

Ahrens Investment Partners, LLC

Brochure

Dated: March 11, 2016

Chief Compliance Officer: Elizabeth Gossen
412 Settlers Trace Boulevard
Lafayette, Louisiana 70508

This brochure provides information about the qualifications and business practices of Ahrens Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (337) 981-1376. 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 Ahrens Investment Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Ahrens Investment Partners, 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

Since Ahrens Investment Partners' initial ADV filing in July 2015, several material changes have been made to this Brochure. Ahrens Investment Partners has relocated to 412 Settlers Trace Boulevard, Lafayette, Louisiana. Elizabeth Gossen has been named as the Chief Compliance Officer for the Firm. Also, certain disclosures have been added to Item 9 of this Brochure concerning Mr. Ahrens' prior financial industry activities.

ANY QUESTIONS: Ahrens Investment Partners' Chief Compliance Officer, Elizabeth Gossen, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business	3
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-by-Side Management	9
Item 7	Types of Clients.....	9
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12	Brokerage Practices	12
Item 13	Review of Accounts.....	15
Item 14	Client Referrals and Other Compensation	15
Item 15	Custody.....	15
Item 16	Investment Discretion.....	16
Item 17	Voting Client Securities.....	16
Item 18	Financial Information	16

Item 4 Advisory Business

- A. Ahrens Investment Partners, LLC (the “Registrant”) is a limited liability company formed in the State of Louisiana. The Registrant became registered as an Investment Adviser Firm in July 2015. The Registrant is owned by G. Andrew Ahrens. Mr. Ahrens is also the Registrant’s Managing Member.
- B. As discussed below, the Registrant 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 MANAGEMENT SERVICES

The Registrant may be engaged to provide discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management, generally between 0.75% and 1.25%.

Registrant’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 the Registrant), the Registrant 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 specifically requested by a client, the Registrant may 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. Registrant’s planning and consulting fees are negotiable, but generally range from \$1,500 to \$15,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant’s representatives in their individual capacities as registered representatives of a broker-dealer and/or in their capacities as licensed insurance agents. (*See* disclosure below at Items 10.C below). The client is under no obligation to engage the services of any such recommended professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client’s

responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/ revising Registrant's previous recommendations and/or services.

RETIREMENT PLAN CONSULTING

The Registrant also provides non-discretionary retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant **does not** serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant **does not** prepare estate planning documents or tax returns. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant in their separate individual capacities as representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA member broker-dealer and/or as licensed insurance agents. 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 Registrant and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated 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-Conflict of Interest:** The recommendation by Registrant's representative that a client purchase a securities or insurance commission product through Registrant's representative in his/her separate and individual capacity as a registered representative of PKS and/or as an insurance agent, presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by Registrant through other, non-affiliated broker-dealers and/or insurance agencies. **Registrant's Chief Compliance Officer, Elizabeth Gossen, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Please Note: Inverse/Enhanced Market Strategies. The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in

either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A 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 his/her former employer's plan, if permitted, (ii) roll over the assets to his/her 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). The Registrant may recommend an investor roll over plan assets to an IRA managed by the Registrant. As a result the Registrant and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his/her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to the Registrant (unless the client engages the Registrant to monitor and/or manage the account while maintained at the client's employer). The Registrant has an economic incentive to encourage a client to roll plan assets into an IRA that the Registrant will manage or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. **Please Note:** If Registrant's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **The Registrant's Chief Compliance Officer, Elizabeth Gossen, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Independent Managers. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager(s)* include the client's designated investment objective(s), management style, performance,

reputation, financial strength, reporting, pricing, and research.

Use of Mutual Funds. While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Back Office Support: The Registrant utilizes the services of Orion Advisor Services, LLC, ("Orion") an unaffiliated a "back-office" service provider. Orion assists the Registrant with maintenance and administration of investment advisory client accounts, including, but not limited, to certain "value-added" services for the benefit of the Registrant's clients, among them, the ability of the Registrant to aggregate and report on a client's non-managed assets.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 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. The Registrant 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, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2015, the Registrant had \$450,000,000 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT MANAGEMENT SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under the Registrant's management, generally between 0.75% up to 1.25% as follows:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$500,000	1.25%
From \$500,000 to \$1,000,000	1.00%
From \$1,000,000 to \$2,000,000	0.85%
Above \$2,000,000	0.75%

- Please note: The Registrant, at its sole discretion, may charge a lesser investment management fee

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant may 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. Registrant's planning and consulting fees are negotiable, but generally range from \$1,500 to \$15,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

RETIREMENT CONSULTING

The Registrant's non-discretionary pension consulting fee is based upon the market value of the assets in the plan. Each client's fee schedule is dependent upon services provided and is clearly detailed in *Retirement Plan Consulting Agreement* executed by the client. However, the Registrant typically charges between 1.00% and Negotiable for pension consulting services.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment

management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based on the daily weighted average balance of the assets under management during the previous quarter. To the extent that aggregate client deposits or withdrawals during a particular billing period meet or exceed \$50,000, a prorated adjustment will be added or subtracted from the following quarter's calculated fee to compensate for the change in the amount of client assets under management during the previous quarter.

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

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant'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 Registrant'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, as well as Registrant's Representatives, 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 Registrant's representatives. **The Registrant's Chief Compliance Officer, Elizabeth Gossen, 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 Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant 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 the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant 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, the Registrant's representatives do not also receive commission compensation for such advisory services. **However,** a client may

engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

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

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant does not require a minimum asset level or impose a minimum annual fee for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee 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. The Registrant may utilize the following methods of security analysis:

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

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)

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 the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The Registrant's method of analysis does not present any significant or unusual risks.

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

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

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend short sale strategies. These strategies have a high level of inherent risk.

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds (including closed end funds) and exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), individual equities (stocks), and debt instruments (bonds) on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

On October 6, 2015, the Registrant's Managing Member, executed an AWC with FINRA relating to violations of NASD Rule 2210(d)(1) (for conduct prior to February 4, 2013), FINRA Rule 2210(d)(1) (for conduct after February 3, 2013) and FINRA Rule 2010 in connection with consolidated reports prepared by Mr. Ahrens. Without admitting or denying findings, Mr. Ahrens consented to the imposition of a \$5,000 fine and a one-month suspension with any FINRA member in all capacities.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of PKS.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of *PKS*, a FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Broker Dealer.** As disclosed above in Item 5.E, certain of Registrant's representatives are registered representatives of *PKS*, a FINRA member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of the Registrant's representatives are, in their separate individual capacities, licensed insurance agents. As discussed above, clients can choose to engage these representatives, in their individual capacities to affect the purchase of insurance products on a commission basis.

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

Tax Preparation Services: For a separate fee, clients may engage certain of the Registrant's representatives in their separate capacities to provide tax preparation services. No client is under any obligation to engage Registrant representatives to provide tax preparation services. Furthermore, clients are reminded that they may engage other non-affiliated individuals to assist them with tax preparation.

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

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

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

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant

also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

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

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

Item 12 Brokerage Practices

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

and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

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

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

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Fidelity* 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.

Transition Support

Registrant may receive from *Fidelity*, certain additional economic benefits ("Transition Support") to assist the Registrant in its business. Specifically, the

Transition Support of up to \$75,000 may be received by Registrant from *Fidelity*. The Registrant has no expectation that any economic assistance will be offered by *Fidelity* again; however, the Registrant reserves the right to negotiate additional assistance in the future. *Fidelity* may provide the Transition Support to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its clients pay any fees to *Fidelity* as a result of the Transition Support received by Registrant. .

The Registrant's Chief Compliance Officer, Elizabeth Gossen, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

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

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

Item 13 Review of Accounts

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

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Fidelity*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Fidelity*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, Elizabeth Gossen, 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. Neither the Registrant nor any of its representatives compensates any person other than its supervised persons for client referrals.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly 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. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

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

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

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

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