

# **Endurance Wealth Management, Inc.**

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This brochure provides information about the qualifications and business practices of Endurance Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact J. Michael Costello, President, Endurance Wealth Management, Inc. at 401-854-0993 or by email [mcostello@endurancewealth.com](mailto:mcostello@endurancewealth.com), or Thomas E. Gardner, Chief Compliance Officer at 401-854-0993 or by email [tgardner@endurancewealth.com](mailto:tgardner@endurancewealth.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 Endurance Wealth Management, Inc. is also available on the Internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 - Material Changes**

This is Endurance's fourth brochure, and it conforms to the newest Securities and Exchange Commission Rules and Regulations.

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## **Item 4 - Advisory Business**

Endurance Wealth Management, Inc. (Endurance) is 100% owned and managed by J. Michael Costello. Mike earned his Bachelor of Arts degree from Boston College, is a Chartered Financial Analyst and has over 27 years of experience in the investment management business.

Based in Providence, RI, Endurance provides investment advisory services and manages investment advisory accounts on a discretionary basis for clients on a fee-based system, manages large accounts on a non-discretionary basis and provides financial projections in certain circumstances.

Endurance specializes in meeting the investment objectives of high net worth individuals and families, entrepreneurs, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other business organizations. Endurance has the fiduciary responsibility always to act in the best interests of the client and to avoid conflicts of interest. Endurance is committed to the preservation of each client's capital and to the growth of their portfolios over the longer term. Endurance's team of highly professional portfolio managers and researchers customize portfolio solutions for each client to meet their growth, income, tax requirements, risk constraints, time horizons and other financial requirements and circumstances.

To accomplish these client objectives, our portfolio managers develop an investment strategy with and for each client. They select and recommend a mix of investments appropriate to achieve the client's needs for growth, income, liquidity and tax considerations, while staying within the client's tolerance for risk. Endurance also honors client requests not to invest in certain socially conscious issues. These investment strategies are reviewed thoroughly with the client, either upon a change in the client's circumstances, or a significant change in a client's investable funds, but at least once in every calendar year.

Our investment committee uses the recommendations of Endurance's research professionals to develop, maintain and modify our list of recommended stocks and to select taxable and tax-exempt fixed income securities. Equity securities include exchange-listed securities, securities traded over the counter, foreign issuers, Exchange Traded Funds (ETF's), options on securities, and occasionally warrants. We may purchase the preferred stock of a recommended company, rather than the common stock, when we determine it is a more appropriate investment. We place short-term investment requirements in high grade Commercial Paper, Certificates of Deposit of banks with assets in excess of \$1 billion and repurchase agreements secured by US Government securities. Mutual funds will often be selected for small, related family accounts, in order to economically and prudently meet their investment diversity and liquidity requirements.

In addition to the fundamental and technical research provided by its research professionals, Endurance's investment committee also refers to information obtained from other sources. These may include financial newspapers and periodicals, corporate rating services, research material provided by other well-known professionals, annual

reports, prospectuses, documents filed with the Securities and Exchange Commission and company press releases.

Where appropriate, Endurance may combine family accounts and price its services based on the aggregate value, rather than the value of each individual account. Although the fees may be combined, each account is managed independently according to the agreed upon strategic investment objectives for each portfolio.

As of June 30, 2014, Endurance managed approximately \$759,920,087 of assets on a fully discretionary basis and \$87,391,854 on a non-discretionary basis. To protect client securities and funds, all client assets are held by a qualified custodian such as a financial institution.

## **Item 5 - Fees and Compensation**

Although we occasionally accept accounts of less than \$1,000,000 in total asset value, most accounts are in excess of that amount either individually or as combined related accounts. Fees are charged as a percentage of total assets under management as follows:

- 1.25% per annum for the first \$1,000,000
- 1.00% on the next \$2,000,000
- 0.80% on the next \$2,000,000
- Fees are negotiated for assets in excess of \$5,000,000
- Fees are negotiated for assets which are managed on a non-discretionary basis
- Fees for Financial Planning Services are negotiated

Except as indicated above, we normally do not negotiate fees. We make a reduced fee rate available for public charities and certain accounts for which only minimal services are provided.

It should be noted that under Endurance's fee structure, it is possible for a smaller account to incur a larger fee, by percentage, than a larger account.

Each portfolio's quarterly fee is computed by having all publicly traded securities held in the portfolio priced by the account's custodian, based on the closing price at the quarter's end. All private equity holdings and non-marketable securities not priced by the custodian are valued at cost or a "fair market value" based on the company's financial condition and its performance versus plan, whichever is lower.

Endurance usually places smaller accounts, such as children's trusts, in a brokerage account with Fidelity, and invests the assets in a variety of mutual funds and ETFs. In addition to those normal fees charged by the mutual fund, Endurance charges a fee of \$100.00 in arrears for selecting and monitoring the selected mutual funds for these accounts. Where investment appropriate, no load funds are selected.

Mutual Funds, including Money Market Mutual Funds, may be of a class that includes a load or commission upon purchase or sale as described in the fund's perspective. All Mutual Funds have operating expenses that are deducted from the fund's assets. The amount of these expenses varies from fund to fund, as expressed in the fund's "expense ratio". Special fees, such as a short term redemption fee, may be charged by a fund sponsor and deducted from the proceeds of a sale or added to the cost of a purchase. Information concerning these fees and any special transaction fees that may apply are found in the Fund's prospectus.

Although Exchange Traded Funds trade similarly to equities and at the same commission rate, they are similar to Mutual Funds in that have operating expenses that are deducted from the assets of the fund. The amount of these expenses varies from fund to fund.

Depending on the specific investment, there may be commission charges, regulatory transaction fees, load charges, operating expense charges or other charges associated with the purchase, sale or holding of other investments. These charges are disclosed on the trade confirmation or in the disclosure document made available in connection with an account's investment in such other types of instruments. An account must specifically consent to make an investment in this type of security before it is purchased.

No one associated with Endurance receives any compensation for the sale of mutual funds, ETF's or other securities or investment products including asset based sales charges or service fees. Nor is Endurance compensated on the basis of a share of capital gains or capital appreciation as in the case of the sale of non-public securities. Endurance does not receive any economic benefit, from markups, commissions or for any other service/arrangement on products recommended to the client.

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

Endurance and its supervised employees do not charge or accept performance based fees, hourly or flat fees, or any other kind fee.

## **Item 7 - Types of Clients**

Endurance specializes in advising and meeting the investment objectives of high net worth individuals and families, entrepreneurs, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other business organizations.

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

Endurance's investment process is fundamentally oriented and uses a two-pronged approach to arrive at an investment strategy – a qualitative top down and a quantitative bottom up comprehensive analysis. Endurance's Investment Committee, which is comprised of all of the portfolio managers and the research team, meets on a weekly basis to formulate and/or modify our investment strategy. Also, the Investment Committee will meet at any time to discuss changing market conditions or a new investment opportunity. This process is the initial step we use to develop an asset allocation, stock and bond selection, and portfolio structure strategy.

**Qualitative Top Down Analysis:** The Investment Committee thoroughly discusses global macro issues such as:

- The economic forecasts for various regions and countries within those regions;
- Any specific financial issues within each region;
- Actions of foreign central banks;
- The trends of various commodity prices; and,
- The trends of major foreign currencies as they relate to the dollar.

Next the Investment Committee discusses the United States economy in depth, looking at such factors as:

- Actual and forecasted Gross Domestic Product;
- A variety of leading, coincident and lagging economic indicators, current and expected monetary and fiscal policy;
- Corporate earnings trends and forecasts;
- Current and expected levels of interest rates;
- The risks of inflation or deflation;
- The potential impact of current and forecasted economic conditions on Federal Reserve policy given its dual mandate;
- The current political environment; and,
- Any outside risks to any of these forecasts.

On the basis of this discussion, the Committee develops a forecast of expected returns for the various equity and fixed income markets over the next six to twelve months.

**Quantitative Bottom Up Analysis:** Next, the research team presents to the Investment Committee the results of their fundamental and technical research. The research group draws on this analytical work, as well as data from other professionals and extensive readings of annual reports, prospectuses, SEC filings, financial publications and corporate rating services, and updates Endurance's list of recommended stocks and fixed income securities in terms of their relative attractiveness.

The Investment Committee is then able to design an investment strategy and asset allocation plan, based on their macro forecast of expected returns combined with the research-developed list of securities.

The Investment Committee recognizes the inherent risks that exist in investing in any security. In addition, it weighs the risk involved in overall market volatility and the risk that global equity prices and global interest rates may each move coincidentally. The Investment Committee works to minimize these risks, and therefore the loss of principal, when they determine Endurance's asset allocation, sector weightings and individual security selections. All portfolios reflect the approved strategy and asset allocation, as adjusted by the portfolio manager to meet the previously determined objectives for each client for growth, income, liquidity, tax position and risk tolerance.

Endurance is a fundamental investor with a long-term market view. Endurance believes that frequent, short-term trading can not be successful nor would such a strategy reflect the fundamental strength and expertise of our firm. In fact, our turnover ratio only averages between 25% and 35% annually. Unless otherwise instructed by the client, Endurance does not leverage a portfolio through borrowing or employ a “long short strategy.”

Endurance's investment universe is centered on recognizable, liquid companies with strong balance sheets and cash flows. This includes large and mid-cap companies, and occasionally small-cap, in both growth and value styles. To further minimize risk, we assign to each holding an upside and downside target price. Target price attainment on the upside may warrant reconsideration for trimming. Downside target price attainment is very disciplined and may result in a sale.

Endurance's fixed income strategy focuses on taxable and tax exempt bonds which are generally investment grade or better. In choosing among multiple available securities with similar return and risk characteristics, Endurance generally favors those securities that appear to be most attractively priced, taking into consideration their yields, call protection and risk characteristics. We closely monitor the current and expected future financial condition of each individual holding. Any financial deterioration or any other cause for a potential ratings downgrade may trigger the security's prompt sale.

All clients are counseled that investing in securities involves a risk of market and/or credit loss.

## **Item 9 - Disciplinary Information**

Neither Endurance nor any of its employees has been or is the subject of any disciplinary, criminal or civil legal action. Neither is Endurance or any of its employees is the subject of any administrative hearing before the SEC or any other federal regulatory authority. Neither has Endurance or any of its employees been involved in a self-regulatory proceeding, been found to be involved in a violation of self regulatory rules or barred or fined for such violation.



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

Endurance and its management are not registered and have no applications pending to:

- (1) Register as a broker dealer or as the registered representative of a broker dealer; or,
- (2) Register as a future commissions merchant, a commodity pool operator, a commodities trading advisor or as associated person in any of these types of entities.

Endurance and its management do not have any arrangement or relationship with:

- Any broker-dealer, municipal securities dealer or government securities dealer;
- An investment company or other pooled investment vehicle;
- Any other investment adviser or financial planner;
- A futures commission merchant, commodity pool operator or commodity trading advisor;
- A bank or thrift institution; accountant or accounting firm;
- A lawyer or law firm;
- Any insurance company or agency;
- Any pension consultant;
- A real estate broker or dealer; or,
- A sponsor or syndicator of limited partnerships.

Endurance does not recommend or select other investment advisers to its clients.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As a Fiduciary, Endurance has an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. We fulfill our responsibility by avoiding conflicts of interest and by fully disclosing all material facts about any conflict that does arise with respect to any client. Endurance specifically prohibits favoritism of one client over another client. Endurance employees will not use knowledge about pending or currently considered securities transactions for clients to profit personally, directly or indirectly, as a result of such transactions.

It is Endurance's policy to place the interests of you, our client, first. All personal securities transactions or trades by Supervised Persons (all employees or anyone who provides advice on behalf of the Company) must be consistent with the Code of Ethics. We also require that all personal security trades be made in such manner as to avoid any potential or actual conflict of interest, or any abuse of any individual's position of trust and responsibility. Endurance's Supervised Persons will not take inappropriate

advantage of their positions. Supervised Persons will maintain the confidentiality of all information concerning the identity, security holdings and financial circumstances of each of Endurance's clients.

All Endurance Supervised Persons will comply with all federal securities laws applicable to Endurance. No Endurance personnel will defraud any client or mislead any client in any manner, including by making any statement that omits material facts. Endurance Supervised Persons will not engage in any act, practice or course of conduct, which would deceive or defraud any client. Endurance Supervised Persons will not engage in any manipulative practice with respect to a client or with respect to securities, including price manipulation.

Supervised Persons will not buy, sell or otherwise trade securities while they are in possession of material nonpublic information about such securities. They will not communicate material nonpublic information to others in violation of the law.

Endurance Supervised Persons will not accept any gifts, favors, entertainment, special accommodations, or other things of more than \$500.00 value from any person or entity that does business with, or seeks to do business with or on behalf of the Company.

Supervised Persons must have the prior consent of Endurance to serve on the Board of Directors of any publically traded company. Endurance further requires that all Supervised Persons report special circumstances, including:

- When they are asked to serve as an executor, trustee, or general partner of a limited partnership client;
- When they have a signatory power over a client's checking account, authority to obtain advisory fees by directly debiting client custodian, or maintain an omnibus-type account in his/her name at a broker or bank in which client securities are maintained after trades settle; or,
- Hold a power of attorney.

All oral and written statements, including those made to clients, prospective clients, their representatives, or the media must be professional, accurate, balanced and not misleading in any way. All written statements must be approved by the Chief Compliance Officer or the President.

If any Endurance Supervised Person or a related party has a material financial interest in any security, it will not be purchased for any client. If such a security is already in a client(s) portfolio, it will only be sold based on the recommendation of the Investment Committee, with the Supervised Person who holds such material financial interest withdrawing from participating in the decision.

In order to prevent any conflict between Endurance personnel and its clients, Supervised Persons will not trade in any personal account or any account in which they have a direct or indirect financial interest in any security without getting the prior approval of the Chief Compliance Officer.

Before executing any personal security transaction, each Supervised Person must submit a written request for consent, which may be made by electronic mail, to the Chief Compliance Officer. This request must include relevant information about the proposed transaction, including the amount, timing, and price (if known) of the transaction. The Chief Compliance Officer will respond promptly to each request, stating whether or not consent is granted. When consent is given, the trade must be completed within twenty-four (24) hours after receipt of the response unless otherwise noted. The Chief Compliance Officer will monitor compliance with these procedures by receiving copies of all confirmations and monthly brokerage statements of all Supervised Persons and related parties' accounts.

All Supervised Persons' trades will be reviewed daily as to price, to insure that their price is no better than that received by our clients. If the client does not have the best price, the accounts are adjusted through National Financial Services, LLC (custodian), a Fidelity Investment Company, on Endurance's instructions, so that the client(s) receives the best pricing before the Endurance Supervised Person.

All Endurance Supervised Persons annually are provided with a copy of Endurance's Code of Ethics, including any amendments, which they must sign to acknowledge they have received and read them.

## **Item 12 - Brokerage Practices**

When you sign our standard Investment Advisory Agreement and become a client, Endurance receives discretionary authority from you. This discretionary authority allows us to determine when securities should be bought and sold, the number of shares to be bought or sold, which broker or dealer should be used for the transaction, and the commission rate to be paid. This discretion permits Endurance's portfolio managers to take advantage of market conditions that will provide the best execution with the greatest benefit to you within the investment strategy agreed upon with you.

Endurance selects brokers or counterparties to execute client transactions in a manner that is consistent with your best interests. In carrying out this duty, we consider the full range and quality of each broker's services, including commission rates, financial responsibility and responsiveness, among other factors. It is Endurance's policy to follow established methods to ensure that it is seeking to achieve best execution of your portfolio transactions while complying with all applicable regulatory standards and your investment guidelines. Best execution means that the net proceeds to you are the most favorable under the circumstances.

When selecting a broker or counterparty to execute transactions, Endurance evaluates a variety of factors including the following:

1. Trading expertise;

2. Infrastructure - systems, communications, timely clearance and settlement and capacity;
3. Research provided and its quality;
4. Soft dollar credits;
5. The ability to accommodate special transactions; and,
6. Minimization of trading costs.

Endurance has trading arrangements with over a dozen brokers and dealers, each charging Endurance the same commission schedule and each meeting the criteria above. The trading arrangements with these broker-dealers are based on receiving either:

1. Their proprietary research which Endurance believes complements Endurance's research capabilities and is used to establish or redefine Endurance's investment strategy and stock selection; or
2. Soft dollar credits which are used to purchase state of the art on-line/real-time news, data, pricing, analytics and fundamentals, and research reports in the fixed income and equity markets. In addition, soft dollar credits are used to purchase systems to streamline the trading workflow, to facilitate block trading and trade allocations to ensure price consistency, and to determine individual portfolio performance.
3. For non-discretionary accounts, no soft dollars are earned and the commission schedule is different than that for discretionary accounts.

Since the commission schedules are identical for discretionary accounts and each broker or dealer has been qualified, we execute trading activity with all the brokers and dealers in the volume needed to ensure that Endurance and our clients continue to benefit from the research or soft dollar credits received. A larger volume of business may be executed with one or more brokers or dealers if it is perceived that the value of their research or soft dollars is of more value than that of other brokers or dealers.

Since the research we receive impacts our decisions surrounding our ongoing investment strategy and asset allocations, all of our clients benefit. Since the research and other investment services paid for with soft dollars similarly impacts portfolio decisions or reduces operating costs, all clients benefit.

We achieve valuable objectives that benefit all our clients by using this research and these services, including:

1. Obtaining and processing as much information about individual stocks and bonds as efficiently and rapidly as possible so that it can be analyzed and conclusions drawn;
2. Becoming aware of and understanding, on a timely basis, the data and events which are impacting the markets hourly;
3. Being able to execute portfolio strategies across all client accounts virtually simultaneously; and,
4. Being able to track/measure each client's portfolio performance accurately.

When the Investment Committee recommends a change in strategy or asset allocation for all accounts, Endurance aggregates (bundles) purchases or sales of an individual stock or bond into one trade representing the various underlying accounts. Although an aggregated or block equity trade has the same transaction cost as a smaller trade, it may receive a better execution price and is a simpler trade for the broker and the custodian to process than a larger number of smaller trades. In the case of an investment grade, fixed income security, the larger the amount of the trade, the better the execution price will be for our clients.

In the case of an individual investment account, small trades are often required to change asset allocation, to raise cash or respond to a change in a client's circumstances. The commission on this trade is on the same basis as a block trade. In the case of a fixed income security, small blocks are carefully managed to avoid significant price concessions.

We receive client referrals from a variety of sources including broker-dealers. Endurance does not directly or indirectly compensate any of these unsupervised sources or recommend or direct client transactions to broker-dealers because of these client referrals.

### **Item 13 - Review of Accounts**

As a part of your initial interview when you establish a relationship with Endurance, your portfolio manager establishes your account's investment policy and objectives for growth, income, capital appreciation, risk tolerances balancing capital preservation and growth, tax requirements and any other restrictions/requirements you wish. Your account will be reviewed with you by your portfolio manager at least annually. Additional periodic reviews may be held if there is a significant capital addition to or withdrawal from your account, or if your circumstances change. At each review, your investment objectives are reviewed with you to make sure they are still appropriate for your goals.

At the time of a your portfolio review with your portfolio manager, a report prepared by Endurance shows your current investment positions, cost basis, market value and yield, together with performance data for your account as compared with certain, selected, relevant, standard indices. Charts may often be used to explain your portfolio's asset allocation, which you can then compare to your specific investment guidelines. Since the listing of securities presented in this review report is not the official custodial report, we recommend to you in writing that you validate the information we present with that of the custodian, as of the same date. You should immediately report any discrepancies to the Endurance Chief Compliance Officer.

The Investment Committee approves all client security holdings except restricted stock positions and positions which the client has requested be retained. As a part of the weekly Investment Committee process, security holdings in all accounts are reviewed. Changes in market outlook, the relative attractiveness of one security over another, or changes in the circumstances of a particular company, for instance, may change the

investment strategy and/or the recommended holdings and/or the recommended asset allocations.

At least quarterly, all clients receive from their custodian a complete statement of all securities held, their original cost and market value, all trades during the period, all cash debits and credits, and a variety of other information usually provided by a "qualified" custodian. More frequent custodial reports are usually available by request or online after the client has provided the necessary log in information.

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

Economic and market information is gathered by Endurance from many sources. Other than the soft dollar arrangements in payment for research and other investment services previously described, these may include:

- Proprietary research for trading activity; or
- Certain professional periodical subscriptions and other subscriber services

Endurance has no other compensation arrangements for the providing of investment advice/information or advisory services.

Client referrals come from a variety of sources including clients, friends, lawyers and accountants. Endurance does not directly or indirectly compensate any of these unsupervised sources for these client referrals.

## **Item 15 - Custody**

Unless directed otherwise by a client to use a different custodian, the custodial relationship for new client accounts is usually established with National Financial Services LLC, a Fidelity Investment Company. If a client wishes to maintain assets with another custodian, The Chief Compliance Officer (CCO) will determine whether the custodian is a "qualified" custodian under SEC rules and will obtain written performance assurances as specified below. It is Endurance's policy that neither Endurance nor any officer of Endurance may obtain or maintain custody of any client's assets on any basis except with the prior notification and approval of the CCO.

Endurance has written assurances from all "qualified" custodians holding client securities that they will send trade confirmations promptly and mail account statements at least quarterly directly to the client or the client's representative. A copy of such statements is made available to Endurance either in hard copy or on line. The custodian certifies annually to Endurance that these statements identify all funds and securities in the account at the end of the period and that the statements set forth all transactions that occurred during that period.

## **Item 16 - Investment Discretion**

Under the standard Investment Advisory Agreement which the client and Endurance sign, it is stated that:

"Endurance shall manage your portfolio with full discretion in accordance with your currently stated investment strategy, with its best judgment and based upon the information available to it."

Occasionally, a client may request that a certain type or group of securities not be purchased for their account. This request is made a part of the client's investment restrictions record and will be honored by Endurance.

Endurance does accept large non-discretionary accounts on a negotiated fee basis.

## **Item 17 - Voting Client Securities**

Unless otherwise directed by a client, Endurance assumes the responsibility for voting all proxies received from companies in which the client has investments.

In most cases, Endurance will vote the proxy in accordance with the recommendations of the issuing company, unless the portfolio manager determines that this is not in the client's best interest. The portfolio manager determines "best interest" by taking into account the client's financial goals, the status and history of the underlying investment and the market conditions in which the issuing company operates. If notified in writing by the client to vote the shares in a particular manner, the portfolio manager will vote accordingly.

If the portfolio manager has a potential conflict of interest, the portfolio manager will notify another, non-conflicted, Endurance portfolio manager who will make the voting decision. If either Endurance or all its portfolio managers are potentially conflicted, Endurance will:

1. Obtain written instructions from the client on how to vote the proxy; or,
2. Obtain written consent to vote the proxy from the client after disclosing to the client the nature of the conflict; or,
3. Obtain guidance on how to vote the proxy from an independent third party such as Broadridge Financial Solutions' Proxy Edge.

In order to maintain accurate, historical records of proxies received and how they were voted, Endurance has engaged the services of Broadridge Financial Solutions' Proxy Edge through which all proxies are voted. Any other relevant written information is maintained in the client's investment file.

A copy of Endurance's proxy voting policies and procedures is available to any client upon written request directed to Endurance's Chief Compliance Officer.

## Part 2B - Brochure Supplement

### Item 1 – Cover Page

The Investment Committee is composed of the members of the Research Department and all portfolio managers.

### Item 2 - Background and Business Experience

**J. Michael Costello, CFA, President of Endurance Wealth Management, Inc.**

Mike, 50, earned his Bachelor of Arts degree from Boston College in 1986 and his Chartered Financial Analyst certification in 1992. Mike has over 27 years of investment management experience with Dru Stock, Inc., Fleet Investment Advisors, The Providence Group, as a principal with Baldwin Bros., Inc. and as President of Endurance.

**John J. Webber, Investment Research Director.** Age 66, John earned his Bachelor of Science degree at Boston College in 1969 and his Masters in Business Administration at Bryant College in 1975. John has over 40 years of investment research experience with Criterion Capital, Fleet Investment Advisors, Baldwin Bros., Inc. and Endurance.

**Kenneth W. Thomae, CFA, Senior Portfolio Manager.** Ken, 68, earned his Bachelor of Arts and Masters in Business Administration from Columbia University in 1967 and 1969 respectively and his Chartered Financial Analyst certification in 1985. With nearly 45 years of experience in the investment management field, Ken has been with Old Colony Trust, Columbia Management Advisors, Inc., as a principal with Baldwin Bros, Inc. and Endurance.

**Peter J. Corsi, Senior Portfolio Manager.** Peter, 49, earned his Bachelor of Arts degree from Princeton University in 1986 and his Masters in Business Administration in 2001 from Boston University. Peter has had 25 years of varied, broad market experience with Citibank NA Capital Markets, the Industrial Bank of Japan, Thompson Financial, Brook Venture Partners-Federal Street Capital, as Chief Global Financial Analyst with Currency Network, Inc., Baldwin Bros., Inc. and Endurance.

**George E. Dlugos, CFA, Senior Research Analyst.** George, 65, earned his Bachelor of Science degree at Fairfield University, his Masters in Business Administration in 1975 at New York University and his Chartered Financial Analyst certification in 1985. During his over 40 years of experience with Chase Manhattan Bank, Fleet Investment Advisors, Evergreen Investment Management, Baldwin Bros, Inc. and Endurance, he has practiced both the disciplines of portfolio management and investment research.

**Donald J. Clarke, CFP®, Portfolio Manager.** Don, 44, earned his Bachelor of Arts in Business Administration and Economics at Skidmore College in 1992 and has 17



years of broad market experience with AXA Advisors, Sunset Trading, Mass Mutual, Arlen Corporation and Endurance.

### **Item 3 – Disciplinary Information**

Neither Endurance nor any of its supervised employees has been or is the subject of any disciplinary, criminal or civil action. Neither is Endurance or any of its employees the subject of any administrative hearing before the SEC or other federal regulatory authority. Neither has Endurance nor any of its employees been involved in a self regulatory proceeding, found to be involved in a violation of self regulatory rules or barred or fined for such violation.

### **Item 4 – Other Business Activities**

None of the Investment Committee members, the portfolio managers or persons in the Research Department, are involved in any other investment related businesses, or receive any compensation based on the sale of securities or other investment products. None of them receive more than ten percent (10%) of their income from any other non-investment business related activities.

### **Item 5 – Additional Compensation**

Neither Endurance nor any of its supervised employees is compensated on the basis of a share of capital gains or capital appreciation realized, or performance based fees or any other kind of fee or service arrangement.

### **Item 6 – Supervision**

Each month, the investment Committee regularly reviews accounts under the management of each portfolio manager to confirm that:

1. The client has agreed to an investment strategy which specifies an agreed upon mix of investments appropriate to attain the client's requirement for growth, income, liquidity and tax considerations while staying within the client's risk tolerance;
2. The existing portfolio adheres to the agreed upon strategy;
3. No unusual changes have occurred in the client's circumstances which should have precipitated a review of the investment strategy; and,
4. At least an annual review of the portfolio's performance with the client has occurred.

Annually, all employees acknowledge that they have read and understand the Compliance Manual and The Code of Ethics and completed the Conflict of Interest Report and the Custody or Possession of Client Assets Report. Quarterly, the Chief Compliance Officer (CCO) reviews the last three months of Investment Statements of each portfolio manager and the statements are checked against all purchase and sales requests granted by the CCO.

Quarterly, the CCO reviews the Investment Committee meeting minutes from the prior quarter for accuracy and completeness. Annually the officer in charge of advertising and marketing acknowledges that all material produced by or for Endurance is accurate, truthful and consistent with all regulations. Annually, the officer in charge of managing the soft dollar account reports on all the activity for the year by broker and its conformity to all rules and regulations. Annually, the officer in charge of proxy voting activities reports on certain issues and whether they are in conformance with all rules and regulations. And, annually the officer in charge of the web site reports any changes to the site and confirms that the site, prior to a change has been archived.

The Chief Compliance Officer is Thomas E. Gardner who can be reached at 401-854-0993 or [tgardner@endurancewealth.com](mailto:tgardner@endurancewealth.com).

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The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances; (See continued footnote page 13)
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients. CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.