

**Part 2A of Form ADV**

***Firm Brochure***

**Gage-Wiley Group, Inc., d/b/a**

**NEW ENGLAND CAPITAL**

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This brochure provides information about the qualifications and business practices of New England Capital. If you have any questions about the contents of this brochure, please contact us at (413) 584-9121 or [cmilne@necapital.com](mailto:cmilne@necapital.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 New England Capital also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 106518.

## **Item 2 Material Changes**

Pursuant to the amendments adopted by the SEC in July, 2010, we are required to provide you with a list of material changes that have occurred since our last issuance of this document. The following represent these material changes.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### New Location for Plymouth Office

New England Capital has moved the recently established full time Plymouth Office from its temporary location to the permanent location. Accordingly, services are now offered at 7 Middle Street, Plymouth, Massachusetts 02360.

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

Gage-Wiley Group, Inc. is a SEC-registered investment adviser with its principal place of business located in Massachusetts. Gage-Wiley Group, Inc. conducts an investment advisory business using the d/b/a New England Capital (“NEC”). It has been engaged in the investment advisory business since 1994.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Christopher B. Milne President, New England Capital. Through NEC, Mr. Milne offers the following advisory services to our clients:

#### **INVESTMENT SUPERVISORY SERVICES OVERVIEW**

NEC offers a selection of advisory services to individuals, pension and profit sharing plans, Trusts, Estates, charitable organizations, corporations and other business entities.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

NEC creates client portfolios consisting of one of, or a combination of, the following: individual equities, bonds, no-load or load-waived mutual funds.

**NEC’s portfolio management services include the following distinct portfolio management approaches:**

##### **Strategic Funds Accounts (SFA)**

These are diversified, actively managed portfolios of no-load or load-waived mutual funds and may include exchange trade funds (ETFs) when appropriate to the client’s investment objective. The primary investment goal is to reduce overall investment volatility by investing in a diversified group of mutual funds and to simultaneously enhance performance, as compared to other diversified strategies, by weighting selected funds by sector, strategy or style based upon intermediate to long-term market trends. ETF positions may be used both as a long-term or short-term strategy.

##### **Separately Managed Accounts (SMA)**

These accounts are actively managed portfolios of individual securities (which may include common stocks, preferred stocks, exchange traded funds, convertible securities, bonds, debentures and other corporate obligations, U.S. government or agency securities, municipal obligations, mutual funds). The primary objective is to achieve long-term investment returns consistent with the needs and objectives of individual clients. Portfolios managed as Separately Managed Accounts may differ substantially due to individual clients risk/reward profile, investment objective, timing of deposits, near term cash needs, and tax issues.

**Supervised Portfolio Management (SPM)**

We also offer advisory management services to our clients. Based upon an asset allocation strategy developed through discussions with our clients, NEC recommends, based upon its own due diligence and analysis, one or more unaffiliated registered investment advisors based upon the unaffiliated investment advisors' portfolio management style. While the client's advisory agreement is with NEC and NEC supervises the management of the account(s), client accounts are actually managed on a discretionary basis by the non-affiliated advisor. These outside investment advisors generally direct the client's brokerage transactions to NEC's affiliate broker/dealer, Gage Wiley & Co., Inc. Separate from advisory fees charged clients, Gage Wiley & Co., Inc., will charge a commission on such trades generally at a 40% discount to its standard commission charges.

**CustomChoice and FundSource/Pathways Programs**

CustomChoice and FundSource/Pathways programs are all inclusive "wrap fee" programs sponsored by Wells Fargo Advisors, LLC ("WFA") and offered by NEC in association with NEC's affiliate broker/dealer, Gage-Wiley & Co., Inc. Based upon a review of a client's investment objectives and risk tolerance, along with other pertinent information, NEC recommends an asset allocation strategy and matches that strategy with a WFA allocation model. Clients may choose a non-discretionary CustomChoice account or a discretionary FundSource/Pathways account. Clients are directed to the WFA Schedule H disclosure document for additional information on these programs.

**Asset Advisor**

Asset Advisor is a comprehensive, non-discretionary investment advisory program sponsored by Wells Fargo Advisors, LLC ("WFA") and offered by NEC in association with NEC's affiliate broker/dealer, Gage-Wiley & Co., Inc. Asset Advisor is a client-directed program that includes advisory services along with custodial and transaction costs in a single asset-based fee. Asset Advisor offers clients the flexibility to invest in a wide range of eligible investments in a single fee based account including stocks, bonds, cash alternatives, exchange traded funds, unit investment trusts, and approximately 4,000 no-load and load-waived mutual funds. This Program also provides for an optional mutual fund automatic rebalancing feature. The Asset Advisor Program has a limit of 120 trades per year and is offered to accounts with a minimum balance of \$25,000.

**Financial Planning**

NEC provides investment analysis and advice in the form of a Financial Plan. Clients desiring financial planning advice and services can purchase these services and they will receive a written report addressing as many of the following concerns as are relevant: personal goals including budgeting, personal liabilities, estate information and financial goals; taxes and cash flows; education planning; retirement planning; and death and disability issues. NEC always encourages clients to work closely with their attorney, accountant, insurance agent and other appropriate advisors. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All investment recommendations are generic in nature, but tailored to client needs determined by the financial plan.

## **Item 5 Fees and Compensation:**

### **INVESTMENT SUPERVISORY SERVICES**

#### **Strategic Funds Accounts ("SFA") and Separately Managed Accounts ("SMA")**

The annual fee for SFA and SMA accounts will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$99,999	2.00% of assets
Next \$150,000	1.50% of assets
Balances above \$249,999	1.00% of assets

Clients are invoiced or their account directly debited at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. In addition to the management fee, SFA accounts pay an annual custody fee and a small transaction charge for any equity/ETF trades directly to the custodian. SMA brokerage transactions are generally directed to NEC's affiliate broker/dealer, Gage-Wiley & Co., Inc. However, Gage-Wiley generally discounts commissions charged to SMA clients by 40%. Generally, NEC does not accept client's accounts in its SFA and SMA management programs unless clients open the accounts with minimum balances of \$100,000.00 and \$250,000.00 respectively.

#### **Supervised Portfolio Management Services ("SPM")**

The annual fee for Supervised Portfolio Management Services ("SPM") will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$249,999 under management	2.00% of assets
Next \$750,000	1.50% of assets
Balances above \$999,999	1.00% of assets

Fees earned on supervised portfolio management services are shared with the unaffiliated portfolio manager and are not separate or additional fees charged to clients. Clients are invoiced or their account directly debited at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. SPM brokerage transactions are generally directed to NEC's affiliate broker/dealer, Gage-Wiley & Co., Inc. However, Gage-Wiley generally discounts commissions charged to SPM clients by 40%. Clients should also refer to the independent investment manager's disclosure document (Part 2A of Form ADV or other disclosure document in lieu of Part 2A) for additional information regarding its advisory services and fees charged. The minimum investment in the Supervised Portfolio Management Services program is \$500,000.

### **CustomChoice and FundSource/Pathways Programs**

As previously disclosed, clients participating in the CustomChoice and FundSource/Pathways programs pay an all inclusive wrap fee which includes charges for advisory services, custody, clearing, transaction execution and account reporting. The annual fee is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$500,000	1.50% of assets
Next \$500,000	1.25% of assets
Next \$1,000,000	1.00% of assets
Over \$2,000,000	Negotiable

CustomChoice and FundSource/Pathways clients are invoiced or their account directly debited at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. Clients should also refer to the WFA Schedule H disclosure document for additional information regarding the CustomChoice and FundSource/Pathways program. The minimum investment in the CustomChoice and FundSource/Pathways programs is \$25,000.

### **Asset Advisor**

Clients participating in Asset Advisor are charged a single asset based fee in lieu of individual sales charges and commissions that would otherwise be incurred on buy and/or sale transactions. This asset based fee accounts for other such fees and charges including advisory services, custody, clearing, and account reporting.

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	3.00% of assets
Next \$750,000	2.50% of assets
Over \$1,000,000	2.00% of assets

## **OTHER COMPENSATED SERVICES**

### **Financial Planning**

Financial planning fees will be calculated based on a charge of \$200.00 to \$400.00 per hour depending on the nature and complexity of the individual client's personal circumstances. The length of time it will take to provide a financial plan will depend on each client's personal situation. For clients that have no pre-existing relationship with the NEC or its affiliate broker/dealer, NEC reserves the right to request the client fund a retainer to secure payment for such services. The amount of any such retainer will be determined by NEC based upon a discretionary percentage of the estimated hours to complete the engagement.

### **Consulting**

NEC's consulting fees will be calculated based on a charge of \$200.00 to \$400.00 per hour. The length of time it will take to complete the consulting service will depend on the nature and complexity of the individual client's personal circumstances. An estimate for total hours will be determined at the start of the advisory relationship. For clients that have no pre-existing relationship with the NEC or its affiliate broker/dealer, NEC reserves the right to request the client fund a retainer to secure payment for such services. The amount of any such retainer will be determined by NEC

based upon a discretionary percentage of the estimated hours to complete the engagement.

#### **Item 6 Performance Based Fees:**

In some cases, and based on investor suitability, NEC manages individual securities accounts on a performance fee basis. Performance fees are charged based upon a percentage of assets under management plus a percentage of the net capital appreciation of the account. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us.

Performance fees charged for this service are determined by the client's individual circumstances and will never exceed 50% of the account's performance above a benchmark index agreed upon by NEC and the client.

Clients must consider and understand that there is a potential conflict of interest between the client and NEC when managing assets subject to a performance fee in that such a fee creates an incentive to recommend investments which may have a greater risk/reward ratio or may be otherwise more speculative than those which might be recommended under a different fee arrangement. Unless otherwise agreed, NEC directs all securities transactions for all client equity accounts, including Clients whose equity accounts are managed by NEC subject to a performance fee, to its affiliate broker/dealer, Gage-Wiley. Performance fee based clients are generally charged the minimum trade order ticket charge.

*Performance-based fees will only be charged in accordance with the provisions of Reg. 205-3 of the Investment Advisors Act of 1940 and/or applicable state regulations. The fees will not be offered to any client residing in a state in which such fees are prohibited.*

#### **Additional Disclosure Pertaining to Fees Charged NEC Advisory Clients:**

Although New England Capital has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and reporting among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Clients are invoiced for fees or they may elect to have their account(s) directly debited. Fees are calculated and assessed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of said quarter.



Unless otherwise agreed, clients participating in these programs direct brokerage in their account(s) to NEC's affiliate broker/dealer, Gage-Wiley & Co., Inc. and such brokerage is cleared through Gage Wiley's clearing broker, First Clearing, or through TD Ameritrade, which acts as custodian for Strategic Funds Accounts. Clients should recognize and understand that they are charged brokerage commissions on securities transactions directed to Gage-Wiley. NEC client commissions are generally discounted by 40%, and in some instances clients have negotiated additional discounts with Gage-Wiley. While Gage-Wiley strives to insure that clients receive the best execution in the market place, Gage-Wiley relies upon First Clearing to insure best execution is achieved. Gage-Wiley periodically reviews historical data to determine the quality of First Clearing's execution. Brokerage commission charges to NEC clients are not always uniform among clients due to factors that include transaction size and costs, negotiated commission rates, and management's exercise of discretion.

## **GENERAL INFORMATION**

### **Termination of the Advisory Relationship:**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. In case of termination, NEC's fee will be prorated to the date of termination.

### **Item 7 Types of Clients:**

New England Capital provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- Other

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

#### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. We review charts of market and security activity in an attempt to identify when the market is moving up or down and to anticipate how long the trend may last and when that trend might reverse.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Qualitative Analysis.*** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate

from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks For All Forms of Analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Short-term purchases.*** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Trading.*** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term

purchase, or

- the potential of having to take a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
3. *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of

time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

- We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.
- We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.
- We use a "spreading strategy," in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. In managed accounts, our use of these more aggressive strategies is often infrequent. We ask that you work with us to help us understand your tolerance for risk.

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

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

##### ***Firm Registration:***

In addition to New England Capital being a registered investment adviser, our affiliate, Gage Wiley & Co., Inc. is registered as a FINRA member broker-dealer. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

##### ***Management Personnel Registrations:***

Management personnel of New England Capital are separately licensed as registered representatives of Gage Wiley & Co., Inc., an affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

Some management personnel of our firm, in their individual capacities, are licensed insurance agents. In the event that a client purchases an insurance product from one of our licensed agents, that individual will receive separate, yet customary commission compensation for executing that transaction. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by New England Capital and its management persons or employees on directed brokerage to Gage Wiley & Company, Inc. creates a potential conflict of interest that could be construed to impair the objectivity of our firm and these individuals when making advisory recommendations. New England Capital, however, endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; directed brokerage executed by Gage Wiley & Co., Inc. is generally discounted by 40% to the broker/dealer's standard rates. NEC also takes the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

New England Capital and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of securities transactions reports on a quarterly basis as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

New England Capital's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal

or professional capacity.

New England Capital or individuals associated with our firm do not buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that should such transactions occur they will be conducted in compliance with all the provisions under Section 206(3) of the Advisors Act governing principal transactions to advisory clients.

Management personnel of NEC are separately licensed as registered representatives of Gage Wiley & Co., Inc., an affiliated broker-dealer. These individuals, in their separate capacity, effect securities transactions for NEC advisory clients for which they will receive separate compensation in the form of brokerage commissions. Client brokerage transactions are generally directed to NEC's affiliate broker/dealer, Gage-Wiley, however Gage-Wiley generally discounts commissions charged to supervised portfolio management clients by 40% against its standard commission charges, unless otherwise agreed.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [cmilne@necapital.com](mailto:cmilne@necapital.com), or by calling us at (413) 584-9121.

## **Item 12 Brokerage Practices:**

New England Capital's Management Agreement requires that clients provide us with written direction in determining Brokerage and Custody services.

New England Capital will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. New England Capital will typically aggregate trades among clients whose accounts are being traded. New England Capital's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with New England Capital, or our firm's order allocation policy.

- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable New England Capital to seek best execution for, each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) New England Capital's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on New England Capital's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

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

#### **Strategic Funds Accounts (SFA) and Separately Managed Accounts (SMA)**

**REVIEWS:** These holdings in these accounts are continually monitored and the accounts are



reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed principally by Christopher B. Milne, President, with the assistance of other qualified management representatives.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports and commentary summarizing account balances, performance and activity.

### **Supervised Portfolio Management (SPM)**

**REVIEWS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

These accounts are reviewed principally by Christopher B. Milne, President, with the assistance of other qualified management representatives, on a quarterly basis, to assure adherence to account objective and performance expectations.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Supervised Portfolio Management accounts receive from their broker-dealer, these clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

New England Capital does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **CustomChoice and FundSource/Pathways Accounts**

**REVIEWS:** These accounts are reviewed quarterly in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed principally by Christopher B. Milne, President, with the assistance of other qualified management representatives.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that CustomChoice and FundSource/Pathways clients receive from their broker-dealer, Wells Fargo Advisors ("WFA") will provide quarterly reports and commentary summarizing account balances, performance and activity.

## **Asset Advisor**

**REVIEWS:** These accounts are reviewed on at least a quarterly basis in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by certain events and may also be requested by the client.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Asset Advisor clients receive from their broker-dealer, Wells Fargo Advisors ("WFA") will provide quarterly performance reports to track client progress.

## **Financial Planning Services**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

It is New England Capital's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is New England Capital's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody:**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

**Item 16 Investment Discretion:**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

**Item 17 Voting Client Securities:**

As a matter of firm policy, **we do not** vote proxies on behalf of clients, nor do we offer any consulting assistance regarding proxy issues to clients.

**Item 18 Financial Information:**

As an advisory firm that maintains discretionary authority for client accounts we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. New England Capital has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

New England Capital has never been the subject of a bankruptcy petition.