

# Shulman DeMeo Asset Management, LLC

SEC File Number: 801-67835

## **ADV Part 2A Appendix 1, Wrap Fee Program Brochure Dated: March 24, 2016**

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Shulman DeMeo Asset Management, LLC (the “Registrant”). If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (516) 708-9954 or [jdemeo@shulmandemeo.com](mailto:jdemeo@shulmandemeo.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

References herein to Shulman DeMeo Asset 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**

There have been no material changes made to Shulman DeMeo Asset Management, LLC's ADV Part 2A, Appendix 1 Wrap Fee Program Brochure since the previous Annual Amendment filing on February 13, 2015.

**The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding this Wrap Fee Program Brochure.**

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## Item 4            Services, Fees and Compensation

### A.    INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and or non-discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

#### **SHULMAN DEMEO ASSET MANAGEMENT WRAP PROGRAM**

The Registrant is the sponsor and investment manager of the Shulman DeMeo Asset Management Wrap Program (hereinafter the "Program"). Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee is 1.50%, of assets under management.

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

Charles Schwab and Co., Inc. ("*Schwab*") shall serve as the custodian for Program accounts.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the "Act").

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. An additional fee for the current quarter will be assessed if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining in the quarter during which the service will be in effect. No portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur in the same calendar quarter.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

## ENA CAPITAL SEPARATELY MANAGED ACCOUNT – MODEL STRATEGY

The Registrant is the sponsor of an allocation program called ENA Capital (the “ENA Capital Program”). Services offered under the name ENA Capital are offered directly by the Registrant. The ENA Capital Program allows the Registrant to allocate assets in a client’s account, on a discretionary basis, among different asset categories, including stocks, mutual funds, ETFs, bonds, and other account managers, based on a model operated by the Registrant. Clients may impose reasonable restrictions on the management of their account, in writing. This means a client may ask the Registrant not to purchase a specific asset or asset class or not to be placed in the ENA Capital Program entirely. The ENA Capital Program has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. In the event another manager is selected to manage a client’s assets or a portion thereof, the other manager will have the day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to monitor and review account performance and asset allocations under the ENA Capital Program.

The ENA Capital Program may involve an above-average portfolio turnover which may negatively impact your net after-tax gains experienced in your individual taxable account.

For the ENA Capital Program, we will charge an annual investment management fee, based upon a percentage of the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the assets being managed in the ENA Capital Program. The investment management fee is charged in advance at the beginning of each calendar quarter based upon the client’s account value at the end of the previous quarter. The ENA Capital Program management fee is 2.9%.

## MISCELLANEOUS

**Client Responsibilities:** In performing any of its services, the 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. Furthermore, unless the client indicates to the contrary, the Registrant shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client’s investment goals. **Moreover, it remains each client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation for the purpose of reviewing/evaluating/revising the Registrant’s previous recommendations and/or services.**

**Please Note: Investment Performance:** As a condition to participating in the Program, the participant **must** accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (**including** the investments and/or investment strategies purchased and/or undertaken by the Registrant) **may not:** (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Registrant were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

**Conflict of Interest.** When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. Because wrap program transaction fees and/or commissions are being paid by Registrant to the account broker-dealer/custodian, Registrant could have an economic incentive to minimize the number of trades in the client's account creating a conflict of interest. **Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding a wrap fee arrangement and the corresponding conflict of interest a wrap fee arrangement may create.**

- C. **Additional Fees.** The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by mutual funds, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *Schwab*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

**Mutual Fund Fees.** All fees paid to the Registrant for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of the Registrant. In that case, the client would not receive the services provided by the Registrant which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial situation and goals. Accordingly, the client should review both the fees charged by the funds and the fees charged by Registrant as well as the fees charged by the mutual fund to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

- D. Registrant's related persons who recommend the Shulman DeMeo Asset Management Wrap Program to clients do not receive compensation as a result of a client's participation in the Program.

## **Item 5 Account Requirements and Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations, and pension and profit sharing plans. The Registrant generally requires a minimum asset level of \$2,000,000 per household or

corporate entity for investment advisory services. For investors in the ENA Capital Program, the Registrant generally requires a minimum account balance of \$250,000 and a net worth exceeding \$3 Million, including \$2.5 Million in investable assets. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

## **Item 6            Portfolio Manager Selection and Evaluation**

- A. The Registrant may allocate a portion of a client's Program assets among Program managers in accordance with the client's financial situation and goals. In such situations, the Program managers shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance and asset allocation. Factors which the Registrant shall consider in recommending Program managers include the client's financial situation, management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. The Registrant acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment advice, brokerage and other services.

As the Program sponsor, the Registrant shall be responsible for the primary management of the Program.

- C. As discussed below, the Registrant also offers to its clients discretionary and/or non-discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **ADVISORY BUSINESS SERVICES**

#### **Investment Advisory Services**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

#### **SHULMAN DEMEO ASSET MANAGEMENT, LLC WRAP PROGRAM**

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions

pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee is 1.50% of the client's assets under management. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both the Registrant's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

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

Charles Schwab & Co. ("*Schwab*") shall serve as the custodian for Program accounts.

**Please Note:** As indicated in this Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

#### **PORTFOLIO MONITORING**

For those portfolio management clients who wish to also engage Registrant for a portfolio monitoring service, such clients may engage the Registrant to monitor client portfolios or investments held with other independent registered investment advisers. The Registrant will review various investments, including individual stocks and mutual funds, to determine which of these investments is appropriate for each client, depending on his or her individual needs and circumstances. Client investments will then be monitored on a quarterly or as needed basis. The Registrant will provide this monitoring service on a quarterly basis and will meet with the client at least annually to review performance, allocation of assets, tax liability issues, update the clients profile to reflect any changes in client circumstances, and review and effect any change of beneficiaries. Although the Registrant will not be involved in any way in the purchase or sale of these investments, the Registrant will supervise the clients portfolio and will make investment recommendations to the client in accordance with its fiduciary duties to the client. The current annual fee for portfolio monitoring services is up to 1.50% of the client's assets under management.

**Please Note:** The client and/or his/her/their/its own investment advisers that maintain trading authority, and not the registrant, shall be exclusively responsible for the investment performance of any such monitored assets.

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

To the extent requested by a client, 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 separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$5,000 to \$50,000 on a fixed fee basis, and from \$300 to \$700 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from 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:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **MISCELLANEOUS**

**Additional Fees.** The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by mutual funds, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *Schwab*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

**Mutual Fund Fees.** All fees paid to the Registrant for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of the Registrant. In that case, the client would not receive the services provided by the Registrant which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial situation. Accordingly, the client should review the fees charged by the funds and the fees charged by Registrant as well as the fees charged by the mutual fund to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.



**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. 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.), including through the Registrant as described in Item 9.A. below. The client is under no obligation to engage those services. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Note:** If the client engages any recommended professional on a separate and individual basis, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by Registrant's representative that a client purchase an insurance commission product through Registrant presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products through Registrant. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agencies. **Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**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.**

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

factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. Please Note:** If Registrant's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., 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.**

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

The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's financial situation and goals. Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the client's financial situation and goals. The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.

The Registrant only manages client accounts on a wrap fee basis. As stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. **Please Note:** When managing a client's account on a wrap fee basis, the Registrant, after its payment of all other costs included in the wrap fee (transaction fees, custodial charges, etc.), shall retain the balance of the wrap fee as compensation for its services.

### **Performance Based Fees and Side-By-Side Management**

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

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

The Registrant may utilize the following methods of security analysis:

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

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

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

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

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

**ENA Capital Program Risk:** In addition, the ENA Capital Program may have additional risks. The ENA Capital Program has Model Risks. Because the ENA Capital Program is based on a model, securities or other financial instruments or managers selected may perform differently than expected, or from the market as a whole, as a result of a model's component factors, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction, implementation and maintenance of the models (e.g., data problems, software issues, etc.). There can be no assurance that the ENA Capital Program will achieve its objective.

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, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term

investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary and/or non-discretionary basis.

The ENA Capital Program asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee for its ENA Capital Program is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar

services/programs. However, Registrant's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

### **Voting Client Securities**

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.

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 7            Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular financial situation and goals. The Registrant shall allocate each client's investment assets consistent with their financial situation and goals. Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

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

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

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.

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.

**Licensed Insurance Agency and Agents.** In addition to being registered as an investment advisory firm, the Registrant is also an insurance agency and may be engaged by individuals and businesses seeking life and health insurance products. Furthermore, certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis, and clients can engage the Registrant and/or certain of Registrant's representatives in such a capacity.

**Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the Registrant and/or Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other non-affiliated insurance agencies and/or agents. **The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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

## **B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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

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

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.

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 creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit

upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the *Registrant* has only one Access Person, he or she shall not be required to submit any securities report described above.

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 creates a potential conflict of interest. As indicated above, 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.

### **Review of Accounts**

For those clients to whom Registrant provides investment advisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their financial situation or goals. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), financial situations, goals, and account performance with the Registrant on an annual basis.

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 financial situation, market corrections and client request.

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.

### **Client Referrals and Other Compensation**

The Registrant may receive indirect economic benefits from *Schwab* or other entities including support services and/or products without cost (and/or at a discount). Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding

commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. **The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

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

#### **Financial Information**

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

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.

The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**