide investment management services for the Unmanaged Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Registrant and the client.

**Use of Mutual Funds and Exchange Traded Funds.** While the Registrant may recommend allocating investment assets to mutual funds and ETFs that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds and ETFs that they could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds and ETFs without engaging Registrant as an investment advisor, the client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

**Retirement Plan Rollovers-No Obligation / Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, Scott Noyes, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to investment performance, account additions and withdrawals, and/or a change in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**Cash Positions.** Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive or liquidity purposes. Cash positions (money markets, etc.) will be included as part of assets under management for purposes of calculating the Registrant's advisory fee unless otherwise agreed in writing.

- C. The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. 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 any time, 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, 2017, the Registrant had \$111,540,015 in assets under management on a discretionary basis and \$4,629,315 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant on a negotiable fee-only basis to provide discretionary and/or non-discretionary investment advisory services. The Registrant's annual investment advisory fee is aggregated by the total value of assets being managed by family (including each client, direct descendants and associated trusts and estates), which shall be based upon a percentage (%) of the market value and type of assets/account placed under the Registrant's management, generally according to the following fee schedule:

<b><u>Managed Family Asset Category</u></b>	<b><u>Quarterly Fee</u></b>	<b><u>Effective Annual Rate</u></b>
<b>For Families with Assets Under Management under \$500,000</b>		
Managed Portfolio Strategy	0.25%	1.00%
Conservative Income Strategy	0.15%	0.60%
US Treasury Security Strategy	0.08%	0.32%
<b>For Families with Assets Under Management between \$500,000 and \$4,999,999</b>		
Managed Portfolio Strategy	0.20%	0.80%
Conservative Income Strategy	0.125%	0.50%
US Treasury Security Strategy	0.06%	0.24%
<b>For Families with Assets Under Management between \$5,000,000 and \$9,999,999</b>		
Managed Portfolio Strategy	0.15%	0.60%
Conservative Income Strategy	0.10%	0.40%
US Treasury Security Strategy	0.04%	0.16%

**For Families with Assets Under Management exceeding \$10,000,000**

Managed Portfolio Strategy	0.10%	0.40%
Conservative Income Strategy	0.075%	0.30%
US Treasury Security Strategy	0.04%	0.16%

**Conflict of Interest:** Although Registrant will allocate or recommend allocation of client assets consistent with the client's designated investment objective(s), the fact that Registrant earns a higher fee for management of assets in depending upon the applicable strategy presents a conflict of interest, because Registrant has an economic incentive to allocate more assets to those types of accounts from which it will earn a higher advisory fee. The Registrant mitigates this conflict of interest by working with the client to develop and confirm the client's investment objectives before allocating to the applicable strategy. **The Registrant's Chief Compliance Officer, Scott Noyes, remains available to address any questions regarding this conflict of interest.**

The above investment advisory fees are prorated and charged quarterly in advance. For billing purposes, a client's portfolio value is computed based upon a family's total assets being managed by Registrant at the end of the prior quarter. Accounts are billed based upon the dominant strategy, and each investment strategy must be managed within its own account number. If a client deposits funds in excess of \$100,000 after the inception of a billing quarter, the Registrant will prorate and charge the client for the increased amount of its investment advisory fee based upon the number of days remaining in the quarter. Likewise, for withdrawals in excess of \$100,000 within a billing period, the Registrant will prorate and refund the applicable portion of the investment advisory fee to the client. Certain legacy clients may have accepted different pre-existing service offerings from Registrant and may therefore receive different services under different fee schedules than as set forth above. These legacy clients have been or will be offered the ability to engage Registrant under the above service offering if it is more advantageous to such clients.

**FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's negotiable financial planning and consulting fees are generally billed: on an hourly rate basis at \$250 per hour for an investment adviser representative or \$100 per hour for administrative support; or on a fixed fee basis ranging between approximately \$2,000 and \$5,000, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Generally, Registrant requires one-half of the financial planning and/or consulting fee (estimated hourly or 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. If the client retains the Registrant under this stand-alone service offering, the Registrant will refund \$500 of the fee collected to the client if the client retains the Registrant to provide investment advisory services under the terms and conditions of an Investment Management Agreement within six months of the delivering the written financial plan to the client.



## **2 HOUR CONSULTING ENGAGEMENT**

Clients can also choose to engage Registrant to provide its “2-Hour Consulting” service, which offers clients a one-time appointment addressing specific financial issues selected by the client. The consulting services are limited to: budgeting, retirement planning, education planning, and general investment allocation. Before engaging Registrant to provide this service, clients are required to sign a “2-Hour Consulting Agreement” setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the applicable fees. The Registrant charges \$450 for this service, which is payable upon completion of the engagement. To the extent that the client requests the Registrant to provide additional services at the end of this engagement, the Registrant may choose to provide those services at a rate of \$250 per hour.

- B. Clients may elect to have the Registrant’s investment advisory fees deducted from their custodial account. The applicable form of agreement between the Registrant and the client, as well as the applicable custodial / clearing agreement may authorize the custodian to debit the account for the amount of the Registrant’s fee and to directly remit that fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly for those services, payment is due upon receipt of the Registrant’s invoice. The Registrant shall deduct investment advisory fees or bill clients quarterly in advance, based upon the market value of the assets on the last day of the previous quarter. The Registrant shall bill clients directly for financial planning and consulting services, half of which shall be payable upon execution of the Financial Planning and Consulting Agreement and the other half of which shall be payable upon delivery of the financial plan to the client. The Registrant shall also bill clients directly for its “2-Hour Consulting” service, which shall be payable upon completion of the engagement.
- C. As discussed below, unless the client directs otherwise or an individual client’s circumstances require, the Registrant shall generally recommend that Fidelity Institutional Wealth Services, an SEC-registered and FINRA member broker dealer (“Fidelity”), serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions (e.g. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity, certain exchange traded fund and fixed income securities transactions). In addition to Registrant’s investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the mutual fund and exchange traded fund level, are in addition to Registrant’s advisory fee referenced in this Item 5.
- 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 day of the previous quarter. The applicable form of agreement between the Registrant and the client will continue in effect until terminated by either party or upon completion of the services in conformity with the terms of such Agreement. Upon termination of the Investment Management Agreement 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. If the Financial Consulting Agreement is terminated before the Registrant presents the financial plan to the client: the Registrant will refund any unearned, pre-paid portion of the fee that was

advanced by the Client; or the Registrant will bill the client directly for outstanding fees incurred for services rendered

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

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

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

## **Item 7            Types of Clients**

The Registrant's clients currently include individuals and high net worth individuals. The Registrant generally seeks to work with families with a \$500,000 minimum asset level for investment advisory services. The Registrant may, in its sole discretion, reduce its preferred minimum asset level based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

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

- A. The Registrant may utilize the following methods of security analysis:
- 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); and/or
  - 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); and/or
- Short Term Purchases (securities sold within a year).

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

- C. Registrant recommends asset allocations based on a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. Registrant also considers historical yields, potential appreciation and marketability before making investment recommendations. Registrant primarily allocates or recommends that clients allocate investment assets among: individual equities (stocks), debt (bonds), mutual funds, exchange traded funds ("ETFs"), certificates of deposit, U.S. treasury bills and notes in accordance with the client's designated investment objectives. In certain limited cases, Registrant may also allocate or recommend allocation of client investment assets to MLPs and closed-end funds, which carry certain risks as identified below.

**Closed-end Funds.** Typically, closed-end funds do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. The specific risk factors related to closed-end funds vary depending upon the structure of each fund. Shares of closed-end funds frequently trade at a premium or discount relative to their net asset value ("NAV"). If Registrant purchases shares of a closed-end fund at a discount to its NAV, there can be no assurance that the discount will decrease, and it is possible that the discount may increase and affect whether the client will realize a gain or loss on the investment. Many closed-end funds invest using borrowed money to seek higher returns. This triggers greater risk and could cause the share price to fluctuate accordingly, especially because the closed-end fund will also have to pay interest or dividends on its leverage, effectively reducing the return value. Many closed-end funds also choose to distribute a fixed percentage of net assets regardless of the fund's actual interest income and capital gains. Consequently, distributions by a closed-end fund may include a return of capital, which would reduce the fund's net asset value and its earnings capacity. Closed-end funds may invest in a greater amount of illiquid securities than open-end mutual funds. Investments in illiquid securities pose risks related to uncertainty in valuations, volatile market prices, and limitations on resale that may have an adverse effect on the ability of the fund to dispose of the securities promptly or at reasonable prices. Finally, closed-end funds carry liquidity risks, which exists when particular investments are difficult to purchase and sell,

possibly preventing Registrant from selling out of such illiquid securities at an advantageous price.

**Master Limited Partnerships.** Master Limited Partnerships (“MLPs”) are subject to many risks, including those that differ from the risks involved in an investment in the common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. Holders of units issued by an MLP are exposed to a possibility of liability for all of the obligations of that MLP in the event that a court determines that the rights of the holders of MLP units to vote to remove or replace the general partner of that MLP, to approve amendments to that MLP’s partnership agreement, or to take other action under the partnership agreement of that MLP would constitute “control” of the business of that MLP, or a court or governmental agency determines that the MLP is conducting business in a state without complying with the partnership statute of that state. Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. In addition, the value of an investment in an MLP will depend largely on the MLP’s treatment as a partnership for U.S. federal income tax purposes. Finally, MLP interests may not be as liquid as other more commonly traded equity securities.

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

The Registrant has not been the subject of a disciplinary action.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither 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. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives direct or indirect compensation.

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

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a 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 before 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 Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person’s account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person’s current securities holdings. However, at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a 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 advisory accounts be maintained at Fidelity. Before engaging Registrant to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian.

Factors that the Registrant considers in recommending 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 seek 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 seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory 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. Non-Soft Dollar 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 receives from Fidelity (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) 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. The support services that Registrant receives can include: 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 free consulting services, discounted and/or free travel and 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 referenced above, certain of the support services and/or products that Registrant can receive 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. The receipt of these support services and products presents a conflict of interest, because the Registrant has the incentive to recommend that clients utilize Fidelity as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of this arrangement. There is no corresponding commitment made by the Registrant to 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. **Registrant's Chief Compliance Officer, Scott Noyes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and conflict of interest presented.**

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

3. Directed Brokerage. 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, clients 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.

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. Higher transaction costs adversely impact account performance. **The Registrant’s Chief Compliance Officer, Scott Noyes, 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 advisory 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 investment adviser representatives and/or Chief Compliance Officer. 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 receives economic benefits from Fidelity (and can receive such benefits from other broker-dealer/custodians, unaffiliated investment managers, investment platforms, and/or mutual fund sponsors), such as support services and/or products without cost or at a discount.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at a broker-dealer/custodian as a result of this arrangement. There is no corresponding commitment made by the Registrant to a broker-dealer/custodian 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. **Registrant's Chief Compliance Officer, Scott Noyes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create.**

- B. Neither the Registrant nor any supervised person of the Registrant compensates any non-supervised person for client referrals.

#### **Item 15            Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance. **Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. 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 or non-discretionary basis. Before the Registrant assumes discretionary authority over a client's account, client shall be required to execute an Investment Advisory Agreement, naming the Registrant as 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 any time, 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, Scott Noyes, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**