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## **MJP Wealth Advisors (CRD#127654)**

**August 2020**

### **Item 1. Cover Page For Part 2A of Form ADV: Firm Brochure**

This brochure provides information about the qualifications and business practices of MJP Associates, Inc dba MJP Wealth Advisors. If you have any questions about the contents of this brochure, please contact Brian H. Vendig, Chief Compliance Officer, by telephone at 860-677-7755 or email at [advice@mjpwealthadvisors.com](mailto:advice@mjpwealthadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about MJP Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of MJP Wealth Advisors and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## Item 2. Material Changes

MJP Wealth Advisors is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since our last updating annual amendment on 06/18/2019, we have the following material changes to report:

- Our firm has increased our hourly fees for Brian Vendig, Michele Vendig, & Michael Stamos, . Further, our firm has added Kevin Brady's billing rate. Please see Item 5 for additional information.
- Our firm has disclosed the use of a third-party platform manager, Adviser OS. Please refer to Item 5 for additional information.
- TD Ameritrade, Inc. ("TD Ameritrade") recently eliminated transaction fees for U.S. listed equities and exchange traded funds.
- Our firm has removed language referencing TD Additional Services Addendum due to our firm no longer utilizing it and the program being terminated in 2019. Please refer to Item 14 for additional information.
- Our firm has obtained financial assistance by participating in Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). PPP is intended to assist us with maintaining our firm's business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll expenses. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as staff retention and being used for payroll or firm overhead. Please refer to Item 18 for additional information.
- Our firm has disclosed that Mr. Vendig serves on the TD Ameritrade Institutional President's Council ("Council"). Please refer to Item 14 for additional information.

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## Item 4. Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed and incorporated in the State of Connecticut in 1981 and has been in business as an investment adviser since 1983. Our firm is owned by Brian and Michele Vendig.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### **Types of Advisory Services Offered**

#### **Portfolio Management:**

As part of our Asset Management Service, MJP Wealth Advisors generally advises portfolios on a discretionary basis, although some portfolios may be non-discretionary. Through a personal interview, MJP Wealth Advisors gathers information about a client's assets, liabilities, investment goals and objectives, risk tolerance and time horizon. Based on this information, either a model portfolio is selected or a customized portfolio is created specifically for that client. The portfolios are managed by MJP Wealth Advisors on a fee-only basis. Our goal is to focus on a total return perspective that balances asset appreciation, tax-efficiency, yield and cost of the investment. The investment choices span global equities, global fixed income and global liquid alternative allocations. Through diversification, our strategies help manage downside risks and promote stability in volatile and turbulent times. We maintain a bottom-up view when selecting investments. We use a structured proprietary investment approach. Specific market indicators and external research help us to assess the economic environment. In regard to the recommended investment strategy, we believe in balancing the client's goal with financial suitability, tolerance for risk and the underlying investment allocations. Within client portfolios we have the ability to utilize exchange traded funds ("ETFs"), no load and institutional share mutual funds, and government, corporate and municipal bonds. Our equity asset allocations cover both domestic and international equities and may include large capitalization stocks, mid-capitalization and small capitalization stocks.

Depending on the client's assets, liabilities, investment goals and objectives, risk tolerance and time horizon they are placed in one of the following proprietary models:

- Multi-Strategy Growth
- Moderate Growth
- Income
- Conservative
- Preservation

The asset classes we use generally include stocks, bonds and liquid alternatives. We use liquid alternatives to help reduce overall portfolio volatility because they have low correlation to both the stock and bond markets.

To complement our core portfolios, we may use specialty investments which are temporarily undervalued asset classes. These investments are intended to add real value to portfolios when they are available.

We also offer customized portfolios consisting of various private placements, such as hedge funds, private equity and real estate with a holding period of 3 to 7 years. We use these illiquid investments with clients who have adequate investment sophistication and risk tolerance. All of these illiquid securities will be held at the client's custodian and/or direct at the investment company.

#### **Retirement Plan Consulting Services:**

We also provide retirement planning and consulting services to employer plan sponsors. All retirement plan consulting services shall be in compliance with the applicable state law(s) regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Retirement Plan Consulting Services Agreement).

#### **Financial Planning & Consulting:**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-investment advisory related services. Implementation of the recommendations will be at the discretion of the client.

#### **Third Party Advisory Services:**

We offer our clients the services of various third party investment advisors ("Third-Party Advisory Services") for the provision of certain investment advisory programs including mutual

fund wrap and separately managed account programs. Disclosure documents describing the programs, services fees, payment structure and termination as well as advisory contracts and account opening paperwork will be provided by the Third Party Advisor.

In connection with these arrangements, we will provide assistance in the selection and ongoing monitoring of a particular Third-Party Advisory Service. Factors that we consider in the selection of a particular third-party advisor may include but may not be limited to: i) our assessment of a particular Third-Party Advisory Service; ii) your risk tolerance, goals, objectives and restrictions, as well as investment experience; and, iii) the assets you have available for investment.

You should know that the services provided by us through the use of Third-Party Advisory Services are under certain conditions directly offered by them to you. The fees charged by Third-Party Advisory Services who offer their programs directly to you may be more or less than the combined fees charged by the Third Party Advisory Service and us for our participation in the investment programs. However, when using the services of Third-Party Advisory Services directly, you do not receive our expertise in developing an investment strategy, selecting a Third-Party Advisory Service, monitoring the performance of your account and changing a Third-Party Advisory Service provider when appropriate.

Compensation in connection with Third Party Advisory Services generally consists of five elements: i) management fees paid to Third Party Advisory Services ii) management fees paid to us as outlined below iii) transaction costs – if applicable – which may be paid to purchase and sell such securities; iv) custody fees; v) revenue sharing compensation paid to Arete Wealth Management, LLC (“Arete Wealth Management”) the securities broker-dealer to which members of our Firm are associated with; and vi) fees paid to Arete Wealth Management for administrative and supervisory services.

#### **MJP Online Advisor Services:**

MJP Online Advisor Services is an automated online platform operated by MJP Wealth Advisors that guides clients through the entire investment management process and provides management services. Clients subscribing to MJP Online Advisor Services authorize MJP Wealth Advisors to select a proprietary portfolio model according to the client’s risk tolerance. As part of the MJP Online Advisor Services investment management service, clients complete an online personal risk tolerance assessment and provide additional information about their financial goals. Based on the information provided, the appropriate model portfolio is selected for the client. We create diversified model portfolios of investments consisting of low cost exchange traded funds (“ETFs”), mutual funds, and other similar equity-related index funds, stocks, or investment products tailored to the client’s specific needs. Information about the client’s model portfolio is available on the online platform, which includes their investment style, objectives, and a list of ETFs and other investments with shares that are included in and traded through them. The client can also submit or modify risk preferences, investment objectives, investment size and any other restrictions for their accounts directly through the online platform. We will periodically rebalance client model portfolios based upon the client’s individual needs, stated goals and objectives.

### **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Asset Management, Third Party Advisory Service, and MJP Online Advisor Services clients. General investment advice will be offered to our Financial Planning & Consulting and Retirement Plan Consulting clients.

Our firm does not usually allow Asset Management clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. Exceptions will be made on a case-by-case basis.

### **Participation in Wrap Fee Programs**

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Our firm does not offer or sponsor a wrap fee program.

### **Regulatory Assets Under Management**

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We manage \$524,113,319 on a discretionary basis and \$20,695,985 on a non-discretionary basis as of 03/31/2020.

## **Item 5. Fees And Compensation**

### **Compensation for Our Advisory Services**

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#### **Asset Management:**

##### *a. Portfolio Management:*

Equity, Bond & Variable Annuity Assets

<b><u>Market Value</u></b>	<b><u>Annual Percentage of Assets Charge</u></b>
\$0 to \$749,999.99	1.35%
\$750,000 to \$1,249,999.99	1.15%
\$1,250,000 to \$1,999,999.99	0.95%
\$2,000,000 to \$2,999,999.99	0.80%
\$3,000,000 to \$4,499,999.99	0.75%
\$4.5 Million and Above	Negotiable

Our firm's fee schedule does not include the following separately billed fees, which adviser does not receive any part of: mutual fund expenses, trading and custodial costs. These fees will be separately charged by the relevant parties and borne by the client. Furthermore, TD Ameritrade AdvisorDirect accounts will be assessed a discounted fee.

Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized Fees will be billed when the account is established, pro-rated for the first partial quarter, if any. Thereafter, annualized fees will be billed on the first day of each calendar quarter based on the asset value of the account(s) as of the last business day of the prior quarter. The minimum quarterly fee threshold for this service is \$25.00. In the event that the client's quarterly fee does not equate to at least \$100.00 annually, the client's account shall not be billed until such time as the client's quarterly

fees exceed the minimum annualized threshold Additional deposits to the account are subject to the same fee procedures. Additional exceptions may be made to the fee schedule under certain circumstances pursuant to a negotiated agreement with the client. Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice.

*b. Self-Directed Brokerage Accounts (SDBA):*

Our firm will charge a flat fee not to exceed 1.00% for management of any 401(k) self-directed brokerage and/or outside brokerage assets. Annualized fees are billed on a pro-rate basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Personal assets and 401 (k) assets that are managed by our firm will be combined for the purpose of determined fee levels. If the market values of the combined accounts put them at a fee level that is less than 1.00%, then the applicable fee schedule and minimum annualized thresholds described above will apply. Exceptions may be made to the fee schedule under certain circumstances pursuant to a negotiated agreement with the client. Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice.

*c. 529 Plans:*

Our firm's management of 529 Plans are billed a fee based on the amount of assets held in the plan. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum fee for this service will not exceed 0.25%. The minimum quarterly threshold for this service is \$25.00. In the event that the client's quarterly fee does not equate to at least \$100 annually, the client's account shall not be billed until such time as the client's quarterly fee exceeds the minimum annualized threshold.

*d. 401 (k) Plan Participant Discount:*

If our firm is the advisor on a 401(k) plan with plan assets equal to \$2 million or above, the plan participants and their spouses are entitled to a flat fee of 1.00% for management of personal assets that meet all account minimums. If the market values of their accounts put them at a fee level that is less than 1.00% and/or we are the advisor on a 401 (k) plan with plan assets under \$2 million, then the applicable fee schedule and minimum annualized thresholds will apply.

*e. 401 (k) Non-Discretionary Accounts:*

Our firm will not be the broker of record for any Non-Discretionary 401(k) Plan Accounts. Our firm will only act as the advisor. All recommendations will be made in writing to the client. The client will be responsible for implementing the changes. We will conduct an initial review of the client's current retirement plan portfolio, as well as a review of the available investment options in the client's retirement plan. We will then make written a recommendation with regards to allocating the assets within the 401(k) plan. All recommendations must be implemented by the client.

<b><u>Type of Review</u></b>	<b><u>Flat Fee Schedule</u></b>
Annual Review	\$400/year
Semi-Annual Review	\$800/year
Quarterly Review	\$1,200/year

Fees for our Asset Management service will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:



- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

### **Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed on a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client and determined on a case by case basis will be detailed in the signed consulting agreement. Clients will be invoiced directly for the fees. Fees based on a percentage of managed Plan assets range from 0.25% to 1.50%

### **Financial Planning & Consulting:**

Our firm charges on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Our flat fees range from \$1,500 and \$3,500. We charge the following hourly fees for financial planning consulting services:

Administrative Staff*	\$85/hour
Kevin P. Brady, CFP®	\$350/hour
Richard D. Hammond, CFP®	\$350/hour
Michael A. Stamos	\$250/hour
Michele A. Vendig	\$250/hour
Brian H. Vendig, CPA, AIF	\$450/hour

\*Administrative staff shall assist with aspects of data input, preparation of the plan, etc. However, administrative staff will neither conduct nor bill advisory services.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Third Party Advisory Services:**

The total annual advisory fee for other Third Party Advisors shall not exceed 2.00%. A portion of this fee will be paid to our firm and will be outlined in the third party money manager's advisory agreement to be signed by the client. Clients will be provided with a copy of the chosen third party money manager's Form ADV Part 2, all relevant Brochures, a solicitation disclosure statement detailing the fees to be paid to both firms and the third party money manager's privacy policy. All fees that our firm receives from the third party money managers and the written separate disclosures

made to clients regarding these fees comply with applicable state statutes and rules. The billing procedures for this service vary based on the chosen third party money manager. The total fee to be charged, as well as the billing cycle, will be detailed in the third party money manager's ADV Part 2A and separate advisory agreement to be signed by the client.

### **MJP Online Advisor Services:**

Clients subscribing to this service will be charged 0.30% of managed assets. Fees will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

### **Other Types of Fees & Expenses**

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Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. It is important to note that TD Ameritrade, Inc. ("TD Ameritrade") do not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

MJP may utilize a third-party platform manager, Adviser OS ("Platform Manager"), to aid in the implementation of an investment portfolio. The Platform Manager may also use the services of a Third-Party Money Manager(s) ("Asset Manager") to implement an investment portfolio. Before selecting a Sub-Adviser, Platform Manager, or Asset Manager, MJP will ensure that the chosen party is properly licensed or registered.

The maximum annual fee charged to clients utilizing the Platform Manager will not exceed 0.65%. This fee is in addition to the fee charged by MJP as described above and will be billed directly to Client by Platform Manager. Platform Manager establishes and maintains their own separate billing processes over which we have no control. The Platform Manager charges an aggregate amount for use of Platform Manager's platform and any work done by Asset Manager. The Platform Manager we

recommend will not directly charge Client a higher fee than they would have charged without us introducing Client to them.

### **Termination & Refunds**

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Either party may terminate the advisory agreement signed with our firm for Asset Management and MJP Online Advisor Services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter.

In the event that you wish to terminate our Asset Management services before the end of a calendar quarter, you shall need to contact our firm in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and you will be assessed a pro-rata fee based on the number of days your account was managed by our firm.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

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Our firm may sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of Arete Wealth Management, LLC, member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products. We generally address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client or when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

## Item 6. Performance-Based Fee And Side-By-Side Management

We do not charge performance fees to our clients.

## Item 7. Types Of Clients And Account Requirements

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types

The recommended minimum account size to initiate and maintain an account is \$500,000, which may be deposited in the form of cash, stocks, bonds, mutual funds or variable annuities. Variable Annuities have a minimum of \$25,000 per contract. Total family assets that meet the minimum totals may allow for the individual account minimums to be lowered. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.

## Item 8. Methods Of Analysis, Investment Strategies And Risk Of Loss

### Methods of Analysis

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MJP Wealth Advisors uses the following methods of analysis in formulating our investment strategies:

**Technical analysis:** We analyze past market movements in an attempt to potentially predict future market price movements.

**Charting:** With this type of technical analysis, we review charts of market activity in an attempt to identify if the market is trending up or down and to predict when and how long the trend may last and when that trend may reverse.

**Intermarket Analysis:** This is another form of technical analysis we use. The basic premise of the intermarket analysis is that all markets are related in some way. What happens in one market has an impact on another. For example, rising commodity prices are usually associated with rising inflation, which in turn puts upward pressure on interest rates. Rising interest rates are historically bad for bond prices.

**Fundamental Analysis:** We attempt to measure the intrinsic value of an asset class to determine if it is underpriced (indicating that it may be a good time to buy) or overpriced (indicating that it may be a good time to sell).

**Mutual Fund and/or ETF Analysis:** For Mutual funds, we look at the experience and track record of the manager in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic environments. We also monitor these managers to attempt to determine if they are continuing to follow their stated investment strategy. A manager who has been successful in the past may not be able to replicate that success in the future. For ETFs we look for those that minimize cost and tracking error. In addition, we look for those ETFs that have the sufficient liquidity to allow clients to easily sell their positions.

**Third Party Research:** We review and take into consideration market research provided by third parties. Information provided by third parties is reviewed by our portfolio managers and utilized if it is determined relevant to our portfolio construction.

### **Investment Strategies We Use**

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At MJP Wealth Advisors, we believe that avoiding loss of principal is essential to long-term investment success. Our portfolios are designed to seek long-term returns with an added emphasis on principal protection. The primary goal for our portfolios is to preserve and grow principal through inflationary periods, deflationary periods and recessions.

In designing a portfolio MJP Wealth Advisors, attempts to minimize the portfolio's risk for a given amount of expected return by selecting the proportions of various asset classes or investment strategies rather than using individual securities.

Commission-free mutual funds, variable annuities and exchange-traded funds are investment vehicles used to gain access to the various asset classes and investment strategies. Some of the asset classes that MJP Wealth Advisors uses are: U.S equities, foreign developed market equities, emerging markets equities, dividend and revenue growth equities, global real estate, natural resources, gold and silver bullion, gold and silver mining equities, commodities, treasury inflation protected securities, (TIPS), municipal bonds, global corporate bonds, emerging markets bonds and global government bonds. MJP Wealth Advisors analyzes the expected return and volatility for each asset class to attempt to find the combination that delivers the most return for a given level of risk.

At MJP Wealth Advisors we continuously monitor our clients' portfolios and periodically replace investments due to valuation levels or changes in the global economic environment. In addition, we will periodically rebalance the clients' portfolios back to their target allocation. In making these changes, we take into consideration any tax implications for those clients who would be affected.

**Tax-Loss Harvesting:** Tax-loss harvesting is a technique used to lower a client's taxes while maintaining the risk/reward balance of the portfolio. An investment in the portfolio is sold to recognize investment losses that can be used to offset a client's other taxable gains and income on their income tax returns. These additional tax savings can be used to grow the value of the portfolio and increase the after-tax return of the portfolio.

When deemed appropriate for certain clients, MJP Wealth Advisors will also engage in the management of private placements, which carry specific risks:

**Private Equity:** Private equity is an equity investment into non-quoted companies. The private equity investor looks at an investment prospect as investing in a company as opposed to investing in a company's stock. Private equity funds hold illiquid positions (for which there is no active secondary market) and typically only invest in the equity and debt of target companies, which are generally

taken private and brought under the private equity manager's control. Risks associated with private equity include:

- **Funding Risk:** The unpredictable timing of cash flows poses funding risks to investors. Commitments are contractually binding and defaulting on payments results in the loss of private equity partnership interests. This risk is also commonly referred to as default risk.
- **Liquidity Risk:** The illiquidity of private equity partnership interests exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported NAV.
- **Market Risk:** The fluctuation of the market has an impact on the value of the investments held in the portfolio.
- **Capital Risk:** The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates and foreign exchange.

**Private Funds:** A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short.

The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following: (a) Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.; and (b) Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

**Alternative Investments:** Hedge funds, commodity pools, Real Estate Investment Trusts ("REITs"), Business Development Companies ("BDCs"), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you



understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Description of Material, Significant or Unusual Risks**

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We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments.

In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to comprehensive portfolio management, asset management service and portfolio monitoring, as applicable.

### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

### **Item 10. Other Financial Industry Activities And Affiliations**

Representatives of our firm are registered representatives of Arete Wealth Management, LLC, ("Arete Wealth Management"), member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

Please see Item 4 above for more information about the selection of third party money managers. Prior to referring clients to third party advisors, our firm will ensure that third party advisors are licensed or notice filed with the respective authorities. A potential conflict of interest for our firm in utilizing a third party advisor is receipt of discounts or services not available to us from other similar advisors. In order to minimize this conflict our firm will make our recommendations/selections in the best interest of our clients.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances

that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling in the same day for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Item 12. Brokerage Practices**

### **Selecting a Brokerage Firm**

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We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.



- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with TD Ameritrade. TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an independent [and unaffiliated] SEC-registered broker- dealer and FINRA member. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

### **Soft Dollars**

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TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters).

Research products and services provided by TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above in this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade’s services.

Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for certain individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal

transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a transaction fee or commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission 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 a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Our firm does not receive soft dollars from TD Ameritrade. As mentioned above and Item 14, TD Ameritrade provides our firm with assistance with providing our services to clients. However, there are no soft dollar benefits involved in servicing our client accounts.

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#### **Client Brokerage Commissions**

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We do not acquire client brokerage commissions (or markups or markdowns).

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#### **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

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#### **Directed Brokerage**

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Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected. Our firm recommends the use of a particular broker-dealer from time to time but does not request or require the client direct us to execute trades through a specified broker-dealer. In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant. We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

## **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

We allow clients to direct brokerage, however, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

## **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved.

In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13. Review Of Accounts Or Financial Plans**

We review accounts on at least an annual basis for our clients subscribing to our Asset Management services. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Asset Management service.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Retirement Plan Consulting clients receive reviews on at least an annual basis of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc.

Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

Financial Planning and Consulting clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Further, Financial Planning and Consulting clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

## **Item 14. Client Referrals And Other Compensation**

### **TD Ameritrade**

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We participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds and exchange traded funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

We may receive client referrals from TD Ameritrade through our participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, we may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with us and there is no employee or agency relationship between us. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based

personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us ("Solicitation Fee"). We will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by us from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired us on the recommendation of such referred client. We will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Our participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade.

Consequently, in order to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that the assets under management by us be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

In addition, we have agreed not to solicit clients referred to our firm through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

Representatives of our firm serve on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. Our current term expires in 2019. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. does not compensate Panel members. TD Ameritrade does, however, pay or reimburse our representatives for the travel, lodging and meal expenses incurred when attending Panel meetings. The benefits received by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits creates a potential conflict of interest and may indirectly influence the recommendation of TD Ameritrade for custody and brokerage services.

Mr. Vendig serves on the TD Ameritrade Institutional President's Council ("Council"). The Council consists of former Advisor Panel Members who are independent investment advisors that inform and provide feedback to TD Ameritrade Institutional ("TDAI") on issues relevant to the independent advisor community. Mr. Vendig has been invited to serve on the Council for an ongoing term by TDAI. TD Ameritrade does not compensate Mr. Vendig for serving on the Council but TDAI may pay or reimburses advisor for the travel, lodging and meal expenses Mr. Vendig incurs in attending in person Advisor Panel meetings. The potential benefits received by serving on the Council do not depend on the amount of brokerage transactions directed to TDAI.

## Referral Fees

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Apart from our firm's participation in TD Ameritrade AdvisorDirect, our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## Item 15. Custody

Our firm does not maintain physical custody of client funds or securities. As noted above, all client assets are maintained by a qualified custodian. All of our clients receive account statements directly from their qualified custodians at least monthly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, TD Ameritrade:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16. Investment Discretion

We maintain discretionary authority over most of our client accounts. Our clients need to execute a discretionary investment advisory agreement with our firm for the management of their account.

## **Item 17. Voting Client Securities**

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 18. Financial Information**

### **Inclusion of a Balance Sheet**

Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore our firm has not included a balance sheet for our most recent fiscal year.

### **Disclosure of Financial Condition**

Our firm has obtained financial assistance by participating in Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). PPP is intended to assist us with maintaining our firm's business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll expenses. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as staff retention and being used for payroll or firm overhead.

### **Bankruptcy Petition**

Our firm has nothing to disclose in this regard.