

Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Calton & Associates, Inc. If you have any questions about the contents of this wrap fee program brochure, please contact Robert Greblunas at 813.264.0440. The information in this wrap fee program brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Calton & Associates is available on the SEC's website at www.adviserinfo.sec.gov.

Calton & Associates, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their wrap fee program brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure wrap fee program brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Calton & Associates, Inc. will notify its clients of material changes on an annual basis. However, where the firm determines that an interim notification is either meaningful or required, the firm will notify its clients promptly. In either case, Calton & Associates, Inc. will notify its clients in a separate document.

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Item 4 Services Fees and Compensation

Description of Services

Calton & Associates, Inc. is a registered investment adviser primarily based in Tampa, Florida. We are organized as a corporation under the laws of the State of Florida. We have been providing investment advisory services since 1989. Dwayne K. Calton is our firm's principal owner.

As used in this wrap fee program brochure, the words "we", "our" and "us" refer to Calton & Associates, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

We are the program sponsor to a Wrap Fee Program (the "Program") whereby client accounts are managed for a calculated fee, subject to a fee minimum, that includes both management services and the transaction/commission costs. The Program is offered to prospective and existing advisory clients and is designed to make asset management services available to you for a convenient single "wrap fee". Depending upon the number of transactions executed in your account, the overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Prior to becoming a client under the wrap-fee program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

Under the Program, we on either a discretionary or non-discretionary basis and will reallocate your account as needed. We will sometime use third party tools and services for which we will incur a charge. Unless otherwise agreed to in writing separately, those fees will be absorbed by our firm in their entirety.

If you grant our firm discretionary authority to manage your account, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment management agreement you sign with our firm, a power of attorney, and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines, in writing, which will be deemed received by our firm upon being countersigned by our firm. You may change/amend these limitations. Such amendments shall be submitted, in writing, which will be deemed received by our firm upon being countersigned by our firm. We will not wire or transfer funds to third parties without your prior written approval. If you enter into non-discretionary arrangements with our firm, will obtain your verbal approval prior to executing any transactions on behalf of your account.

The Program Fee

If you participate in the Program, you will pay a fee based on a percentage of your assets we manage through the Program in addition to a \$50 transaction fee for each trade execution in your account. Promptly following the end of any quarter in which the transaction fees combined with your asset-based fee exceeds 2.95% of the value of your assets in the Program annually, and is above our minimum Program fee, you will be reimbursed for those excess transaction fees. Transaction fees do not include custodian-related charges for mailgrams, extensions, debit interest, and other administrative fees which are additional charges you may incur. The minimum Program fee is \$750 annually; therefore, you will pay at least \$750 annually to participate in the Program.

Portfolio managers responsible for managing your account will receive a portion of the advisory fee you pay to our firm, which will depend on the specific portfolio manager.

Our annual asset management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous calendar quarter. If the investment management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Termination of Advisory Relationship

Either party may terminate the agreement upon 30 days' written notice to the other party. The management fee will be pro-rated for the billing period in which you give cancellation notice. We will refund any unearned fee to you.

Wrap Fee Program Disclosures

- ⤴ You should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately and/or from other advisers or broker/dealers.
- ⤴ Our firm and Associated Persons receive compensation as a result of your participation in the wrap-fee program. This compensation may be more than the amount our firm or our Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons may have a financial incentive to recommend the Program.
- ⤴ The Program may create a potential conflict of interest between you and our firm. You should be aware that we may have a disincentive to purchase or sell securities in your account because we pay the transaction costs associated with trades directed to the custodian.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

Item 5 Account Requirements and Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

To open and maintain a portfolio management account, we generally require that you represent and warrant that either (a) the value of your account initially is at least \$100,000, or (b) your net worth, which may include assets held jointly with your spouse, is more than \$500,000. At our discretion, we may accept clients with smaller accounts and/or lower net worth.

Item 6 Portfolio Manager Selection and Evaluation

Should we choose to utilize one or more Portfolio Managers through the course of serving you, the evaluation of each such portfolio manager will be based on data and information from several sources, including the manager, and independent databases. Among the types of information analyzed are historical

performance, investment philosophy, investment style, historical volatility and correlation across asset classes. We will also review the manager's Form ADV Part 2 in our evaluation process.

Item 7 Client Contact with Portfolio Managers

Through personal discussions in which your goals and objectives are established, we develop your personal investment policy, which we communicate to the portfolio manager managing your account at the inception of our engagement. We communicate changes in your policy to the portfolio manager as they occur.

Item 8 Client Contact with Portfolio Managers

You may contact us with any question regarding your account. We can also seek to arrange communications with any portfolio managers utilized, if you desire.

Item 9 Additional Information

Registration as Broker-Dealer

In addition to being registered as an investment adviser, our firm is also registered as a broker-dealer and is a member FINRA and SIPC. As an introducing broker, we engage in retail securities transactions for investment advisory and non-investment advisory clients, along with certain other activities normally associated with a broker dealer. Our principal business is the sale of securities.

Persons providing investment advice on behalf of our firm may be registered representatives with our firm. In their capacity as registered representatives, these persons may receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm. Furthermore, persons providing investment advice to you are not permitted to earn advisory fees for as much as two years on securities for which they received commissions. After the earlier of two-years, or the date upon which the commission have offset the 2.95% annual fee, the value of the security will be added to the value of your total assets for billing purposes.

Insurance Producer

In addition to being registered as an investment adviser and broker/dealer, our firm is also licensed as an insurance producer which allows us to offer insurance products from a variety of product sponsors. Persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from, and are in addition to, our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Recommendation of Other Advisers

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We may receive compensation from the TPA for recommending that you use their services. In such instances, these compensation arrangements present a conflict of interest because we have a financial

incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this wrap fee program brochure.

Participation or Interest in Client Transactions

It is our policy that neither our firm nor any persons associated with our firm have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this wrap fee program brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this wrap fee program brochure for information on our block trading practices. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Review of Accounts

All portfolio management accounts are monitored by the investment adviser representative assigned to the account either on an ongoing or periodic basis as agreed upon with the client. We recommend quarterly verbal progress reports and annual written progress reports, depending on our specific arrangement with you. You may request a verbal or written report at any time. Additionally, all accounts will be monitored under current FINRA/SEC Broker-Dealer guidelines. Spot checks will occur by any member of the investment committee. The initial investment advisory account form will be approved by a principal of the company.

Before an investment advisory account can be opened, a member of the investment committee must verify the investment advisory account information and approve any recommended advice based in the information provided by the client. One of Dwayne K. Calton-President, Dominick Calderazzo - Associate or Robert B. Greblunas-Vice-President, or their designees, reviews transactions in each Client account on an ongoing basis and conducts account reviews annually.

We generally do not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Client Referrals and Other Compensation

As disclosed under the "Fees and Compensation" section in this wrap fee program brochure, persons providing investment advice on behalf of our firm may be licensed insurance agents and registered

representatives. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the “Fees and Compensation” section.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this wrap fee program brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will typically receive either a percentage of the advisory fee you pay our firm for as long as you are a client with our firm or until such time as our agreement with the Solicitor expires, or a one-time, flat referral fee upon your signing an advisory agreement with our firm or some alternative arrangement. You will not pay additional fees above our stated rates and minimums because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this wrap fee program brochure.

Disciplinary Information

We are required to disclose to you all material facts regarding any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management. Certain legal and disciplinary events occurring within the previous ten years are presumptively material. Our legal and disciplinary events are reported publically online via FINRA's BrokerCheck website. For information regarding all of our reported legal and disciplinary events, please refer to FINRA's BrokerCheck website at <http://brokercheck.finra.org>. You may search for our firm by name or by our CRD number, which is 20999.

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, portfolio managers, technology firms, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this wrap fee program brochure if you have any questions regarding this policy.