

Wrap Fee Program Brochure

September 8, 2011

Ascent Management Wrap Program

Sponsored By

ASCENT WEALTH PARTNERS, LLC

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This wrap fee program brochure provides information about the qualifications and business practices of Ascent Wealth Partners, LLC (hereinafter "Ascent" or the "firm"). If you have any questions about the contents of this brochure, please contact Scott McCartney at (315) 624-7300. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Ascent is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Ascent is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Ascent is required to discuss the material changes, if any, which have occurred since the firm's last annual update of the Wrap Fee Program Brochure. Since this is Ascent's initial Wrap Fee Program Brochure, there are no material changes to disclose in relation to this Item.

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Item 4. Services, Fees and Compensation

The Ascent Management Wrap Program (the “Program”) is an investment advisory program sponsored by Ascent, a registered investment adviser which has been in business since September 2011.

This Wrap Fee Program Brochure describes the business of Ascent as it relates to clients receiving services through the Program. Certain sections also describe the activities of the firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Ascent’s behalf and are subject to the firm’s supervision.

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with Ascent setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Fidelity Institutional Wealth Services (“*Fidelity*”) or another broker-dealer Ascent approves under the Program (collectively the “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, Ascent assists its clients in developing an appropriate strategy for managing their assets.

Clients’ investment portfolios are generally managed on a discretionary and/or non-discretionary basis by Ascent’s investment adviser representatives. Ascent generally allocates clients’ assets among the various investment products available under the Program, as described further in Item 6 (below).

Fees for Participation in the Program

Investment management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management.

Clients are charged a fee based upon a percentage of the assets being managed under the Program depending upon the amount of the assets under management, as follows:

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<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$2,000,000	1.15%
next \$3,000,000	0.90%
above \$5,000,000	0.75%

This fee is billed quarterly, in advance, based upon the market value of the assets being managed by Ascent under Program on the last day of the previous quarter.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to account for the number of days remaining in the quarter. For the initial quarter of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final quarter is prorated through the effective date of the termination and the remaining balance is refunded to the client.

Fee Comparison

A portion of the fees paid to Ascent are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

Ascent, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Fee Debit

The firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Ascent to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Ascent. Any *Financial Institutions* recommended by Ascent have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to Ascent. Alternatively, clients may elect to have Ascent send them an invoice for payment.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Ascent's right to terminate an account. Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Ascent, subject to the usual and customary securities settlement procedures. However, Ascent designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Ascent may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Other Charges

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Item 5. Account Requirements and Types of Clients

No Minimum Account Requirements

Ascent does not impose a minimum fee or account size to receive services through the Program.

Types of Clients

Services through the Program are offered to individuals, trusts, estates, charitable organizations, corporations and business entities.

Item 6. Portfolio Manager Selection and Evaluation

Ascent acts as the sponsor and sole portfolio manager under the Program.

Portfolio Management

Ascent manages its clients' investment portfolios on a discretionary or non-discretionary basis.

For accounts managed through the Program, Ascent primarily allocates assets among individual debt and equity securities, mutual funds, and/or exchange-traded funds in accordance with the investment

objectives of its individual clients. The firm also provides advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Ascent tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify Ascent if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Ascent determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the firm's management efforts.

Ascent manages the assets of those clients receiving services through the Program in substantially the same manner as those being managed outside of the Program. In return for these services, Ascent receives a portion of the fees paid for participation in the Program, as described in Item 4 (above).

Side-By-Side Management

Ascent does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Methods of Analysis

Ascent's primary method of analysis is fundamental, but the firm may also look to technical indicators.

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

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

Investment Strategies

Ascent is a blue-chip investment manager, primarily focusing on investing in high-grade individual equities and fixed income. To balance out client portfolios, the firm may also incorporate mutual funds and ETFs.

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For smaller clients and retirement plans, Ascent primarily allocates among various mutual funds and ETFs.

Risks of Loss

Market Risks

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

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of

inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Management Through Similarly Managed Accounts

Ascent may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Ascent buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

Ascent’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* may be exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to Ascent’s clients may be limited. As further discussed in response to Item 12B (below), Ascent allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

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

Voting of Client Securities

Ascent may accept the authority to vote clients’ securities (i.e., proxies) on their behalves. In these situations, the firm seeks to cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully-described in the firm’s Proxy Voting Policies and Procedures, all proxies are voted pursuant to the guidelines established and described in Ascent’s Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Ascent to request information about how it voted proxies for that client’s securities or to receive a copy of the firm’s Proxy Voting Policies and Procedures.

A brief summary of Ascent’s Proxy Voting Policies and Procedures is as follows:

- Ascent has formed a Proxy Voting Committee which is responsible for monitoring corporate actions, making voting decisions in the best interests of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee generally votes proxies according to the firm’s then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of

the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.

- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Ascent devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Ascent's vote on a particular solicitation, but can revoke Ascent's authority to vote proxies.

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

Item 7. Client Information Provided to Portfolio Managers

In this Item, Ascent is required to describe the type and frequency of the information it communicates to the *Independent Managers*, if any, managing its clients' investment portfolios. Ascent acts as the sole portfolio manager under the Program and, as such, the firm has no information to disclose in relation to this Item.

Item 8. Client Contact with Portfolio Managers

In this Item, Ascent is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with Ascent, which acts as the sole portfolio manager under the Program.

Item 9. Additional Information

Disciplinary Information

Ascent has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Other Financial Industry Activities and Affiliations

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

Registered Representatives of Broker Dealer

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

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

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

Receipt of Insurance Commission

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

Referrals to Related Attorneys

One of Ascent's *Supervised Persons*, Brad Kowalczyk, is a licensed practice attorney admitted to the Bar of the State of New York and serves as *Of Counsel* to the law firm Kowalczyk Tolles Deery & Hilton LLP ("*KTDH*"). Mr. Kowalczyk's role as an attorney is separate and distinct from any services provided under this Program. No portion of the financial plan or any other services rendered by Ascent to clients should be interpreted as legal advice. Rather, clients should defer to the advice of their own attorney.

Ascent may, from time to time, recommend certain of its clients utilize the services of *KTDH* for various legal services. *KTDH* renders these services independently of Ascent, and Ascent does not receive any portion of the fees charged (referral or otherwise) by *KTDH* for the services rendered.

Code of Ethics

Ascent and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with Ascent's policies and procedures.

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

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

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

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

Account Reviews

Ascent monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least quarterly. Such reviews are conducted by one of the firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Ascent and to keep Ascent informed of any changes thereto. Ascent contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions*. Clients in the Program also receive reports from Ascent that may include such relevant account and/or market-related information, such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare any supplemental reports they receive from Ascent with the account statements they receive from the *Financial Institutions*.

Client Referrals

Ascent does not compensate any unaffiliated third-party for referring clients to the Program.

Financial Information

Ascent is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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