

Disclosure Brochure

March 3, 2011

Alpine Financial Advisors, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Alpine Financial Advisors, LLC (hereinafter "AFA"). If you have any questions about the contents of this brochure, please contact Robert Ross at (201) 705-1200. 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 Alpine Financial Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Alpine Financial Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since AFA's last annual update.

AFA does not have any material changes to disclose in this Item as this is AFA's initial Disclosure Brochure, there are no material changes to report.

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Supervised Person Brochure Supplements

Item 4. Advisory Business

AFA is an investment adviser providing financial planning, consulting, and investment management services. Prior to engaging AFA to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with AFA setting forth the terms and conditions under which AFA renders its services (collectively the “*Agreement*”). Neither AFA nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of AFA is not considered an assignment.

AFA has been in business since February, 2011. Interim Holdings is the principal owner(s) of AFA.

AFA will manage client assets on a discretionary and non-discretionary. Because this is AFA’s initial filing, it does not currently have any assets under management.

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

Financial Planning Services

AFA may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

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

Investment Management Services

Clients can engage AFA to manage all or a portion of their assets on a discretionary or non-discretionary basis.

AFA primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, as well as *Independent Managers* (as defined below), in accordance with the investment objectives of the client. AFA also provides advice about any type of investment held in clients' portfolios.

AFA also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, AFA 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.

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

Clients are advised to promptly notify AFA if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon AFA's management services.

Use of Independent Managers

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

When selecting an *Independent Manager* for a client, AFA reviews information about the *Independent Manager* such as its disclosure statement and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that AFA considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, AFA's investment advisory fee set forth above. As discussed above, the client may incur additional fees than

those charged by AFA, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

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

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

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to AFA's right to terminate an account. Clients may withdraw account assets on notice to AFA, subject to the usual and customary securities settlement procedures. However, AFA designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5. Fees and Compensation

AFA offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Alternatively, certain of AFA's *Supervised Persons* may offer securities brokerage services and insurance products under a commission arrangement.

Financial Planning Fees

AFA may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$4,000 on a fixed fee basis and/or from \$150 to \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages AFA for additional investment advisory services, AFA may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging AFA to provide financial planning and/or consulting services, the client is required to enter into a written agreement with AFA setting forth the terms and conditions of the engagement. Generally, AFA requires one-half of the financial planning 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.

Investment Management Fee

AFA provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by AFA. AFA's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. AFA does not, however, receive any portion of these commissions, fees, and costs. AFA's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by AFA on the last day of the previous quarter. The annual fee varies (between 0.80% and 1.50%) depending upon the market value of the assets under management and the type of investment management services to be rendered, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$500,000	1.25% - 1.50%
\$500,001 - \$1,000,000	1.00% - 1.25%
above \$1,000,000	0.80% - 1.00%

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

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), AFA generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

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

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

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

Fees for Management During Partial Quarters of Service

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

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

Additions may be in cash or securities provided that AFA reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. AFA may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$50,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

Commissions or Sales Charges for Recommendations of Securities

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

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

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

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

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

Item 7. Types of Clients

AFA provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Minimums Imposed By Independent Managers

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

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

Methods of Analysis

AFA's utilizes fundamental, technical and cyclical analysis.

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

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

Investment Strategies

AFA focuses on comprehensive wealth management. AFA's goal is to provide individualized advice and guidance to assist clients in achieving their financial goals. AFA's services include portfolio management and planning regarding retirement plans, insurance, annuities, review of trust and estate plans, long term care insurance, and financial planning. In addition, as discussed above in Item 5, certain of AFA's Supervised Persons are registered representatives of PKS and may provide certain of the services mentioned above on a commission basis.

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AFA's goal is to help clients leave its office thinking, "I feel better." AFA and its people take a deep sense of pride in contributing to clients' peace of mind and financial well-being. AFA strives every day to earn the trust and respect of its clients.

It is AFA's belief that every client has a unique set goals and objectives and the most appropriate way to help them meet these goals is to take a holistic approach. AFA believes that it is irresponsible to provide investment advice without an appreciation for the client's goals and objectives. Using a thorough process AFA attempts to identify all areas that need attention.

AFA's investment management strategies begin with the preparation of an investment policy statement to help clarify the risk and return goals and assumptions to be used in portfolio construction, monitoring and review. Through a combination of equities, fixed income, mutual funds, and ETF's AFA designs model portfolios with a keen eye toward an appropriate asset allocation that reflects risk tolerance, returns, and income requirements. AFA believes that diversification can be a valuable ally in achieving consistent returns while minimizing risk.

AFA utilizes two investment styles for the security selection within portfolios. Traditional asset allocation is one and the other is sector rotation through the use of relative strength. Each of these methods utilizes both fundamental and technical analysis.

AFA recognizes that financial planning and investment management is a process, not an event, and that regular meetings with clients, either by phone, email, or in person is essential to achieving desired goals and objectives. In providing financial planning to our clients we follow the Certified Financial Planner® process.

- 1.) Establish and define the client-planner relationship;
- 2.) Gather client data, including goals;
- 3.) Analyze and evaluate the clients financial status;
- 4.) Develop and present financial planning recommendations;
- 5.) Implement the financial planning recommendations; and
- 6.) Monitor the financial planning recommendations.

Risks

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV),

which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

Market Risks

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

Use of Independent Managers

AFA may recommend the use of *Independent Managers* for certain clients. AFA will continue to do ongoing due diligence of such managers, but the such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, AFA does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

General Risk of Loss

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

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

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

Registered Representatives of Broker Dealer

As discussed above in Item 5, certain of AFA's *Supervised Persons* are registered representatives of *PKS*.

Receipt of Insurance Commission

Certain of AFA's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with *PKS*, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While AFA does not sell such insurance products to its investment advisory clients, AFA does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that AFA recommends the purchase of insurance products where AFA's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

AFA and persons associated with AFA (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with AFA’s policies and procedures.

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

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

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

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

Item 12. Brokerage Practices

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

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

The commissions paid by AFA's clients comply with AFA's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where AFA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. AFA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

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

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

Transactions for each client generally will be effected independently, unless AFA decides to purchase or sell the same securities for several clients at approximately the same time. AFA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among AFA's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among AFA's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that AFA determines to aggregate client orders for the purchase or sale of securities, including securities in which

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

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

Commissions or Sales Charges for Recommendations of Securities

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

Software and Support Provided by Financial Institutions

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

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

Item 13. Review of Accounts

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

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Those clients to whom AFA provides financial planning services will receive reports from AFA summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by AFA.

Item 14. Client Referrals and Other Compensation

AFA is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, AFA is required to disclose any direct or indirect compensation that it provides for client referrals. AFA does not have any required disclosures to this Item.

Item 15. Custody

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

The *Financial Institutions* recommended by AFA have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to AFA. Clients should carefully review the statements sent directly by the *Financial Institutions*.

Item 16. Investment Discretion

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

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

Item 17. Voting Client Securities

AFA may vote client securities (proxies) on behalf of its clients. When AFA accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in AFA's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in AFA's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact AFA to request information about how AFA voted proxies for that client's securities or to get a copy of AFA's Proxy Voting Policies and Procedures. A brief summary of AFA's Proxy Voting Policies and Procedures is as follows:

- AFA has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to AFA's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, AFA devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct AFA's vote on a particular solicitation but can revoke AFA's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that AFA maintains with persons having an interest in the outcome of certain votes, AFA takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

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

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