

**GODSHALK WELSH CAPITAL MANAGEMENT, INC.**

**ADV Part 2A, Firm Brochure**

**Dated: March 28, 2018**

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This brochure provides information about the qualifications and business practices of Godshalk Welsh Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (610) 971-0202 or [mwelsh@godshalkwelsh.com](mailto:mwelsh@godshalkwelsh.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 Godshalk Welsh Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Godshalk Welsh Capital Management, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

Since last year's Annual Amendment filing on March 21, 2017, there have been no material changes to this Brochure. Although not material, this Brochure has been revised at Items 4, 5, and 15 to increase and enhance disclosures.

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

- A. Godshalk Welsh Capital Management, Inc. (the “Registrant”) is a corporation formed under the laws of the State of Pennsylvania in 1991. The Registrant is owned by Matthew Welsh. The Registrant was previously known as Eric M. Godshalk & Co.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, pension and profit sharing plans, and charitable organizations) investment advisory services, financial planning and consulting services, and retirement plan consulting services.

##### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary investment advisory services on a *fee only* basis.

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Then, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant generally allocates or recommends that clients allocate investment assets among: exchange-listed securities, securities traded over-the-counter, mutual fund shares, municipal bonds, corporate debt, exchange traded funds (“ETFs”), US government securities, and certificates of deposit on a discretionary basis in accordance with the client’s designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

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

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

Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a *Financial 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 before Registrant commences services. **Please Note:** The Registrant **does not** serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as same. Accordingly, we **do not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his / her / its financial situation or investment

objectives for the purpose of reviewing / evaluating / revising Registrant's previous recommendations and / or services.

## **MISCELLANEOUS**

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

**Data Aggregation Reporting.** Registrant may provide its clients with certain reports, which allow clients to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. **Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance.** The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an *Investment Advisory, Financial Planning, and Consulting Agreement* between Registrant and the client.

**Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services.

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

**prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a participant or beneficiary of a Plan subject to Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (ii) the beneficial owner of an IRA acting on behalf of the IRA; or (iii) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

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

**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 designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant’s written Brochure as set forth on Part 2A of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the *Asset Management Agreement* or *Financial Planning and Consulting Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and / or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant’s services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2017, the Registrant had \$207,472,769 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

### A. INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. Registrant's negotiable annual investment advisory fee shall generally be based upon a percentage (%) of the market value and type of assets placed under Registrant's management, generally ranging from 0.50% to 1.00% as set forth in the fee scheduled referenced in the *Asset Management Agreement* between the client and the Registrant.

The Registrant shall generally price its services based upon various objective and subjective factors including the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Matthew Welsh, remains available to address them.

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

As previously indicated above, to the extent specifically requested by a client, Registrant may determine to provide financial planning and / or related consulting services (i.e., estate planning, insurance planning, etc.) on a stand-alone fee basis per the terms and conditions of a *Financial Planning and Consulting Agreement* executed by the Registrant and the client. Registrant's planning and consulting fees are negotiable, but generally the Registrant charges between \$1,000 and \$5,000 on a fixed fee basis, or \$200 per hour on an hourly basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

**Please Note: Margin Accounts.** The Registrant **does not** recommend the use of margin. However, should a client determine to use margin, the Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, the Registrant's fee shall be based upon a higher margined account value, resulting in the Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since the Registrant may have an economic disincentive to recommend that the client terminate the use of margin. **The Registrant's Chief Compliance Officer, Matthew Welsh, remains available to discuss the above.**

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Asset Management Agreement* and the custodial / clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and / or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Charles Schwab &

Company, Inc. (“Schwab”) serve as the broker-dealer / custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and / or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant’s investment management fee, brokerage commissions and / or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. The Registrant’s annual investment advisory fee shall be prorated and paid quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally does not require a minimum annual investment advisory fee. However, in limited circumstances, the Registrant may require a minimum quarterly fee as expressly referenced in the *Asset Management Agreement*. The Registrant, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

The *Asset Management Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Asset Management Agreement*. Upon termination, the Registrant may debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing month or billing quarter, as applicable.

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

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

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

## **Item 7            Types of Clients**

The Registrant’s clients shall generally include individuals, high net worth individuals, pensions and profit sharing plans, and charitable organizations. The Registrant generally does not require a minimum annual investment advisory fee. However, in limited circumstances, the Registrant may require a minimum quarterly fee as expressly referenced in the *Asset Management Agreement*. The Registrant, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.). **Please Note:** Similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant’s Chief Compliance Officer, Matthew Welsh, remains available to address any questions that a client may have regarding its advisory fee schedule.

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

A. The Registrant may utilize the following methods of security analysis:

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

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

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current / new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and / or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, 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.



- C. Registrant recommends asset allocations based on a particular client's economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. Registrant also considers historical yields, potential appreciation and marketability before making investment recommendations. Registrant recommends and manages many types of asset allocations, including: exchange-listed securities, mutual fund shares, corporate debt, ETFs, US government securities, real estate investment trusts, and certificates of deposit on a discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9            Disciplinary Information**

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

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant does not recommend or select other investment advisors for its clients.

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

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

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

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and / or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and / or representatives of the Registrant are in a position to materially benefit

from the sale or purchase of those securities. Therefore, this situation 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 before those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his / her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person’s account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person’s current securities holdings. However, at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and / or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and / or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer / custodian for execution and / or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer / custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Asset Management Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial / clearing agreement with each designated broker-dealer / custodian.

Factors that the Registrant considers in recommending *Schwab* (or another broker-dealer / custodian, investment platform and / or mutual fund sponsor) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and / or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission / transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission

rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer / custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer / custodian, Registrant may receive from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and / or at a discount) support services and / or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and / or practice management-related publications, discounted or gratis consulting services, discounted and / or gratis attendance at conferences, meetings, and other educational and / or social events, marketing support, computer hardware and / or software and / or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and / or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

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, Matthew Welsh, 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 such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, 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.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, Matthew Welsh, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and / or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and / or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer / custodian and / or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an economic benefit from *Schwab*. The Registrant, without cost (and / or at a discount), may receive support services and / or products from *Schwab* (which may include direct monetary assistance from *Schwab* to obtain certain services or products).

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, Matthew Welsh, 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.**

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

## **Item 15            Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer / custodian and / or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance. **Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from the Registrant to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

## **Item 16            Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a

client's account, the client shall be required to execute an *Asset Management Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types / amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

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

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Registrant may consult with clients as they may request in regard to corporate actions of individual issuers and investment companies, consistent with the Registrant's fiduciary duty to act in the best interests of its clients.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

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

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

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