

# Concannon Wealth Management, LLC

SEC File Number: 801 – 72703

## **ADV Part 2A, Firm Brochure**

**Dated: February 13, 2017**

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This Brochure provides information about the qualifications and business practices of Concannon Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (610) 814-2474 or [kbrown@cwm.us.com](mailto:kbrown@cwm.us.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 Concannon Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Concannon Wealth Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2           Material Changes**

The following material changes have been made to Concannon's Disclosure Brochure since our last Annual Amendment filing made on March 15, 2017:

- Concannon has entered into an agreement with Charles Schwab & Co., Inc. whereby Concannon is receiving certain additional benefits. (See Item 12 below)
- Concannon has entered into a business relationship with Dynasty Financial Partners. (See Item 10 below)

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#### Item 4            Advisory Business

- A. Concannon Wealth Management, LLC (“Concannon”) is a limited liability company formed on July 9, 1998 in the Commonwealth of Pennsylvania. Concannon is owned by Brad Griswold, Robert Vitale, Anthony Deutsch, Kathryn Brown, Anthony Bragano and Dennis Morton. Mr. Griswold is Concannon’s Managing Member.
- B. As discussed below, Concannon offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### INVESTMENT ADVISORY SERVICES

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

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

To the extent requested by a client, Concannon *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging Concannon to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Concannon setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Concannon commencing services. If requested by the client, Concannon may recommend the services of other professionals for implementation purposes, including Concannon’s representatives in their individual capacities as registered representatives of a broker dealer, licensed insurance agents and/or certified public accountants. (*See* disclosure at Item 10.C below). 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 Concannon. **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 Concannon if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Concannon’s previous recommendations and/or services.

## MISCELLANEOUS

**Business Relationship – Dynasty Financial Partners, LLC.** Concannon maintains a business relationship with Dynasty Financial Partners, LLC (“Dynasty”). Please see Item 10 below for more information.

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Concannon *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Concannon, nor any of its representatives, serves as an attorney or accountant and no portion of Concannon’s services should be construed as same. To the extent requested by a client, Concannon may recommend the services of other professionals and other firms for certain non-investment implementation purposes (i.e. attorneys, law firms, accounting firms, accountants, insurance agents or agencies, etc.), including representatives or affiliates of Concannon (See Item 10 for a complete description of our affiliates). The client is under no obligation to engage the services of any such recommended professional or affiliate. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Concannon. **Please Note:** If the client engages any such recommended professional or affiliate, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional or affiliate. **Please Also Note:** It remains the client’s responsibility to promptly notify Concannon if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating and revising our previous recommendations or services.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Concannon on a non-discretionary investment advisory basis **must be willing to accept** that Concannon cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Concannon would like to make a transaction for a client’s account (including an individual holding or in the event of general market correction), and the client is unavailable, Concannon will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client’s consent.**

**Trade Error Policy.** Concannon shall reimburse accounts for losses resulting from Concannon’s trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within Concannon’s custodian firm account and Concannon’s custodian donates the gains to charity.

**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. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employment Retirement Income Security Act of 1974, or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an**

**account managed by Registrant. The Registrant's Chief Compliance Officer, Kathryn Brown, 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.**

**ByAllAccounts and eMoney Advisor Platforms.** Registrant, in conjunction with the services provided by ByAllAccounts and "eMoney Advisor" ("eMoney"), may provide comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, Registrant's service relative to the Excluded Assets is limited to reporting only.

The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

**Independent Managers.** For those clients that require a specialized level of investment management services, Concannon may also recommend that certain clients authorize us to engage certain independent investment managers (the "*Independent Managers*"), based upon the stated investment objectives of the client. Concannon shall continue to monitor and review the client's account performance, investment objectives, and asset allocation, for which Concannon shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*. Factors which Concannon shall consider in recommending *Independent Managers* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. Concannon generally has the authority to determine the broker-dealer/custodian to be used by the designated *Independent Managers* relative to those accounts for which the *Independent Managers* provide discretionary investment management services for Concannon's clients. 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, are exclusive of, and in addition to, Concannon's ongoing investment advisory fee. Fees charged by Concannon pursuant to the use of *Independent Managers* may be either in advance or arrears depending upon the specific *Independent Manager* relationship, and will be disclosed to the client at the point of entering into the relationship. Once a client has authorized Concannon to engage an Independent Manager, Concannon is authorized to add additional client assets to the Independent Manager. This may result in a client paying additional fees. A client may direct Concannon, in writing, not to engage an Independent Manager or not to allocate additional assets to any Independent Manager.

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

his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Concannon's previous recommendations and/or services.

**Disclosure Statement.** A copy of Concannon's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. Concannon shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Concannon 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 Concannon's services.
- D. Concannon does not participate in a wrap fee program.
- E. As of January 13, 2016, Concannon had \$417,508,212 in assets under management on a discretionary basis and \$1,781,094 in assets under management on a non-discretionary basis.

## **Item 5            Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage Concannon to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, Concannon's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Concannon's management as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Up to \$5,000,000	1.00%*
Next \$5,000,000	0.75%
Above \$10,000,000	Negotiable

\*Accounts are subject to a minimum fee of \$7,500. Therefore, if a client maintains less than \$750,000 of assets under Concannon's management, and is subject to the \$7,500 annual minimum fee, the client will pay a higher percentage annual fee than the 1.00% referenced in the above fee schedule.

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

To the extent specifically requested by a client, Concannon *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Concannon's planning and consulting fees are negotiable, but generally range from \$2,000 to \$10,000 on a fixed fee basis, and from \$250 to \$550 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Concannon's advisory fees deducted from their custodial account. Both Concannon's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Concannon's investment advisory fee and to directly remit that management fee to Concannon in compliance with regulatory procedures. In the limited event that Concannon bills the client directly, payment is due upon receipt of Concannon's invoice. Concannon shall deduct fees and/or bill clients monthly in advance, based upon the market value of the assets on the last business day of the previous month.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Concannon shall generally recommend that Charles Schwab & Co. 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 Concannon'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). Clients engaging Independent Managers will incur additional investment advisory fees.
- D. Concannon's annual investment advisory fee shall be prorated and paid monthly, in advance, based upon the market value of the assets on the last business day of the previous month. Concannon generally requires an annual minimum fee of \$7,500. Concannon, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee requirement based upon certain criteria. (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Concannon and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Concannon shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing month.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of Concannon's representatives, in their individual capacities, as registered representatives of Purshe Kaplan Sterling Investments ("*PKS*"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *PKS*, *PKS* will charge brokerage commissions to effect securities transactions, a portion of which commissions *PKS* shall pay to Concannon's representatives, as applicable. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers. In addition, *PKS*, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.
  - 1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *PKS* presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on

commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Concannon's representatives. **Concannon's Chief Compliance Officer, Kathryn Brown, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

2. **Please Note:** Clients may purchase investment products recommended by Concannon through other, non-affiliated broker dealers or agents.
3. Concannon does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Concannon recommends to its clients.
4. When Concannon's representatives sell an investment product on a commission basis, Concannon does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Concannon's representatives do not also receive commission compensation for such advisory services. **However,** a client may engage Concannon to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Concannon's representatives on a separate commission basis.

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

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

## **Item 7            Types of Clients**

Concannon's clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. Concannon generally requires an annual minimum fee of \$7,500 for investment advisory services. Therefore, in certain limited cases, clients will pay a higher percentage annual fee than referenced in Item 5.A. above. Concannon, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee requirement based upon certain criteria. (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Concannon may utilize the following methods of security analysis:
  - **Charting** - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)



Concannon 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)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** 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 Concannon) will be profitable or equal any specific performance level(s).

- B. Concannon'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 Concannon must have access to current/new market information. Concannon has no control over the dissemination rate of market information; therefore, unbeknownst to Concannon, certain analyses may be compiled with outdated market information, limiting the value of Concannon'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.

Concannon'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.

In addition to the fundamental investment strategies discussed above, Concannon may also implement and/or recommend covered call writing. Options transactions pose a higher level of inherent risk than the fundamental investment strategies discussed above.

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile

price movement. Covered call strategies are generally suited for companies with little price volatility.

- C. Currently, Concannon primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”), on a discretionary and/or non-discretionary basis in accordance with the client’s designated investment objective(s).

## **Item 9           Disciplinary Information**

Concannon has not been the subject of any disciplinary actions.

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

- A. **Registered Representative of PKS.** As disclosed above in Item 5.E, certain of Concannon’s representatives are also registered representatives of *PKS*, a FINRA member broker-dealer
- B. Neither Concannon, 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. **Broker Dealer.** As disclosed above in Item 5.E, certain of Concannon’s representatives are registered representatives of *PKS*, a FINRA member broker-dealer. Clients can choose to engage Concannon’s representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Licensed Insurance Agents.** Concannon’s representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage Concannon’s representatives to purchase insurance products on a commission basis.

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

**Concannon Miller & Co.** Certain members of Concannon are also owners of Concannon Miller & Co. P.C. (“*Concannon Miller*”), a public accounting firm. To the extent that a client specifically requests accounting advice and/or tax preparation services, Concannon

may recommend the services of *Concannon Miller*. Any such accounting advice and/or tax preparation services shall be rendered independent of Concannon pursuant to a separate agreement between the client and the CPA and/or *Concannon Miller*. Concannon shall not receive any of the fees charged by the CPA and/or *Concannon Miller*, referral or otherwise.

**Conflict of Interest:** The recommendation by Concannon's representatives that a client engage the services of *Concannon Miller*, presents a conflict of interest. No client is under any obligation to engage *Concannon Miller*. **Concannon's Chief Compliance Officer, Kathryn Brown, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Relationship with Dynasty.** Concannon maintains a business relationship with Dynasty. Dynasty offers operational and back office core service support to independent registered investment advisors either directly or through its network of third-party service providers. Through the Dynasty network of service providers, Concannon has access to trading technology, transition support, reporting, custody, brokerage, investments, compliance, marketing support and other related consulting services.

While Concannon believes that this open architecture structure for both operational and investment services best serves the interests of its advisory Clients, this relationship presents certain conflicts of interest due to the fact that Dynasty charges a tiered asset based fee that lowers the fee percentage as assets increase. Concannon receives the benefit of asset-based breakpoints with Dynasty. The fee for these services is included in the fees paid by the Client.

Dynasty has assisted Concannon in negotiating or facilitating payments from *Schwab* in the form of credits to be applied toward qualifying third party service provider expenses incurred in relation to transition costs or the provision of core services. This may include, but is not limited to, support of Concannon's research, marketing, technology or software platforms. In some instances, Dynasty may serve in an administrative capacity to support the disbursement of these funds furnished by the Custodian.

- D. Concannon does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Concannon maintains an investment policy relative to personal securities transactions. This investment policy is part of Concannon's overall Code of Ethics, which serves to establish a standard of business conduct for all of Concannon'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, Concannon also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Concannon or any person associated with Concannon.

- B. Neither Concannon nor any related person of Concannon recommends, buys, or sells for client accounts, securities in which Concannon or any related person of Concannon has a material financial interest.
- C. Concannon and/or representatives of Concannon *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Concannon and/or representatives of Concannon 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 Concannon did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Concannon’s clients) and other potentially abusive practices.

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

- D. Concannon and/or representatives of Concannon *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Concannon and/or representatives of Concannon 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 11.C, Concannon has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Concannon’s Access Persons.

## **Item 12      Brokerage Practices**

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

Factors that Concannon considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Concannon, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Concannon's clients shall comply with Concannon'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

Concannon 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 Concannon 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, Concannon's investment management fee. Concannon'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, Concannon may receive from *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Concannon to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Concannon 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 Concannon 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 Concannon in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Concannon to manage and further develop its business enterprise.

Concannon'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 Concannon 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.

**Concannon's Chief Compliance Officer, Kathryn Brown, 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.**

**Technology & Marketing Reimbursement:** Specifically, *Schwab* has agreed to reimburse Concannon for certain technology expenses in furtherance of the transition of custodian relationships to *Schwab*, so as to permit Concannon to upgrade existing technology to enhance its client offering and its internal systems. Concannon estimates that upon completion of the technology & marketing enhancements, such reimbursement will approximate \$25,000 over the next year. *Schwab's* has agreed to reimburse these expenses with the expectation that Concannon will have an additional \$50 million in client assets custodied with *Schwab*.

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

Concannon'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 Concannon 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.

2. Concannon does not receive referrals from broker-dealers.
3. Concannon 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 Concannon 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 Concannon. 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 Concannon 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 Concannon. 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.

**Concannon's Chief Compliance Officer, Kathryn Brown, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Concannon provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Concannon decides to purchase or sell the same securities for several clients at approximately the same time. Concannon 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 Concannon'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. Concannon 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 Concannon provides investment supervisory services, account reviews are conducted on an ongoing basis by Concannon's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Concannon 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 Concannon on an annual basis.
- B. Concannon 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. Concannon 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, Concannon may receive an economic benefit from *Schwab*. Concannon, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Concannon'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 Concannon 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.

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

## Item 15 Custody

Concannon shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. 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. Concannon may also provide a written periodic report summarizing account activity and performance. **Please Note:** To the extent that Concannon provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Concannon with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Concannon's advisory fee calculation. **Please Also Note: Custody Situations:** The Registrant engages in other practices that require disclosure at the Custody section of Part 1 of Form ADV, which practices are subject to an annual surprise examination by an independent accountant in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. **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 Concannon to provide investment advisory services on a discretionary basis. Prior to Concannon assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Concannon as the client's attorney and agent in fact, granting Concannon 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 Concannon on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Concannon'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 Concannon's use of margin, or add additional assets to an Independent Manager for which additional fees are incurred, etc.).

## Item 17 Voting Client Securities

- A. Concannon 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. For clients engaging Independent Managers, clients are encouraged to request the proxy voting policy of such Independent Manager, who may or may not vote proxies.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Concannon to discuss any questions they may have with a particular solicitation.



**Item 18      Financial Information**

- A. Concannon does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Concannon 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. Concannon has not been the subject of a bankruptcy petition.

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