

Fagan Associates, Inc.
Form ADV Part 2A
Investment Adviser Brochure

March 2020

This brochure provides information about the qualifications and business practices of Fagan Associates, Inc. If you have any questions about the contents of this brochure, please contact Dennis P. Fagan. at (518) 279-1044 and/or investment@faganassociates.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. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Fagan Associates, Inc. is also available on the SEC's website at <https://www.adviserinfo.sec.gov/Firm/107562>.

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Item 2: Summary of Material Changes

Annual Update

In this Item of Fagan Associates, Inc.'s (FAI or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 25, 2019.

Material Changes since the Last Update

Since the last Annual Amendment filing, the Firm has the following material changes to report:

- Since the last Annual Amendment filing, the Firm has no material changes to report.

Full Brochure Available

FAI's Form ADV may be requested at any time, without charge by contacting Dennis P. Fagan. at (518) 279-1044 or investment@faganassociates.com.

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Item 4: Advisory Business

Firm Description

FAI is an investment adviser providing investment advisory services on a discretionary basis for a variety of clients, including individuals, high net worth individuals, pension and profit-sharing plans, trusts, and estates, charitable organizations and various for-profit business entities. FAI also provides clients with an opinion regarding the suitability of their current investment strategy as well as the investments selected to achieve those stated objectives without further management. In addition, FAI also provides tax advice including income tax preparation, where suitable. FAI was founded in 1989.

Principal Owners

FAI's principal owner is Dennis P. Fagan, President and Chief Compliance Officer.

Types of Advisory Services

FAI offers the following types of advisory services: Financial planning services and portfolio management for individuals and/or small business.

Investment Advisory Services

FAI provides investment advisory services, defined as giving continuous advice to a client, and selecting investments for a client based on the individual needs of the client. Through personal discussions, goals and objectives are established based on a client's particular circumstances. FAI assists the client in developing the client's personal investment policy, and then creates and manages a portfolio based on that policy. Services may be provided on a discretionary or non-discretionary basis.

Clients establish accounts only after meeting with a Portfolio Manager (Dennis P. Fagan) where financial data will be obtained. The interview(s) will also include a discussion of the goals of the client, their current financial position, tolerance to risk, family specifics and health information as well as a discussion of employer sponsored plans, where applicable. Each client is advised that it remains his/her responsibility to promptly notify FAI of any changes to their respective financial situation and consequently, their investment objectives.

FAI develops portfolios based upon a client's goals, objectives, investment time horizon and risk tolerance, as well as their core financial-related values. Investment strategies generally include long-term and short-term purchases depending upon the individual needs of the client. FAI uses asset allocation or spreading investments among a number of asset classes and sectors (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) for most client portfolios.

Financial Planning Services

FAI offers financial planning services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk

management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. FAI meets with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional financial information; sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

Financial planning clients may receive a written report, providing a detailed financial plan designed to achieve their stated financial goals and objectives.

FAI gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents including a questionnaire completed by the client, supplied by the client are carefully reviewed, and a written report is prepared. If a client chooses to implement the recommendations contained in the plan, FAI suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Financial planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

Financial planning services may be integrated or may focus on certain components. Clients understand that when FAI is engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration. FAI generally does not charge a separate fee for financial planning services.

Tailored Relationships

FAI tailors investment advisory services to the individual needs of the client. The goals and objectives for each client are documented in our client relationship management system. FAI clients are allowed to impose restrictions on the investments in their account. FAI may accept any reasonable limitation or restriction to discretionary authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to FAI in writing.

Fiduciary Statement

FAI and our employees are fiduciaries who must take into consideration the best interests of our clients. The Firm will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. FAI will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

As a fiduciary, FAI has the obligation to deal fairly with our clients. FAI has the following responsibilities when working with a client:

- To render impartial advice;

- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Wrap Fee Programs

FAI does not participate in a Wrap Fee Program.

Client Assets

As of December 31, 2019, FAI manages \$459,591,806 in assets under management; \$458,832,094 is managed on a discretionary basis, and \$759,712 is managed on a non-discretionary basis.

Item 5: Fees and Compensation

Compensation

FAI bases its fees on a percentage of assets under management, hourly charges, and fixed fees. FAI's fee schedules are described below.

Compensation – Investment Advisory Services

For the vast majority of its clients, FAI levies a fee that is negotiable, as a percentage of assets under management with a minimum fee of \$500. This investment advisory fee shall be pro-rated and paid quarterly, in arrears, based upon the value of the assets on the last day of the previous quarter.

Schedule of Management Fees:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Less than \$1,000,000	1.50 %
\$1,000,000 to \$2,500,000	1.25%
\$2,500,001 to \$5,000,000	1.00%
More than \$5,000,000	0.50%

An Investment Advisory Agreement detailing the services provided by FAI, the basic fee schedule, the minimum fee, how fees are charged, when fees are payable, and will be provided to each client prior to or simultaneously with the execution of any formal documents required by the custodian, Charles Schwab & Company, Inc. Furthermore, the client along with the Advisor will sign and date the Investment Advisory Agreement with a copy provided to the client and the original maintained in his/her file.

After information is obtained and at the discretion of the client and the consent of the advisor, FAI may also provide investment advice on an hourly basis at a negotiable rate of not more than \$200 per hour.

FAI may also charge project fees, which are determined by the breath, depth and nature of the specific project. This project is confined to investment advice, income tax preparation, insurance review and estate planning.

Compensation – Financial Planning Services

FAI generally does not charge a separate fee for financial planning services for investment advisory clients.

Calculation and Payment

The specific manner in which fees are charged by FAI is established in a client's written agreement with FAI. FAI will generally calculate fees in arrears on a quarterly basis. Clients may also elect to be invoiced directly for fees or to authorize FAI to directly debit fees from client

accounts.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

Agreement Terms

Either party may terminate the agreement upon written notice. In the event of cancellation, FAI shall complete the outstanding commitments made by him on behalf of the client. However, FAI shall not make any further commitments or be otherwise responsible for any acts on behalf of the client.

General Information on Compensation and Other Fees

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

FAI's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to FAI's fee, and FAI shall not receive any portion of these commissions, fees, and costs.

Neither FAI nor any of its supervised persons (employees) accept compensation for the sale of securities or other investment products.

All fees paid to FAI for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and variable annuity sub-accounts to their shareholders. These fees and expenses are described in each fund's or sub account's prospectus. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund or sub-account directly, without the services of FAI. In that case, the client would not receive the services provided by FAI which are designed, among other things, to assist the client in determining which mutual funds or sub-accounts are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds/sub-accounts and the fees charged by FAI to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

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

Neither FAI nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

FAI does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7: Types of Clients

Types of Clients

As described in Item 4, FAI's clients include individuals, high net worth individuals, pension and profit-sharing plans, trusts, and estates, charitable organizations and various for-profit business entities.

Account Minimums

FAI requires a minimum account of \$50,000 for investment advisory clients, although this may be negotiable under certain circumstances. FAI may group certain related client accounts for the purposes of achieving the minimum account size. FAI may charge a minimum fee of \$500.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

FAI may employ the following security analysis methods: Fundamental analysis; charting/technical analysis; and cyclical analysis.

Fundamental Analysis. FAI attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Charting/Technical Analysis. The terms “charting” and “technical” analysis is generally used synonymously and therefore, for the purpose of this document, the term, “technical analysis” will be used. FAI analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, FAI measures the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client initials a document that outlines their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and margin transactions.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

FAI reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. FAI may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FAI or the integrity of FAI's management. FAI has no information to disclose applicable to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

FAI is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer. Neither FAI nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

Neither FAI nor any of its management persons have a material relationship or arrangement with any related person or financial industry entities.

Other Investment Advisors

FAI does not recommend or select other investment advisors for its clients.

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

Code of Ethics

FAI employees must comply with a Code of Ethics and Statement for Insider Trading (The “Code”). The Code describes the Firms’ high standard of business conduct, and fiduciary duty to its clients. The Code’s key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Dennis P. Fagan reviews all trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of FAI receive preferential treatment.

FAI’s employees must acknowledge the terms of the Code at least annually. Any individual not in compliance with the Code may be subject to termination.

Clients and prospective clients can obtain a copy of FAI’s Code by contacting Dennis P. Fagan at (518) 279-1044.

Participation or Interest in Client Transactions – Personal Securities Transactions

FAI and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of FAI will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of FAI’s clients. In addition, the Code requires pre-clearance of certain transactions. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code and designed to reasonably prevent conflicts of interest between FAI and its clients.

Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross

FAI and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is FAI’s policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. FAI will also not cross trades between client accounts.

Participation or Interest in Client Transactions – Aggregation

FAI and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with FAI's obligation of best execution when in doing so does not disadvantage the client. In such circumstances, the affiliated and client accounts will receive securities at an average price and be charged commissions at their individually negotiated rates with the brokers. FAI will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Item 12: Brokerage Practices

Research and Other Soft Dollar Benefits

FAI does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Directed Brokerage – Other Economic Benefits”.

Brokerage for Client Referrals

FAI does not receive client referrals from broker/dealers.

Directed Brokerage

While not routine, the client may direct FAI to use a broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and FAI will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by FAI. By directing brokerage, the 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. Not all advisers require or allow their clients to direct brokerage. Subject to its duty of best execution, FAI may decline a client’s request to direct brokerage if, in FAI’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests FAI to arrange for the execution of securities brokerage transactions for the client’s account, FAI shall direct such transactions through broker-dealers that FAI reasonably believes will provide best execution. FAI shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

FAI seeks best execution when effecting transactions for client accounts. The commissions paid by FAI’s clients shall comply with FAI’s duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where FAI determines, 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 among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while FAI will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Directed Brokerage – Other Economic Benefits

FAI shall generally recommend that investment advisory clients establish brokerage accounts

with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts.

FAI is independently owned and operated and not affiliated with Schwab. Schwab provides FAI with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis **and are not otherwise contingent upon FAI committing to Schwab any specific amount of business** (assets in custody or trading).

For FAI's client accounts maintained there, Schwab is compensated through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. The brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to FAI's fees. FAI may receive from Schwab, at no cost to FAI, professional services, computer software and related systems support, enabling FAI to better monitor client accounts maintained at Schwab. FAI may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at Schwab. The support provided may benefit FAI, but not its clients directly. In fulfilling its duties to its clients, FAI endeavors at all times to put the interests of its clients first. Clients should be aware, however, that FAI's receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence FAI's choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

In fulfilling its duties to its clients, FAI endeavors at all times to put the interests of its clients first. Clients should be aware, however, that FAI's receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence FAI's choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support. FAI does not believe that receipt of software and related support from Schwab impairs its independence.

Trade Aggregation

At the sole discretion of FAI, aggregate purchases or sales of the same security, instrument or obligation may be transacted on the same day for multiple accounts of one or more of FAI's clients. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be affected only when FAI believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated the actual prices applicable to the aggregation transaction will be deemed to have purchased or sold its share of the security, instrument or obligation at the average price. If a partial execution is attained at the end of the trading day, FAI will generally allocate shares on a pro rata basis but may fill small orders entirely before applying the pro rata allocation.

Accounts for FAI or its employees may be included in a block trade with client accounts.

Item 13: Review of Accounts

Reviews

After meeting with the client and establishing an account with an agreed upon suitable investment strategy, the Portfolio Manager reviews the assigned portfolios on a continual basis and are select accounts for review based upon asset allocation, account size, asset class and the weighting of each individual holding. Triggering factors include changes in a client's situation in the economy, geopolitical occurrences, newly released corporate data, and general market conditions. FAI encourages its clients to meet with their Portfolio Manager at least once each year or when their situation changes.

Reporting

In addition to trade confirmations, clients receive reports detailing portfolio positions, cash balances, transaction details, income and expenses monthly from Schwab. Clients are also able to access their accounts online through Schwab. In addition to the above, FAI mails quarterly reports to clients detailing their portfolio positions, cash balances and top holdings. These reports are also available upon request.

Item 14: Client Referrals and Other Compensation

Other Compensation

FAI does not receive any formal economic benefits (other than normal compensation other than as described in Item 12) from any firm or individual for providing investment advice.

Other Compensation – Brokerage Arrangements

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

Compensation – Client Referrals

FAI does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Item 15: Custody

Custody – Fee Debiting

Clients may authorize FAI (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and FAI. The custodian is advised in writing of the limitation of FAI's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to FAI.

Custody – First Party Money Transfers

Clients may provide FAI with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e. a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

Custody – Third Party Money Transfers

Clients may provide FAI with a standing letter of authorization (or similar asset transfer authorization) which allows FAI to disburse funds on behalf of clients to third parties. FAI ensures the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
3. Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
4. The client may terminate or change the instruction to the custodian;
5. FAI has no authority or ability to designate or change any information about the third party contained in the instruction;
6. FAI maintains records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and
7. The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

Custody – Account Statements

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that FAI provides. FAI statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation

methodologies of certain securities.

Item 16: Investment Discretion

Through the investment management agreement, FAI may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows FAI to execute trades on behalf of clients.

When such limited powers exist between the FAI and the client, FAI has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, FAI may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to FAI in writing.

However, FAI consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

Item 17: Voting Client Securities

FAI votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy.

FAI acts as a discretionary investment adviser for various clients, including clients governed by the Employee Retirement Income Security Act of 1974 (ERISA).

Upon execution of the client Agreement, the client elects to:

- Assign the responsibility for voting all proxies solicited by issuers of securities held in the Portfolio to FAI, or
- Retain the responsibility for voting all proxies solicited by issuers of securities held in the Portfolio. See disclosures above regarding proxies voted by clients.

When the responsibility to vote proxies has been assigned to FAI, the Firm's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). FAI will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's portfolio.

Dennis P. Fagan, President and Chief Compliance Officer, is ultimately responsible for ensuring that all proxies received by FAI are voted in a timely manner and in a manner consistent with FAI's determination of the client's best interests. Although many proxy proposals can be voted in accordance with FAI's established guidelines, FAI recognizes that some proposals require special consideration, which may dictate that FAI makes an exception to the guidelines.

Clients may direct FAI's vote; direction must be received in writing.

Clients may contact Mary Schongar at (518) 279-1044 for information about FAI's Proxy policies. Clients may also request information about how FAI voted any proxies on behalf of their account(s).

Item 18: Financial Information

FAI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

FAI is not required to provide a balance sheet; FAI does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Fagan Associates, Inc.
Form ADV Part 2B
Investment Adviser Brochure Supplement

Dennis P. Fagan

March 2020

This brochure supplement provides information about the Firm's Supervised Persons that supplements Fagan Associates, Inc.'s brochure. You should have received a copy of that brochure. Please contact Dennis P. Fagan at (518) 279-1044 or investment@faganassociates.com if you did not receive Fagan Associates, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at www.adviserinfo.sec.gov. You may search this site using a unique identifying number, known as a CRD number for each Supervised Person.

767 Hoosick Road
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www.faganasset.com

Educational Background and Business Experience

Education and Business Background

FAI requires that advisers in its employ have earned a four-year college degree and/or have a minimum of five years investment related experience.

Supervised Persons

Dennis P. Fagan

Born 1961

CRD #: 1372863

Business Background:

Fagan Associates, Inc.

1989 – Present

President, Chief Compliance Officer and Portfolio Manager

Educational Background:

The University at Albany, SUNY

Bachelor of Arts, English and History

Disciplinary Information

Neither FAI nor any Supervised Persons have been involved in any activities resulting in a disciplinary disclosure.

Other Business Activities

FAI's Supervised Persons are not actively engaged in any other outside business activities. As disclosed in Form ADV Part 2A Item 5 – Fees and Compensation, neither FAI nor any Supervised Persons receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

Additional Compensation

No Supervised Person receives any formal economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts.

Supervision

Dennis P. Fagan supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Dennis P. Fagan supervises these persons by holding regular staff, investment and other ad hoc meetings. In addition, Dennis P. Fagan regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings

reports. Dennis P. Fagan may be reached at (518) 279-1044.